FRANCHISE DISCLOSURE DOCUMENT

BounceU Holdings, LLC
An Arizona limited liability company
17767 N. Perimeter Drive, Suite B-117
Scottsdale, Arizona 85255
Telephone (480) 371-1200
(866) 632-6370
www.bounceu.com
www.bufranchise.com

The franchise offered by BounceU Holdings, LLC, is for the operation of an open- play and party service business featuring interactive games and inflatable play equipment and activities identified by the trade name and service mark "BounceU®" (and Design). A separate franchise agreement must be entered into for each BounceU Facility operated by a franchisee.

The total investment necessary to begin operation of a new BounceU Facility is between **$87,250-$581,500**. This includes **$10,000 to $70,000** that must be paid to franchisor or its affiliate(s). The total investment necessary to begin operation of an existing BounceU Facility in conjunction with a transfer is **$2,500 to $122,690** not including the purchase price for the existing BounceU Facility. This includes **$0 to $3,190** that must be paid to franchisor or its affiliates.

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 Franchise Development at 17767 N. Perimeter Drive, Suite B-117, Scottsdale, AZ 85255 or (480) 371-1200. The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance date: **April 12, 2018**

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. The franchise agreement requires that all disagreements be arbitrated or litigated only in Maricopa County, Arizona. Out-of-state litigation or arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with us in Maricopa County, Arizona than in your home state.

2. The franchise agreement states that Arizona law governs the agreement, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.

3. Your spouse must sign a document, such as guarantee, that makes your spouse liable for your financial obligations under the franchise agreement even if your spouse does not own any part of the franchise business. If you live in a community property state, your spouse may be liable for your financial obligations even if he or she hasn't signed anything. In either case, both you and your spouse's marital and personal assets, including your house, could be lost if your franchise fails.

4. There may be other risks concerning this franchise.

5. 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: April 12, 2018. See the next page for state effective dates.

STATE EFFECTIVE DATES

State	Effective Date	As Amended Date
California		
Maryland		
Michigan		
New York		
Rhode Island		

TABLE OF CONTENT

EXHIBITS

ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor is BounceU Holdings, LLC, an Arizona limited liability company. For ease of reference, BounceU Holdings, LLC will be referred to as "us," "we", "our" or the "Company." When we use "you" or "your" in this Disclosure Document, it means the person, partnership, limited liability company or corporation who buys the Franchise. If you are a corporation, partnership, limited liability company, or other entity franchisee, "you" or "your" will also mean your shareholders, partners, members or other equity owners of you and their spouses. If you are an individual, "you" or "your" will include your spouse.

The Company only does business under the names "BounceU Holdings, LLC" and "BounceU". The Company was formed on May 12, 2015. The Company's principal place of business is 17767 N. Perimeter Drive, Suite B-117, Scottsdale, AZ 85255.

The Company does not offer franchises in any other line of business.

Our parent company is FB Holdings, LLC. The principal business address for FB Holdings, LLC is 8324 E Hartford Dr., Scottsdale, AZ 85255. FB Holdings, LLC is also the parent company for our affiliate Pump It Up Holdings, LLC.

We have two predecessors that must be disclosed in this Item 1. Our predecessor, BU Holdings, LLC is a Delaware Limited Liability Company. BU Holdings, LLC offered BounceU franchises from July 2008 until June 2015. On June 5, 2015 BU Holdings, LLC assigned to us the franchise agreements and all rights to act as the franchisor for BounceU Units. BU Holdings LLC did not offer franchises in any other line of business. BU Holding, LLC's principal place of business is 17767 N Perimeter Drive, Suite B-117, Scottsdale, AZ 85255.

On July 2, 2008, PIU Management, LLC acquired the BOUNCEU System from BU Licensing, LLC, an Arizona limited liability company ("BU Licensing") and BU Management, LLC, an Arizona limited liability company ("BU Management"). PIU Management subsequently transferred the assets of the BOUNCEU System to BU Holdings, LLC. BU Management sold BOUNCEU franchises from August 2004 to June 2008. BU Management does not operate any BOUNCEU Units or engage in any other line of business. BU Management, LLC's principal address is 17767 N Perimeter Drive, Suite B-117, Scottsdale, AZ 85255. PIU Management, LLC's principal business address is also 17767 N Perimeter Drive, Suite B-117, Scottsdale, AZ 85255.

As of December 31, 2017, there are 41 franchised BOUNCEU Units.

Pump It Up Holdings, LLC, an Arizona Limited Liability Company is our affiliate. Pump It Up Holdings' principal business address is 17767 N Perimeter Drive, Suite B-117, Scottsdale, AZ 85255. Pump It Up Holdings offers franchises for Pump It Up Businesses, which are indoor family and corporate entertainment businesses that feature branded inflatable equipment, merchandise, food and services. Pump It Up Holdings began offering franchises for Pump It Up Businesses in June 2015.

FB Holdings, LLC owns the BounceU System and the Marks. We have the right, pursuant to a Trademark License Agreement dated February 26, 2010, which was assigned to FB Holdings, LLC on June 5, 2015, to grant franchises using the System and the Marks.

The Company's agents for service of process are listed on Exhibit B to this Disclosure Document.

The franchise being offered by the Company is for a retail open-play and party service business identified by the trade name and service mark "BounceU" which offers party services featuring interactive games and inflatable play equipment and activities, food, drinks and other products and services for consumers (a "**BounceU Facility**"), all in accordance with the terms of a Franchise Agreement which you will be required to sign if you qualify as a franchisee and you decide to become one of our franchisees.

If you qualify, you will be granted a non-exclusive license to use the "BounceU" trade name and service mark, the logos adopted for that name and mark and any other trade names, service marks, trademarks and logos as we may now or in the future require you to use with your BounceU Facility (collectively, the "**Proprietary Marks**").

In addition to granting you the right to use the Proprietary Marks, your Franchise Agreement grants you the right to use our unique system of management and operation of a party service business featuring interactive games and inflatable play equipment with uniform standards and procedures for business operations; training in operation, management and promotion; advertising and promotional programs; customer development and service techniques; special graphics packages; and other technical assistance (the "**System**"). These are not necessarily all of the components of the System and we may amend or change the System from time to time.

The Franchise Agreement grants you the right to develop and operate one (1) BounceU Facility that has at least two play rooms and two party rooms. The Franchise Agreement grants you certain rights within a specific geographic area surrounding the BounceU Facility (the "Protected Territory"). More detailed information with respect to your Protected Territory is provided in Item 12. A copy of the Franchise Agreement is attached as Exhibit C to this Disclosure Document. A separate Franchise Agreement must be entered into for each BounceU Facility you operate.

Some states may have laws or regulations that would specifically affect BounceU Units. Among other things, they may require you to maintain a certain ratio between supervisory employees and the number of children in play rooms or game rooms or regulate the use of amusement rides (including inflatable devices). Franchises will be subject to local, county and state regulations and local, county and state licensing regulations for the operation of businesses and specifically services for children. As a franchisee, you must comply with all laws and regulations that are currently in existence and which may later be adopted. You should consult with your own legal counsel to determine the applicability of these and other laws and regulations to the operation of your BounceU Facility.

The general market will include all retail consumer groups, but especially children and young adults from ages 3 to 12. There are numerous direct and indirect competitors in this market. Your competitors will include (a) other national, regional and local chains, some of which have franchised operations and provide similar products and services, and (b) privately operated party service businesses featuring both inside and outside activities, games, food, drinks and related products and services, (c) other businesses operated or franchised by us which do not use any of the Proprietary Marks (if we choose to open any in the future), (d) other businesses or franchises operated or franchised by us using the Proprietary Marks, but only outside of the Protected Territory, and (e) other national, regional and local amusement Units and activities. We believe that competition will continue in this industry.

ITEM 2: BUSINESS EXPERIENCE

Chairman & Chief Executive Officer: David Tedesco

Mr. Tedesco has served as our Chairman since May 12, 2015 and our Chief Executive Officer since September 2015. David Tedesco is also the Founder, Managing Partner, and Chief Executive Officer of True North Companies, a Scottsdale based private investment firm. Mr. Tedesco has held these positions with True North Companies since 2005.

Chief Marketing Officer: Melissa Marchwick

Ms. Marchwick, a partner with True North Companies, has been leading our marketing efforts since August 2015. Prior to joining True North, Ms. Marwick served as Executive Vice President of Sittercity Inc., a nationwide online childcare service from January 2007 to June 2015. Marchwick also led Marketing and Product Development for Cold Stone Creamery from April 2003 to December 2006.

Vice President of Franchising: Lindsey Corbin

Ms. Corbin has been our Vice President of Franchising since October 2017. From March 2016 to October 2017, Ms. Corbin was our Senior Paralegal. From August 2015 to March 2016, Ms. Corbin was Corporate Paralegal for Universal Laser Systems in Scottsdale, AZ. From July 2011 through August 2015, Ms. Corbin owned and operated Z5 Consulting in Orange County, California.

Director of Franchise Development & Procurement: Chris Purcell

Mr. Purcell has served as our Director of Franchise Development & Procurement since October 2018. From January 2018 to October 2018 Mr. Purcell owned and operated CTTT, LLC Consulting in Tempe, Arizona. Mr. Purcell served as the Director of Food & Beverage for TKFO, LLC in Tempe, Arizona from December 2015 to December 2018, Director of Operations from April 2013 to December 2015, and was a Franchise Business Consultant for TKFO, LLC from June 2012 to April 2013.

Director of Store Operations: Lauren Tebbenhoff

Ms. Tebbenhoff has served as our Director of Store Operations since June 2017. From April 2016 through June 2017, Ms. Tebbenhoff was our Director of Training & Program Development. From December 2015 to April 2016, Ms. Tebbenhoff was an Account Manager for Cross River Networks in New York. From November 2013 to December 2015, Ms. Tebbenhoff served as a Franchise Business Consultant and Operations Manager for Huntington Learning Centers, Inc. in Oradell, New Jersey. From October 2009 until October 2013 she was a Franchise Business Consultant with our predecessor PIU Management, LLC.

Training & Development Manager: Paige Conrad

Ms. Conrad has served as our Training & Development Manager since February 2018. She served as a Store Operations Manager for Fun Brands in Scottsdale, Arizona from April 2017 through February 2018. From August 2016 through April 2017, she served as a member of the Mission Control – Rapid Response Team for Fun Brands in Scottsdale, Arizona. Ms. Conrad worked in a BounceU franchise located in Warrendale, Pennsylvania from 2009 through August 2016 in all roles from Party Pro to Manager.

Director of Franchise Support: Niki Lentz

Mrs. Lentz has served as our Director of Franchise Support since July 2015. From February 2014 to July 2015, Mrs. Lentz was the Manager of Franchise Support for FB Holdings, LLC. From December 2013 to February 2014, Mrs. Lentz was Sr. Lead Project Manager with Rural Sourcing Inc. in Augusta, Georgia. From October 2012 to December 2013, Mrs. Lentz was Director of IT Support and Ad Operations for Morris Communications Inc. in Augusta, Georgia.

Director of Units Operations: Bryan Andrews

Mr. Andrews has served as our Director of Units Operations since September 2017. From September 2016 through September 2017, Mr. Andrews was a Corporate Store Strategy Manager. From September 2015 through September 2016, Mr. Andrews was a Franchise Business Consultant for BounceU Holdings, LLC. From February 2011 to June 2015, Mr. Andrews was a Franchise Business Consultant for BU Holdings, LLC.

ITEM 3: LITIGATION

Our predecessors BU Holdings, LLC and BU Management, LLC were parties to the following matters

Pending Matters:

None.

Concluded Matters:

BU Holdings LLC, as successor in interest to BU Management LLC v. Dejay Hayn, Sherri Hayn, JKE Entertainment, LLC. On June 6, 2012, BU Holdings LLC filed a complaint for injunctive relief against Dejay Hayn, Sherri Hayn and JKE Entertainment LLC. BU Holdings' complaint arose from the defendants, who were former BounceU franchisees, operation of a competing inflatable party business at the location of their former BounceU Facility. We filed a motion for preliminary injunction seeking an order from the Court that the defendants operation of a competing business violated the terms of their covenant not to compete. On August 6, 2012, the Court denied BU Holdings' motion for preliminary injunction. The case was dismissed by the Court on January 23, 2013 pursuant to a settlement agreement between the parties. In conjunction with the settlement agreement, BU Holdings agreed to not pursue claims for breach of the franchise agreement and the loss of royalty revenue in exchange for the defendants' agreement to comply with each of the post-termination obligations set forth in Franchise Agreement except for the covenant not to compete. Plaintiff and the defendants also agreed to bear their own fees and expenses.

Other than the above, no litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

There is no bankruptcy information required to be disclosed in this Item.

ITEM 5: INITIAL FEES

You must pay us an Initial Franchise Fee of $30,000 no later than the date that you sign the Franchise Agreement.

We will refund fifty percent (50%) of the Initial Franchise Fee you actually pay to BounceU to you if: (1) after making a good faith effort as determined by us in our reasonable discretion, you: (i) are unable to sign a lease agreement or real estate purchase agreement for a Premises to operate your BounceU Facility; or (ii) are unable to secure lender financing for the development and operation of your BounceU Facility within one year of the Effective Date of the Franchise Agreement; and 2) you provide us with written notice of your request for a refund prior to the one year anniversary of the Franchise Agreement; and 3) you execute a voluntary termination agreement and general release (See Exhibit E) with us.

The Initial Franchise Fee and all other fees are uniform for all similarly situated franchisees. BounceU may, however, where BounceU believes an adjustment is warranted, waive, reduce or change the amount or the payment date for any fee or amount payable to us. There is no formula for such adjustments and each situation is evaluated on a case-by-case basis. Factors may include, but are not limited to: larger or more experienced prospective franchisees; prospective franchisees with which BounceU or our affiliates have had previous experience; prospective franchisees departing other franchise/licensed systems; and prospective franchisees in other unique circumstances. BounceU may elect not to negotiate with a prospective franchisee even if a franchisee possesses some or all of the same characteristics as another franchisee whose agreement was modified.

Start-Up Package

Prior to opening your BounceU Facility, we (or our approved suppliers) will supply to you a Start Up Package (the "Start Up Package") that includes tangible products and intangible services. You also must pay any applicable state sales or use taxes on the tangible products that are included in the Start Up Package, this amount is not included in the estimated cost of the Start Up Package; and you must pay all shipping costs associated with the Start Up Package. This amount is included in the estimated cost of the Start Up Package. You must pay the invoiced amount of the Start Up Package to us (or to our approved suppliers) along with any applicable taxes no later than 15 days after the signing of your lease and prior to attending our initial training program as described in Item 11. The portion of the cost of the Start Up Package paid to us is non-refundable. The estimated cost for the standard Start Up Package is $10,0000 to $40,000. BounceU may change any item or the quantity of any item in the Start Up Package from time to time.

US Military Veteran Discount

In 2018, BounceU is offering a 25% discount on our first location Initial Franchise Fee to any honorably discharged United States military veteran.

Transfer Facility Upgrade

If you are purchasing an existing BounceU Facility, then you must upgrade the facility to our current brand standards. This may include the purchase of all new exterior signage, window décor, and branding updates within the facility including our required paint and graphics package. Required upgrades may also include the purchase of additional rides, new carpeting, updated POS System, waiver kiosks and other upgrades or changes to the System made by us. These costs are identified in the “ESTIMATED EXPENSES FOR THE PURCHASE OF AN EXISTING BounceU” table in Item 7.

ITEM 6: OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenues [2]	Due on Wednesday of each week for the previous week by electronic transfer initiated by Us	
Brand Fund Contribution	2% of Gross Revenues	Due on Wednesday of each week for the previous week	The Brand Fund is used for creative development and is administered by us.[3]
Local Advertising	The greater of $12,000 or 2% of Gross Revenues per year	As incurred	This is the minimum amount that you will be required to pay to third party suppliers every year on local advertising (including direct mail, promotions and Yellow

Type of Fee[1]	Amount	Due Date	Remarks
			Pages listings). All advertising needs to be pre-approved by us and supported by submitted receipts.
Help Desk Support Fee	Currently, we do not charge a Support Fee for telephone help desk support for the computer; however we reserve the right to do so in the future.	Upon Demand	If we charge you a Support Fee, we will deduct the fee directly from your business account.[1]
Hardware and Software Upgrade	$100-$2,000 depending on the type of upgrade	Due upon receipt of notice from us	At our discretion, you must upgrade your hardware and software within 60 days following release by the respective manufacturer or supplier. You must reimburse us for the amount charged to us by the manufacturer or developer.
ASP Hosting Fee	Actual costs and expenses	Upon demand	If we perform repair services or retain a third party application service provider to provide some or all of the service and support for the benefit of all BounceU Units, you will pay a service or ASP hosting fee.
Music and Television License Fees [4]	$480-$1,200	Annually	Paid Directly to Vendor
Additional Ongoing Training	Out-of-pocket expenses plus our then standard training fee	Payable within 10 days of receipt of invoice	You may be required to attend additional training no more than 2 times per year.
National Franchise Meeting [5]	$250-$400 per person	Payable six (6) weeks prior to the event.	At least one of your franchise owners must attend the National Franchise Meeting.
Relocation Costs	$4,000	Upon demand by Us.	If we approve your relocation request, you must reimburse us for our reasonable expenses incurred in connection with our consideration of your request.

Type of Fee[1]	Amount	Due Date	Remarks
Renewal Fee[6]	25% of our then current Initial Franchise Fee	Upon the execution of a successor Franchise Agreement	The initial term of your Franchise Agreement is 10 years. The renewal term of your Franchise Agreement is 10 years.
Interim Period Fee	1% of Gross Revenues	On or before the 3rd day after the end of each fiscal period based upon Gross Revenues from the preceding fiscal period in the same manner and at the same time as you pay your Royalty Fee.	If you do not timely renew your Franchise Agreement but continue to operate your Pump It Up Franchised Business, you will be obligated to pay us, in addition to the Royalty Fee, an Interim Period Fee equal to one percent (1%) of your Gross Revenues.
Indemnification	Varies under circumstances	As incurred	You must reimburse us for, or pay for our counsel to defend us against, claims caused by or related to your operation of your BounceU Facility.
Costs and Attorneys' Fees	Vary depending on the nature of your default	As incurred	Payable upon your default or breach of your Franchise Agreement.
Late Fees[7]	$50/day for each day that Royalties and Brand Fund are late	Payable upon receipt of invoice	We will debit the late fee from your business checking account. Only payable if you fail to make payments to us when due.
Collection Costs	Our costs, fees and expenses in collecting amounts you owe to us	Upon Demand	
Audit	Our cost for an audit of your books and records	Payable upon receipt of invoice	Triggered by an understatement of any reported amount in any report to us of 2% or more of Gross Revenues.[8]
New Product and Supplier Testing[9]	Reasonable cost of the inspection and the actual cost of the test	As incurred	
Site Evaluation Fee	Currently $500 per person, per day	Upon Demand	You are only required to pay the site evaluation fee for our second and any subsequent site visits. For all site visits, you must pay our travel, living and other expenses.

Type of Fee[1]	Amount	Due Date	Remarks
Transfer Fee [10]	$10,000 - $20,000	$3,000 Transfer Deposit payable when we receive notice that you have identified a potential buyer and signed a purchase agreement; balance due when Franchisor issues its consent to the transfer	The Transfer Fee is not refundable. If the closing for the transfer does not occur and the prospective transferee has not attended any portion of our training program, we will not refund the Deposit; however, if during the 12-month period following your initial notice of the transfer, you identify another transferee, then we will apply the Deposit to the Transfer Fee for that buyer.
Food Prep Training Fee	$4,500	Prior to the operating of your Food Prep Station	If you decide to utilize a food prep station at your BounceU Facility, we may require you to complete a Food Prep Training course with Us or our affiliates and to pay a food prep training fee in conjunction with the course.
Advertising Cooperative Fee[11]	Currently there are no BounceU advertising cooperatives. If established, advertising cooperative fees will be set by the cooperative	To be determined by the cooperative.	If established, we may require a cooperative to require its members to contribute at least 1% but no more than 3% of each member Gross Revenues to the Advertising Cooperative

NOTES:

1. Unless otherwise noted, all fees are imposed by and payable to us. The fees are not refundable. You must authorize us to electronically debit your business checking account or Electronic Depository Transfer Account ("EDTA") automatically for the Royalty, Brand Fund contributions, late fees, and any other amounts. Our current form of EDTA documents are attached as Exhibit 6 to the Franchise Agreement. We will debit the EDTA on the dates that payments are due. If you fail to report Gross Revenue of the BounceU Facility, we may debit your EDTA for 120% of the highest monthly Royalty and Brand Fund contribution that we previously debited from your EDTA. Once we determine the amount you actually owe to us, we will debit the EDTA the difference, or we will apply a credit towards your next payment.

2. The term "Gross Revenues" means the total amount received or receivable by your BounceU Facility from, connected with or related to the sale of any products, goods, merchandise or services, all proceeds from coin operated vending machines and video games, and all business transacted in or from your BounceU Facility, directly or indirectly, excluding only (a) the amount of any federal, state or local sales or excise taxes or other similar taxes, separately stated, which may be required by law to be collected and paid by your BounceU Facility to any governmental agency or authority, (b) the amount of any refunds

to customers for bona fide returns or cancellations, and (c) any documented contributions (up to a maximum amount set by us) you make to an approved not-for-profit organization in conjunction with a Franchisor approved charitable event. Collections and bad debts are your responsibility.

3. We currently require you to contribute 2% of Gross Revenue to the Brand Fund. We may increase your periodic contribution to the Brand Fund to an amount not to exceed 3% of the Gross Revenue of the BounceU Facility. We also may periodically re-allocate and/or increase the amount you contribute to the Brand Fund and the amount you spend for Local Store Marketing; however, we will not increase your total marketing contributions including required local store marketing expenditures above 6% of Gross Revenues. Your advertising contributions and expenditures are explained in more detail in Item 11. The Brand Fund Contributions are deposited into a fund maintained and operated by us (the "**Brand Fund**"). The Brand Fund is used to meet the costs of maintaining, administering, directing and conducting advertising and promotional activities on a regional or national scale, including the cost of television, radio, magazine and newspaper advertising campaigns, website or online marketing, research, test marketing, marketing surveys and public relations activities, employing a director and agencies to provide assistance in these areas, providing marketing and other materials to our franchisees, defraying salaries, administrative costs and overhead we may incur, program development for our franchisees, and other purposes we deem beneficial to our franchisees. Franchisor may, in its sole discretion, cease collecting Brand Fund contributions from franchisees and/or terminate the franchisees' obligations to make Brand Fund contributions. Should Franchisor make such a determination, Franchisor will spend any remaining amounts in the Brand Fund as described above. Once all remaining amounts in the Brand Fund have been expended, Franchisor will have no additional obligations with respect to the Brand Fund.

4. You must utilize our approved supplier of music at your BounceU Facility. You must also install televisions and subscribe to cable or satellite television that includes local, sports, and news channels for your Parents Lounge and other common areas. The current direct expenses associated with obtaining music and cable or satellite television are approximately $40 to $300 per month. Additional ASCAP and MPLC licenses may also be required.

5. **Ongoing Training and National Meetings.** At least one (1) of your owners is required to attend all national franchise meetings that we schedule. The fee for one (1) owner to attend the National Franchise Meeting will be withdrawn from your account no less than six (6) weeks prior to the event. Payment for additional attendees will be due as invoiced or at the event.

6. **Renewal Fee.** Prior to the expiration of your Franchise Agreement, if you desire to renew your Franchise Agreement, you will be required, among other things, to pay us a Renewal Fee equal to twenty-five percent (25%) of the Initial Franchise Fee then being charged to new franchisees. The other requirements to renew your Franchise Agreement are detailed in Section 2.2 of the Franchise Agreement.

7. **Late Fees.** Late fees begins from the date payment was due.

8. We estimate current audit costs at $1,000 per day plus travel to and from your BounceU Facility. If any inspection by us of your books and records discloses an understatement of any reported amount of any type, in any report, of 2% or more of Gross Revenues or 2% or more of the amount owed to us for the period of the report, you are required, in addition to paying us the amount of the understatement and applicable late fees and interest, to reimburse us for all costs and expenses connected with the inspection (including reasonable accounting and attorneys' fees). All of these amounts due are payable upon receipt of an invoice from us.

9. If you propose to purchase any goods or materials (that you are not required to purchase from us, an affiliate of ours, or an approved supplier) from a supplier that we have not previously approved, you

must submit to us a written request for such approval, or request the supplier do so. We may require, as a condition of our approval, that our representative be permitted to inspect the supplier's Units, and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval.

10. You must pay to us the deposit towards the transfer fee described in the amount of $3,000 ("***Transfer Deposit***") before the proposed Transferee arrives for the Training Program to cover our costs to begin to review the transfer documentation. We will waive the transfer fee if the transferee: **(1)** is an entity controlled by you, or **(2)** has obtained the location as a result of your death or disability. If the franchise candidate for the transfer comes through the investigation process with a franchise sales broker that we have retained, then the transferee must pay our Initial Franchise Fee. This enables us to pay the additional costs we incur, including the payment of the broker's commission.

11. Should we form advertising cooperatives at some point in the future, the fees charged by each cooperative will be determined by the members of the cooperative. We may require that the cooperative set a minimum per unit contribution although we will only do so if the members of the cooperative do not require its members to contribute enough funds to satisfactorily operate the cooperative. We may require a cooperative to require its members to contribute at least 1% but no more than 3% of each member Gross Revenues to the Advertising Cooperative. Each BounceU Facility in the geographic area comprising the Advertising Cooperative shall be entitled to one (1) vote. Any company owned BounceU Units will also be granted one (1) cooperative vote.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment(1)	Column 4 When Due	Column5 To Whom Payment Is To Be Made
Initial Franchise Fee[2]	$0 - $30,000	Lump Sum	See Item 5	Us
Grand Opening Plan [3]	$2,500 - $5,000	As incurred	As incurred	Third parties and us
Real Property [4]	$13,000 - $22,000	As specified in the lease or sale agreement	As specified in the lease or sale agreement	Your Landlord or the Seller of Real Property
Travel and Living Expenses While Training[5]	$0 - $2,500	As incurred	During training	Third parties
Leasehold Improvements[6]	$0 - $250,000	As incurred	When construction contract is executed	Suppliers & Independent Contractors
Architect/Engineer/ Permits and Licenses[7]	$8,000 - $20,000	As incurred	During design phase (Prior to construction)	Third Parties This cost may be incorporated by your General Contractor's expenses

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment(1)	Column 4 When Due	Column5 To Whom Payment Is To Be Made
Arena Equipment, Rides and Safety Mats(8)	$24,500 - $88,000	As incurred	When ordered	Supplier
Start Up Package(9)	$10,000 - $40,000	Lump sum	Within 15 days of executing a lease (or otherwise securing the location for your Franchised Business)	Us
Legal/ Professional Fees(10)	$1,000 - $8,000	As incurred	As incurred	Attorney/ Accountant
Prepaid Rent, Security and other Deposits(11)	$5,000 - $30,000	Lump sum	When you sign your lease or start up an account with utility company	Landlord Utility Companies
Initial Liability Insurance and Workers' Compensation Deposit(12)	$750 - $2,500	As incurred	Before opening	Licensed Insurance Agent or Carrier
Exterior Signage(13)	$0 - $12,000	As incurred	Prior to Construction	Suppliers
Opening Inventory and Supplies not otherwise noted(14)	$2,500 - $6,500	Lump sum	When ordered	Suppliers
Miscellaneous	$0 - $5,000	As incurred	As incurred	Suppliers
Additional Funds (Initial 4-6 Month Period)(15)	$20,000 - $60,000	As incurred	As incurred	Employees, suppliers, utilities
Total(16)	**$87,250-581,500**			

YOUR ESTIMATED INITIAL INVESTMENT

IN CONNECTION WITH PURCHASE OF AN EXISTING BOUNCEU

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due (Number of Days from Transfer Date)	Column 5 Mandatory or Permissible	Column 6 To Whom Payment Is To Be Made
Additional Funds (Initial 4-6 Month Period)(17)	$20,000 - $60,000	As incurred	As incurred	As incurred	Employees, suppliers, utilities
SMS System(18)	$0-$3,190	As incurred	Within 60 days	Mandatory	Us

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due (Number of Days from Transfer Date)	Column 5 Mandatory or Permissible	Column 6 To Whom Payment Is To Be Made
In-Store Brand Graphics and Paint Refresh Package(19)	$0 - $33,000	As incurred	Within 60 days	Mandatory	Suppliers
Exterior Signage With Updated Trademark(20)	$2,500- $12,000	As incurred	Within 60 days	Mandatory	Approved Vendor
New Inflatables	$0-$20,000	As incurred	Within 90 days	Permissible	Approved Vendor
Parents Lounge(21)	$0-$6,000	As incurred	Within 60 days	If Space Permits	Suppliers
Waiver Kiosks(22)	$0 - $2,500	As incurred	Within 60 days	Mandatory	Suppliers
New Carpet (including installation) (23)	$0 - $36,000	As incurred	Within 60 days	As determined by Us	Approved Vendor
Total	**$22,500 -$172,690**		**Does not include the purchase price you pay for the franchise**		

NOTES:

(1) **General**. Fees paid to us (other than the Initial Franchise Fee, which may be refundable in limited circumstances described in Item 5) are not refundable. Whether any costs paid to third parties are refundable will vary based on the vendor as well as customer practice in the area where your Franchised Business is located.

(2) **Initial Franchise Fee**. The Initial Franchise Fee including the limited refundability of the Initial Franchise Fee is explained in detail in Item 5. It states that the Initial Franchise Fee and all other fees are uniform for all similarly situated franchisees. BounceU may, however, where BounceU believes an adjustment is warranted, waive, reduce or change the amount or the payment date for any fee or amount payable to us. There is no formula for such adjustments and each situation is evaluated on a case-by-case basis. Factors may include, but are not limited to: larger or more experienced prospective franchisees; prospective franchisees with which BounceU or our affiliates have had previous experience; prospective franchisees departing other franchise/licensed systems; and prospective franchisees in other unique circumstances. BounceU may elect not to negotiate with a prospective franchisee even if a franchisee possesses some or all of the same characteristics as another franchisee whose agreement was modified. The range described in this section reflects the range of Initial Franchise Fees that Franchisor may charge, including Franchisor's right, in its sole discretion, to waive the Initial Franchise Fee.

(3) **Grand Opening Plan**. You must advertise and promote the Franchised Business during the 6-month period that begins 2 months prior to opening and continues through 4 months following the opening of the Franchised Business ("Grand Opening Plan"). You must spend $2,500 to $5,000 on your grand opening advertising. All advertising must be pre-approved by us. This amount is in addition to the annual minimum advertising expenditure you must make. (See Items 6 and 11 for more detailed information.) You

agree to comply with our guidelines for the Grand Opening Plan, based upon an agreed upon marketing plan, which you must follow as part of the marketing, advertising, and promotion of the Franchised Business ("Marketing Plan"). You must spend at least the amount that we specify for your Grand Opening Plan; however, you may spend more than the required amount. This expenditure is in addition to your Brand Fund contribution and the amount you must spend on Local Store Marketing; however, you are not required to conduct any Local Store Marketing until after the time period for the Marketing Introduction Program.

(4) **Real Property**. We expect that you will lease the location for the Franchised Business. The lease that you sign for your Franchised Business must be for a term of no less than ten (10) years. We cannot estimate the lease payment that you will make to third party landlords because these payments will vary considerably depending upon the property size, type of transaction and location. Lease agreements may include the following expenses: taxes, insurance, maintenance, fixed rent (with escalations), percentage rent, principal and interest on tenant improvement loans, and other charges related to the operation of the Franchised Business.

(5) **Training Expenses**. You must pay all travel and living expenses incurred by you and your employees while attending all training courses and programs. The amount of these expenses will depend on the distance you must travel, mode of transportation, type of accommodations, number of your employees attending training and their wages.

(6) **Leasehold Improvements**. The site and building improvements estimate includes estimated expenditures for building permits, interior construction, HVAC, electrical, plumbing, and wall, window, and floor coverings and does not include exterior site improvements (parking, ingress, egress, etc.). Exterior site improvements are not customary and, if required, vary dramatically by location. The low and high estimates include an allowance that some landlords may provide in the amount of 0-100% of the total improvements. In the past, we have been successful in having landlords contribute to some or all of the required building and site improvements but there is no guarantee that your Landlord will contribute to your site and building improvements. The cost of these improvements varies significantly depending upon the size and existing condition of the Premises.

(7) **Architect/Engineer/Permits and Licenses**. This figure includes each of the following expenses that you will likely incur in the development of your BounceU Franchised Business.

(a) Preliminary Design Drawings. Preliminary design drawings of your BounceU Business must be produced by our approved design architect. The architectural design fee is $2,000 to $2,500. Once approved by us, the design drawings will be sent to your chosen architect of record to prepare the construction drawings.

(b) Construction drawings. You must retain an architect licensed in your state to develop construction drawings of your BounceU Business (you may opt to retain our approved design architect to continue with the full set of construction drawings). Required stamped drawings include architectural, mechanical, plumbing and electrical plans. In addition, you must obtain structural and fire protection and any other plans as may be required by your state and local agencies. These costs may or may not be incorporated with your general contractor's expenses.

(c) Permits and Licenses. You should obtain information from your local, county and state authorities about the required licenses and related types of expenses in your local area. These costs may be incorporated with your general contractor's expenses.

(8) **Arena Equipment, Rides and Safety Mats**. You must purchase or finance or lease branded Arena equipment, rides, attractions, and safety mats only from our approved vendors. You may be responsible for the cost of the shipping and handling fees related to these items.

(9) **Start Up Package**. The Start Up Package includes furniture, fixtures, equipment, glow lights, inventory, marketing materials, graphics package, SMS System (See Item 11), supplies and certain intangible services including onsite review, post-lease/pre-opening one-on-one consultation, opening training, and an administrative fee for providing the Start Up Package. If the Premises are larger than our specifications require, you may be required to purchase additional items, and/or furniture for use in the additional area(s) that are not part of our standard Start Up Package. This is an estimate based upon the current costs associated with purchasing the products and services in the Start Up Package. Over time, these costs are likely to increase. If you do not promptly open your BounceU Franchised Business, the costs may increase (perhaps dramatically in subsequent years). Because shipping and handling prices are location specific, shipping and handling is not included in the estimated cost of the Start Up Package.

(10) **Legal/Professional Fees**. These figures represent the estimated costs of engaging attorneys or other business professionals to review this disclosure document and the accompanying agreements, assist you in forming an Entity, assist you in obtaining a loan, and to help you obtain required business licenses and permits.

(11) **Prepaid Rent, Security and Other Deposits**. Landlords may require you to pay the first and last months' rent and a security deposit equal to at least one to three months' rent. Utility companies also may require a deposit for all new commercial accounts. The amount of the utility deposit will vary depending upon your utility company and its standard credit practices.

(12) **Insurance**. This is an estimated down payment against your annual premiums to acquire the insurance required under the Franchise Agreement. The estimate is only for commercial general liability, property, business interruption, and workers' compensation insurance. We may, periodically, specify and change the types and amounts of coverage required, including an additional liability insurance umbrella policy. You must provide us with a copy of each insurance policy upon issuance and after each and every renewal. Each insurance policy must name us, our affiliates and our and their respective officers and owners as additional named insured and must require 30 days prior written notice to us before being modified, cancelled or terminated and 30 days prior written notice to us before the policy expires.

(13) **Exterior Signage**. The signage will be governed by the System Standards and any restrictions in your lease (if applicable) and local ordinances.

(14) **Opening Inventory and Supplies**. Includes miscellaneous office supplies, paper supplies (such as napkins, forks, cups, etc.), goodie bags, and janitorial supplies.

(15) **Additional Funds**. This is an estimate of the funds needed to cover business (not personal or living) expenses during the initial period (which we consider to be the first 4 to 6 months) of operation of the Franchised Business. To the extent that operational revenues do not cover these expenses, you will need additional funds to support the operational costs of your business, including other expenses as rent, leases, payroll, utilities, insurance, taxes, loan payments, advertising, supplies, inventory, Grand Opening Plan expenses and other expenses. The amount of additional funds you will need will depend upon many factors, including how much you follow the System, your technical, marketing and general business skills, local economic conditions, the local market for the Franchised Business, competition, local cost factors, and the sales levels you achieve. There is no guarantee that the working capital estimate will be adequate or that additional investment by you will not be necessary during the initial period and afterwards. You may need

additional funds and you should consult with your financial advisor to determine the amount of working capital that you should invest.

(16) **Estimates**. We have relied upon the experience of our franchisees in compiling these estimates. You should review these figures carefully with a business advisor before making any decision to purchase a BounceU franchise. These estimates do not include the cost of acquiring the existing franchised business from an existing BounceU franchisee or buying or leasing real property for the Franchised Business. We do not offer financing to you for any part of the initial investment. We may offer financing to you for limited remodeling projects as described in Item 10.

(17) **Purchase of an Existing BounceU**. If you acquire the BounceU Franchised Business pursuant to a transfer from an existing PIU Franchisee, we may require you, as a condition of our approval of the transfer, to modify and/or upgrade certain equipment, safety features, and computer hardware or software to our then current standards. These line items are reflected in a separate chart and are based upon our best estimates of the costs associated with these upgrades should you be required to implement them. These estimates will be in addition to the amount you pay to acquire the existing BounceU Franchised Business from the current operator.

(18) **SMS System**. If you purchase an existing BounceU Franchised Business that does not have the SMS System, you will be required, in conjunction with your execution of the Franchise Agreement to purchase, install and utilize the SMS System at your BounceU Franchised Business. This is an estimate of the costs you will incur in purchasing and installing the SMS System.

(19) **In-Store Brand Refresh Graphics and Paint Package**. The total cost to update a BounceU Franchised Business with current graphics, paint, and other related brand standards will vary based upon a variety of factors that include: a) the number of graphics being installed and the surface and condition of the walls; b) the size of the facility, including the length and number of hallways; c) the number of walls that need to be painted; d) who will be doing the painting (a contractor or you); and e) the size and number of windows in the Franchised Business.

(20) **Updated Exterior Signage**. If you acquire your Franchised Business in conjunction with a transfer of an existing business, we may require you, as a condition of our approval of the transfer, to update your exterior signage in a manner consistent with our then current brand attributes, themes, and character.

(21) **Parents Lounge**. Each Arena must offer no less than three (3) attractions. If there is adequate space beyond the 3 required attractions, a Parents Lounge will be required in each area. This is the estimated cost of adding a Parents Lounge to an existing BounceU Franchised Business.

(22) **Waiver Kiosks**. If your BounceU Franchised Business does not already have kiosks including tablets for the completion and delivery of required waiver forms, you will be required to purchase the kiosks and tablets required by us which will be identified in our Confidential Operations Manual.

(23) **Carpet and Installation**. This is an estimate of the costs you will incur in purchasing and installing new carpet that is required for all new BounceU locations. You may be required, in conjunction with your purchase of an existing BounceU location, to purchase and install this new carpeting within sixty (60) days of the transfer of the Franchised Business.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease all products, inflatables, games, equipment, music services, credit card processing, branded products beverages and other items used in your BounceU Facility from or through either us or approved suppliers. We may require you at any time to submit all your supply or other orders to or through us. You must purchase the Start Up Package (formerly known as the BounceU Internal Décor package) from us or our approved suppliers (see Item 7).

You may be required to purchase products, services, equipment and other items from suppliers with which we have negotiated reduced or special rates or other financial incentives. We do not derive any material revenue from the sale of required products or services to franchisees. We reserve the right, on our behalf and on behalf of our affiliates, to receive rebates or other financial incentives from suppliers as a result of your required purchases. In the calendar year ended December 31, 2017, we received rebates totaling $16,197. Rebates received totaled .7% of our total revenue of $2,257,130 for the same time period. All rebates received in 2017 were credited to the Brand Fund. We plan to credit future rebates we receive from our suppliers to the Brand Fund, although we reserve the right to change this policy in the future. (See Item 11) In order to maintain a consistent image and facility design throughout the System, we regulate, among other things, the types, models and brands of fixtures, furnishings, equipment, signs, materials, supplies and other items used in operating your BounceU Facility. All products and items must conform to those standards and specifications as may periodically be established by us. You must obtain our written approval before making any changes in the appearance of your BounceU Facility and before modifications to or replacements of decorating materials, fixtures, equipment, inflatables, games, products, furniture, signs or any other items.

Suppliers shall be ones who demonstrate to us their ability to meet our minimum standards for quality, price and reliability. Requirements and specifications for products and other items and lists of approved suppliers may be in one of our BounceU operations manuals (the "**BounceU Confidential Operations Manuals**"). By written notice to you and/or through changes in the BounceU Confidential Operations Manuals, we may revise our requirements and specifications, add or delete approved suppliers, terminate existing purchase arrangements and suppliers and/or enter into new purchase arrangements with additional suppliers.

If you desire to purchase any item not authorized by us or to purchase items from a supplier not expressly approved by us in writing, you must first submit all information we may request, including specifications and samples, to enable us to determine whether the item complies with our standards and whether the supplier meets our approved supplier criteria. Approval of a supplier may be conditioned, among other things, on requirements for product quality, price, cost, frequency of delivery, standards of service, brand recognition and concentration of purchases and may be temporary, pending our evaluation of the supplier. We may charge you a reasonable fee not to exceed our actual costs and expenses in making our determination. We will notify you, in writing, within 30 days of the date that you provide all of the requested information regarding the proposed alternative supplier, of our decision. We periodically establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Upon your written request, we will supply you with our supplier criteria. We may revoke our approval of a supplier at any time in our sole discretion.

We negotiate discounted prices and favorable terms from suppliers for the benefit of our franchisees to maintain quality control, national brand recognition, consistency of products and services, and to minimize product liability insurance rates for you. We may also negotiate with various vendors to obtain for all of our franchisees and us and our affiliates various advertising related discounts and/or cooperative advertising programs. If we negotiate these programs, you will have the right, but not the obligation, to participate in them, unless we make it a requirement. See also Item 11 regarding advertising cooperatives. The optional advertising programs in no way affect your obligations to use only approved suppliers and all required suppliers.

We or our affiliates may be approved suppliers. None of the Company's affiliates are currently approved suppliers for any products although you are required to purchase the Start Up Package from us. Currently, other than the Company (which is the only approved provider of the Start Up Package), none of our officers have an interest in any approved supplier. However, our officers and owners reserve the right to own an interest in other approved suppliers in the future. We may in the future (i) establish a separate company or utilize an existing company from which all franchisees are or shall be required to purchase equipment, inventory, products, games and other items or supplies, or (ii) to defray our expenses incurred in operating and compensate ourselves for operating our purchasing department or other purchasing function, retain monies rebated or receive commissions from suppliers based on the purchases made by our franchisees Purchases from any company we establish to provide you equipment and monies retained by us from suppliers as a result of your purchases may provide us additional revenue. For the year ended December 31, 2017, $10,514 from the sales of the Start Up Package to franchisees which represents .4% of our total revenue for the same period. The information above regarding revenue generated from franchisee purchases is based upon the audited financial statements of PIU Management, LLC, the predecessor of our parent FB Holdings, LLC.

If your landlord will not or does not pay the applicable commission due to your real estate broker, you may be obligated to pay the brokers the applicable commission.

Payment Processing

We will require you to open a merchant account system with the ability, at a minimum, to process Visa®, MasterCard®, American Express® and Discover® transactions. You may be required to update your systems to process payments from other payment systems including but not limited to PayPal and Apple Pay, if such payment options are required by us. You are also required to purchase the Virtual Manager system which is described in Item 11.

Virtual Manager

You must purchase from us and install our Virtual Manager System ("VM") which is a fully integrated, web-based scheduling, reservation, and point of sale system that allows for on-line scheduling, reservations and marketing database storage and which interacts directly with the www.bounceu.com website. The online reservation system allows BounceU customers to reserve dates, times, types and sizes of parties from their personal computer. You or your authorized staff member must communicate directly with customers utilizing the system to confirm specific event details once a reservation has been made.

To ensure efficient operations of your VM and prompt communication between our computers and yours, you must at all times, at your own expense: (1) keep your VM in good repair; (2) purchase certain annual maintenance and service contracts from the manufacturer of the hardware or the licensor of the software; (3) keep your VM free of viruses, spy ware and spam ware; (4) upgrade/update your software programs, as required by us or as otherwise needed; and (5) as we may require, purchase computer hardware or any software programs from us or suppliers designated by us. There are no contractual limitations on the frequency and cost of your obligation to keep your VM in good repair and/or upgrade your hardware or software.

We must approve, in writing, all hardware and software to be used by you at the Franchised Business. You must install, maintain and use computer software programs, as designated by us to maintain data and business records for the Franchised Business.

You must maintain at all times, the ability to communicate with us over the Internet via a broadband Internet connection. You will be required to provide us independent access to the information and data in your VM. We reserve the right to require you, at your expense, to install and maintain additional hardware and software, including software that will interface with our VM over the internet.

While the Virtual Management System meets PCI compliance regulations, it is your responsibility to assure that the store network also meets PCI compliance rules. While we can provide some general guidance, we strongly suggest that you obtain the services of a third-party company to routinely test and advise you regarding your compliance.

We may also require that you purchase and/or install modifications and/or additions to any of the systems or programs described within Item 11. If these purchases are made directly from us or any other designated source, we may derive revenue or other consideration as a result of these sales.

We may, but are not obligated, to provide the required maintenance, repairs, upgrades and updates of required computer systems. If we do provide those services, the fees associated with such upgrades, updates, maintenance and repairs will be payable to us. The estimated fees for such services are disclosed in Item 6.

Music and Television

You must utilize our approved supplier of music at your BounceU Facility. Our approved supplier will require you to enter into a license agreement with them granting you the right to play approved music selections at your BounceU Facility. You may be also required to obtain additional ASCAP and MPLC licenses in conjunction with our approved Music System. We reserve the right to change, add, or remove suppliers of music services and/or to modify the requirements for music at your BounceU Facility.

You must also install televisions and subscribe to cable or satellite television that includes local, sports, and news channels for your Parents Lounge and other common areas.

The current expenses associated with the obtaining music and cable or satellite television are approximately $480-1,200 annually.

Signage

To maintain the integrity of the Proprietary Marks, we may require that all signs, stationery, forms, labels and similar materials used in the operation of your BounceU Facility be purchased from us, any of our affiliates, or our designated suppliers. You must also purchase and display all safety signage as directed by us and may not remove such signage at any time without our express written consent.

Insurance

Under the terms of your Franchise Agreement, you must maintain, at your expense, an insurance policy or policies protecting you and naming us and our affiliates and our and their respective owners as additional named insureds or loss payees against any loss, liability, personal injury, death, property damage or expense from fire, lightning, theft, vandalism, malicious mischief and the perils included in the extended coverage endorsement, occurring upon or with your BounceU Facility as well as any other insurance applicable to any other special risks we reasonably require for your protection, and any insurance coverage required by your landlord or lender. The current minimum requirements for insurance policies and coverage include: **(1)** comprehensive general liability insurance with limits of the greater of (i) $1,000,000 per occurrence and $2,000,000 aggregate; and (ii) those amounts required by the state or local government in which your BounceU Facility is located; **(2)** worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the BounceU Facility is located and operated; **(3)** employment benefits liability coverage; **(4)** automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least $1,000,000 combined single limit, and $2,000,000 general aggregate limit; **(5)** guaranteed or extended cost replacement property insurance (and contingent liability and building ordinance coverage if you or an entity controlled by you own the building in which the BounceU Facility is operated) on building and business personal property including personal property of others; **(6)** sexual and physical abuse coverage with limits no less than $50,000 per occurrence; and **(7)** business interruption insurance adequate for a six month period including the payments to us of our continuing royalty based on the average your past three operating months. You should verify with your own risk management advisor whether you should purchase any additional insurance coverage.

All insurance policies must be purchased through an agent or broker on our Approved Vendor List and be written by an insurance company that is licensed in the state where you are doing business. We may from time to time increase the minimum required coverage and/or require different or additional insurance coverage (including an additional umbrella liability insurance policy) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. We will provide you written notice of such modifications and you must take prompt action to secure the additional coverage or higher policy limits.

All insurance policies must name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration.

Each insurance policy shall be specifically endorsed to provide that the coverage shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. At least 10 days prior to commencing construction of the BounceU Facility or 3 days before taking over ownership of an already open location, and annually thereafter, you must submit to us a copy of your Certificates of Insurance or other evidence that you are maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may obtain such insurance for you and the BounceU Facility, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

Based upon our experience and the experience of our franchisees, we estimate that the purchases we require you to make described in the above paragraphs are approximately 20% to 30% of the cost to establish a franchise and approximately 12% to 18% of total annual operating expenses.

We also require that you acquire, for your business, a 24 hour phone navigational system with voice message capabilities. You may purchase this system from any reputable telecommunications company.

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 Franchise Agreement (FA)	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 1.3, 4.1(B), 5.17 and 13.2(L)	Items 6, 7 and 11
b.	Pre-opening purchases/leases	Sections 4.3, 5.3, 5.8(C), 5.8(F) and 5.10(A), 9.6	Item 7 and 8
c.	Site development and other pre-opening requirements	Sections 4.6, 4.7, 5.1-5.5, 10.1 and 10.2	Items 6, 7 and 11

Obligation		Section in Franchise Agreement (FA)	Disclosure Document Item
d.	Initial and ongoing training	Sections 3.1(G), 4.4, 4.7 and 4.9(D)	Item 7 and 11
e.	Opening	Sections 3.4(B), 4.4(A), 4.6-4.8, 5.2(B), 5.2(C), 5.5, 8.1 and 10.1	Item 7 and 11
f.	Fees	Sections 2.2(G), 3.1, 3.3, 3.4, 3.5, 4.4(A), 4.4(D), 4.4(E), 4.9(A), 4.9(D), 5.3, 5.10(B), 8.3, 9.5(B) and 18.7	Items 5, 6 and 7
g.	Compliance with standards and policies/operating manual	Sections 4.5, 5.6-5.8, 5.16(B), 5.18, 6.2, 7.1-7.3, 9.1, 9.6, 12.9, 13.1(F), 13.2 and 18.22	Item 8, 11, 14, 15 and 16
h.	Trademarks and proprietary information	Sections 4.5, 4.9(B), 4.10(C), 6.1-6.8, 7.1(A), 7.2, 8.2(B), 8.3(B), 13.1(H), 14.1(B)-(D), 14.1(G), 14.4, 14.5, 15.2, 15.3, 16.3 and 18.21(A)	Items 11, 13 and 14
i.	Restrictions on products/ services offered	Sections 5.8(B), 5.8(C), 5.8(D), 5.8(E) and 5.10	Items 8 and 16
j.	Warranty and customer service requirements	Sections 5.9, 5.15, 13.2(H) and 18.18	Not Applicable
k.	Territorial development and sales quotas	Section 1.4	Item 12
l.	Ongoing product/service purchases	Sections 5.8(C) and 5.10(A)	Item 8
m.	Maintenance, appearance, and remodeling requirements	Sections 2.2(B), 5.7, 5.8(F), 5.8(G), 5.9, 5.16(B), 5.18, 9.6, 12.3(G) and 13.2(I)	Items 8 and 11
n.	Insurance	Sections 4.9(D), 5.4, 5.5 and 10.1-10.5	Items 7 and 8
o.	Advertising	Sections 2.2(D), 3.1(D), 4.8, 4.9(B), 4.9(C), 5.8(B) and 8.1-8.7	Items 6, 7 and 11
p.	Indemnification	Sections 16.4 and 18.18	Items 6 and 13
q.	Owner’s participation/ management/staffing	Sections 4.4(B), 5.9, 5.12 and 15.1	Items 11 and 15
r.	Records and reports	Sections 3.3, 3.4(C) 9.1-9.6 and 13.1(G)	Items 6 and 8
s.	Inspections and audits	Sections 2.2(B), 4.6, 5.2(B), 5.16, 9.3, 9.4, 9.5, 9.6, 12.3(B) and 13.2(F)	Item 6
t.	Transfer	Sections 3.1(F), 12.1-12.9, 13.2(D) and 14.1(E)	Items 6 and 17
u.	Renewal	Sections 2.2 and 3.1(E)	Items 6 and 17
v.	Post-termination obligations	Sections 14.1-14.5, 15.2 and 15.3	Item 17
w.	Non-competition covenants	Sections 15.3-15.5	Item 17

Obligation		Section in Franchise Agreement (FA)	Disclosure Document Item
x.	Dispute resolution	Sections 18.8, 18.9, 18.13. and 18.19	Item 17

An individual franchisee or developer, the shareholders, partners, members or beneficial owners of the equity interests of a corporation, partnership, limited liability company or other entity franchisee, and the spouses of any of the previously stated persons, if any, are required to guarantee all of the obligations of the franchisee under the Franchise Agreement. Each of these persons will be required to sign a Guaranty and Assumption of Obligations Agreement in the form of Exhibit 2 to the Franchise Agreement. The Franchise Agreement and its exhibits are attached to this Disclosure Document as Exhibit C.

ITEM 10: FINANCING

We do not offer financing to our franchisees. We have no direct or indirect arrangements with any lending institutions for financing. We will not guarantee your note, lease, or other obligations.

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM, AND TRAINING

Except as listed below, BounceU is not required to provide you with any assistance.

Pre-Opening Obligations

Before the opening of your BounceU Facility, subject to the terms and conditions contained in the Franchise Agreement, we will:

1. Grant you the non-exclusive right to operate a single BounceU Facility from a specified location. (Franchise Agreement, Section 1.1.)

2. Grant you a nontransferable, non-exclusive license to use the Proprietary Marks, in the operation of your BounceU Facility. (Franchise Agreement, Section 6.1.)

3. Provide you with proprietary guidelines to assist you in managing the process from signing the Franchise Agreement to opening your BounceU Facility. (Franchise Agreement, Section 4.1.)

4. Provide you with site location criteria and may provide additional site selection counseling and assistance. (Franchise Agreement, Section 4.1.)

5. Provide to you mandatory and suggested specifications and layouts for a BounceU Facility, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, and color scheme. (Franchise Agreement, Section 4.2.)

6. Review, for our purposes only, construction plans and specifications or other plans before you begin constructing the BounceU Facility. (Franchise Agreement, Section 4.2.)

7. Consult with you and your architect regarding architectural design concerns. (Franchise Agreement, Section 4.2.)

8. Supply you with a list of all required equipment, games, inflatables, supplies, materials, items and inventory and other items necessary to operate your BounceU Facility and a list of approved suppliers for all required items. (Franchise Agreement, Section 4.3.)

9. Make available a schedule of items, if any, which you are currently required to purchase from us. (Franchise Agreement, Section 4.3.)

10. Provide 10 days of training ("**BounceU Management Training**") for up to two (2) persons at our corporate headquarters and/or at other location(s) as we may specify in writing. (Franchise Agreement, Section 4.4.)

11. We will either loan you one copy of the BounceU Confidential Operations Manuals or provide you access to an electronic copy of the BounceU Confidential Operations Manuals via our electronic franchise system portal for the term of your Franchise Agreement. The Confidential Operations Manuals contain certain detailed information, forms and systems pertaining to the operation of your BounceU Facility, including proprietary supplier lists, supplies and other trade secrets (Franchise Agreement, Section 4.5.)

12. Make available pre-opening on-site training for up to five (5) days (in our discretion), in most instances to be conducted at your BounceU Facility shortly before the opening of your BounceU Facility, at the times we deem appropriate. (Franchise Agreement, Section 4.7.)

13. Provide consultation regarding your grand opening, assist in securing advertising and vendor promotional materials. (Franchise Agreement, Section 4.8.)

Time to Open

The typical length of time between the signing of the Franchise Agreement and the opening of a BounceU Facility depends, in part, on the specific location of the BounceU Facility. You are expected to use your best efforts and work diligently to open your BounceU Facility within 18 months of the date of your Franchise Agreement. Failure to open your BounceU Facility within 18 months of the date of your Franchise Agreement is a breach of your Franchise Agreement. Factors affecting this length of time usually include obtaining a satisfactory site, build out complexity, permits, financing arrangements, completing training, local ordinance compliance questions and delivery and installation of equipment, materials, products and signs. You must notify us of any delays you incur in opening your BounceU Facility.

We do not provide you with a location. It is your responsibility to locate a site which conforms to our guidelines. We must consent to your location. We will provide you notice of our consent to or rejection of a proposed location within 30 days of your submission to us. Factors we consider in consenting to or rejecting your proposed location include general location and neighborhood, traffic patterns, size, layout, population density, zoning, lease terms, customer generators surrounding the location, physical characteristics of the premises and the proximity to competing businesses. (Franchise Agreement, Section 4.1(B)). If we and you are not able to agree upon a location within 12 months from the date of the Franchise Agreement, we may terminate the Franchise Agreement and the Initial Franchise Fee paid to us will be forfeited. (Franchise Agreement, Section 13.2(L)).

Obligations After Opening

During the operation of your BounceU Facility, we will:

1. Periodically visit your BounceU Facility. (Franchise Agreement, Section 4.9(A).)

2. Make ourselves reasonably available for consultation on matters such as operations, advertising and promotion and business methods, on terms and for additional compensation as you and we may agree on, the amount of which is contingent upon your request and cannot be estimated at this time. (Franchise Agreement, Section 4.9(A).)

3. Generally promote your BounceU Facility through advertising and public relations campaigns using Brand Fund Contributions paid by franchisees. (Franchise Agreement, Section 4.9(B).)

4. Provide you advice on local advertising and direction regarding the proper usage of our Proprietary Marks. (Franchise Agreement, Section 4.9(B).)

5. Provide you with examples of any promotional methods and materials that we may develop. (Franchise Agreement, Section 4.9(B).)

6. Provide your BounceU Facility with representation on our corporate website at URL www.bounceu.com, while we maintain this website. (Franchise Agreement, Section 4.9(C).)

7. Although we are not obligated to, we may provide refresher training programs, seminars or advanced management training at locations designated by us, which you may be required to attend. (Franchise Agreement, Section 4.9(D).)

Advertising

BounceU Units have a distinct culture, and the image of the System and BounceU Units is an important element of the System. We have established an advertising and marketing fund ("Brand Fund") for the enhancement and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs and materials as we deem appropriate.

Brand Fund

Currently, you must make a monthly contribution to the Brand Fund in an amount equal to 2% of Gross Revenues from the BounceU Facility. We may increase this contribution to an amount not to exceed 3% of the Gross Revenues of the BounceU Facility. BounceU Units that may be operated by us and our affiliates also will contribute to the Brand Fund on the same basis as comparable franchisees. From time to time, we or our suppliers may deposit into the Brand Fund any rebates or similar allowances paid to us by our suppliers although we have no obligation to do so.

We have sole discretion to use the Brand Fund, and the monies in the Brand Fund, for any purpose that we believe will enhance and protect the System and Marks and will improve and increase public recognition and perception of the System and Marks. We will direct (or hire a third party to direct) all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement, allocation and coverage (which may be national, regional or local). Our in-house marketing department may prepare or work with advertising agencies to prepare the advertising materials for the Brand Fund.

You must participate in all advertising, marketing, social media, promotions, research and public relations programs and national cause marketing partner program events instituted by Us or the Brand Fund. Among the programs, concepts, and expenditures for which we may utilize the Brand Fund monies are: **(a)** creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and promotional materials; **(b)** creative development, preparation, production and placement of video, audio, and written materials and electronic media; **(c)** media placement and buying, including all associated expenses and fees; **(d)** administering regional and multi-regional marketing and advertising programs; **(e)** market research and customer satisfaction surveys, including the use of secret shoppers; **(f)** the development and production of premium items, giveaways, promotions, contests, public relation events, and charitable or nonprofit events; **(g)** creative development of new program offerings for BounceU Units; **(h)** creative development of signage, posters, and individual BounceU Facility décor items including wall graphics; **(i)** recognition and awards events and programs; **(j)** system recognition events, including periodic national and regional conventions and meetings; **(k)** Website, extranet and/or intranet development and maintenance; **(l)** development, implementation, and maintenance of an electronic commerce Website and reservation system and/or related strategies; **(m)** retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and **(n)** social media platform development and management; and **(o)** public relations and community involvement activities and programs. **(p)** expenses of the Franchise Advisory Council (defined below) program; **(q)** other purposes deemed beneficial to the BounceU System by Us. All advertising and promotional materials developed by the Brand Fund will be made available to you through an Approved Supplier. We will not use the Brand Fund for the direct solicitation of franchisees, however advertising and promotional materials may state that information regarding owning a BounceU Facility is available through our Website or toll-free telephone number.

We will account for the Brand Fund separately from our other funds; however, we will not be required to segregate any Brand Fund monies from our other monies. We will not use the Brand Fund monies for any of our general operating expenses. We and our affiliates may be reimbursed by the Brand Fund for administrative expenses directly related to the Brand Fund's marketing programs, including without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Brand Fund. We may use the Brand Fund to pay the administrative costs of the Brand Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Brand Fund, and we may use the Brand Fund to pay the reasonable salaries and benefits of personnel (including our personnel and our affiliates' personnel) who manage and administer the Brand Fund. We may use the Brand Fund to pay for other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund and its programs.

The Brand Fund will not be our asset. Although the Brand Fund is not a trust, we will hold all Brand Fund contributions for the benefit of the System, and use contributions only for the purposes described in the Franchise Agreement. We will not have any fiduciary obligation to you for administering the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Brand Fund contributions to pay for the administrative costs of the Brand Fund before using the Brand Fund's other assets.

We will prepare an annual, unaudited statement of Brand Fund's collections and expenses within 90 days after our fiscal year end, which is available for your review upon written request. We may have the Brand Fund audited annually, at the Brand Fund's expense, by an independent certified public accountant. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate.

We intend to use the Brand Fund to maximize and enhance public, franchisee, and employee recognition of the System and the Marks. Although we may use the Brand Fund, or portions of the monies in the Brand Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in brand enhancement activities that will benefit all BounceU Units, we cannot and do not ensure that Brand Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Brand Fund contributions by BounceU Units operating in that geographic area. We do not guarantee or assure that you, your BounceU Facility or any BounceU Facility will benefit directly or in proportion to your Brand Fund contribution from the brand enhancement activities of the Brand Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

We may use collection agents and institute legal proceedings to collect Brand Fund contributions at the Brand Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to the Brand Fund.

We may at any time defer or reduce contributions of a BounceU franchisee to the Brand Fund and, upon 30 days' prior written notice to you, reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, subsequently reinstate) the Brand Fund. If we terminate the Brand Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to our franchisees, and to us and our affiliates, in proportion to their, and our, respective Brand Fund contributions during the preceding 12 month period.

We have a Franchise Advisory Council ("FAC") consisting of our internal staff and three to five appointed franchisee members that advise us on advertising matters. The FAC has no operational or decision making authority and serves only in an advisory capacity. We may dissolve or change the makeup of the FAC at any time.

In the fiscal year ending December 31, 2017, the Brand Fund Contributions were spent in the following approximate amounts: 17% on Marketing and Advertising; 0% on Public Relations; 12% on Media; 0% on Printing and Reproduction; 10% on Creative Development; 28% on Website and Reservation System; 10% on Administration; 10% on Market Research; 0% on Travel and 13% on Product Development.

Local Advertising and Promotion

You will develop, on an annual basis, a marketing plan for the BounceU Facility and your Protected Territory (as defined in Item 12). You must comply with all requirements regarding the marketing plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, participation in and use of approved online and social media networks and tools, and compliance with all promotional recommendations and guidelines. After opening your BounceU Facility, in addition to your Brand Fund contribution, you must spend for advertising and marketing in your market area ("Local Store Marketing") the amount specified by us in your Franchise Agreement, which we may modify from time to time as specified above. Currently, you must spend the greater of 2% of Gross Revenues or $12,000 annually, in addition to your Brand Fund contribution obligations, in accordance with your marketing plan. If there are other BounceU Units in your market area, we may require that you spend a portion of your Local Store Marketing expenditures cooperatively with us and/or other franchisees in your market area.

We may audit your BounceU Facility if we believe, in our sole discretion, that you have not expended the required amount of money on Local Store Marketing. If our audit reveals that you are not contributing the requisite amount, you must repay us the costs and expenses incurred in auditing your BounceU Facility. In addition, if you fail to expend on an annual basis, the required amount, then you must contribute to the Brand Fund any amounts that you should have expended to reach the local advertising requirement within 30 days after completion of our audit of your BounceU Facility.

Your local advertising and promotion materials must follow our guidelines, which may include, among other things, requirements for the use of the Marks and notices of our website's domain name in the manner we designate. We may specify third parties that you must use for the design and development of your local advertising and promotional materials and you will be required to pay those third parties for their services without any offset to your required Local Store Marketing expenditures. We may require you to participate in company marketing initiatives including utilization of certain social media platforms (See Social Media Below) including but not limited to Facebook, Twitter, Yelp, and Pinterest. Your use (as well as the use of your employees in conjunction with their employment or involving the marks or Units) of any social media platforms must be consistent with our guidelines for use of social media that we will provide you and amend from time to time. You may not develop, maintain, or authorize any website or other online presence that mentions or describes us, you or the BounceU Facility or displays any of the Marks without our express written consent. Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. You may not use direct advertising and marketing to customers located in the Protected Territory of another BounceU Facility franchisee. If you have a Protected Territory, you may only use direct advertising and marketing or utilize applicable social media platforms directed at customers located within your Protected Territory.

You may purchase local advertising and promotion materials from us or any source approved by us. Periodically, we will provide to you samples of advertising, marketing, and promotional formats and materials at no cost. If you purchase these materials from us, in addition to paying the invoice cost of the materials, you must pay any related shipping, handling, and storage charges. If purchased from a source other than us or our affiliates, these materials must comply with federal and local laws and regulations and with the guidelines for advertising and promotion promulgated from time to time by us and must be submitted to us or our designee at least 10 days prior to first use for approval which we may grant or withhold in our sole discretion. If we do not approve your submission within 10 days after the day we received the materials, we will be deemed to have not approved the materials.

Social Media

We will set up (and be the primary administrator with primary administration rights) social media accounts 60 days prior to the opening of your BounceU Facility including Facebook, Twitter and Eblasts to assist in the initial promotion of your BounceU Facility. You must identify Us as the primary administrator and provide us with primary administration rights for any social media or digital marketing accounts (such as Groupon, Living Social, Amazon Local, or other similar digital marketing platforms) that you use in conjunction with your BounceU Facility. We will grant you administration rights to social media accounts associated with your BounceU Facility. You must get our written approval to use any social media platform other than the social medial platforms that we set up for you prior to the opening of your BounceU Facility. You must also insure that your employees are aware of our social media policies and comply with such policies.

National Promotions and Events

We organize and schedule national promotions that we identify on our BounceU National Marketing Calendar ("National Promotions"). National Promotions may include, but are not limited to, charity events, price promotion (limited time deals and offers), business segment drivers (Open Bounce, Camps, etc.). You must participate in all National Promotions. Participation will require you, at a minimum, to display/utilize related marketing materials at your BounceU Facility, advertising the National Promotions with Eblasts, promoting all National Promotions on local website(s) and through approved social media platforms.

Franchisee Advisory Council

We have a Franchise Advisory Council ("FAC") consisting of our internal staff and appointed franchisee members that advise us on advertising matters. The FAC has no operational or decision making authority and serves only in an advisory capacity. We may dissolve or change the makeup of the FAC at any time.

Advertising Cooperatives

If we determine that our franchisees can most efficiently and effectively advertise and promote their businesses by pooling resources, we may establish a cooperative to execute regional and national media "advertising buys" (each an "Advertising Cooperative"). If we establish an Advertising Cooperative, the Advertising Cooperative must obtain our approval of all advertising, marketing or promotional materials it intends to use. We may designate any geographic area for purposes of establishing an Advertising Cooperative and determine whether you will be required to participate in any Advertising Cooperative. We may require an existing Advertising Cooperative be changed, dissolved, or merged with or into another Advertising Cooperative. We may require a cooperative to require its members to contribute at least 1% but no more than 3% of each member Gross Revenues to the Advertising Cooperative. We shall have the right to approve or disapprove of any proposed agency, employee or contractor that an Advertising Cooperative desires to retain.

In addition to the Brand Fund Contributions, you are required to spend a minimum of $5,000 on your grand opening advertising; and, at minimum, you must spend the greater of $12,000 or 2% of Gross Revenues per year to promote your BounceU Facility. You must submit to us for our approval, all signs, promotional materials and advertising unless it has been approved on a prior occasion (and that approval has not been revoked) or it consists solely of materials provided by us. You are responsible for complying with all federal, state and local laws and regulations regarding advertising.

You may not advertise or use any of the Proprietary Marks on the Internet. We maintain the website www.bounceu.com. As long as we maintain the website, we will provide contact information for your BounceU Facility on our website. Also, you shall not use the Proprietary Marks (or any marks or names confusingly similar to the Proprietary Marks) as an Internet domain name or in the content of any World Wide Website.

Virtual Manager System

You must purchase and install the Virtual Management System ("VM") which is a powerful, fully integrated, web-based scheduling and reservation point of sale system that allows for on-line scheduling and marketing database storage. Your Virtual Manager will require you to purchase hardware from Franchisor, its Affiliates and/or our Approved Suppliers.

We will have access to all information and data that is electronically collected by you, including email addresses and all information generated or stored in the VM. There are no contractual limitations on the franchisor's right to access VM information.

In addition to the equipment required for operation of the VM, you must purchase an additional personal computer that meets or exceeds the following minimum configuration for use in your BounceU Facility:

Hardware	Software
Intel® i5 or better central processing unit	Windows 7 or 10 Professional®, Microsoft Office Professional® (version 2010 or newer)
2 GB RAM memory	QuickBooks Pro Desktop version (2017)®
200 GB hard drive space	Microsoft Security Essentials® or better
DVD/CD-RW	
17 inch flat screen monitor or larger	
keyboard	
Mouse	

The cost to purchase this back office system should be less than $1,200 (in Item 7, this amount is included in Miscellaneous Accessories). The cost to purchase the computer (including PC, DVD/DC, 17" flat screen monitor, keyboard, mouse, Windows 7, QuickBooks Microsoft Security), SMS, and point-of-sale system is estimated to be $3,365.

LOCAL NETWORK, INTERNET COMMUNICATION, AND WIRELESS INTERNET

You are solely responsible for maintaining a local area network ("LAN") in which business operations will be performed and to establish high speed internet access and wireless communications that comply with our System Standards. Your LAN must comply with our System Standards and Payment Card Industry ("PCI") network security standards. As well as having an understanding of these standards and how they pertain to the day to day operations of your business. Listed below are a brief over view of these standards.

Local Network

You must implement and maintain a PCI compliant LAN for payment processing, reservation system access, sales reporting, and all other general office functions requiring internet access. You will be responsible to ensure that your LAN complies with our System Standards and all current PCI Compliance Standards including but not limited to: (1) Purchase and maintenance of routing equipment capable of providing multiple VLAN's (Virtual Networks) and a firewall to isolate the traffic on each VLAN as directed by PCI Standards; (2) Installation and maintenance of network wiring and faceplates to all necessary areas of your building; (3) Regular maintenance and testing of routing equipment for PCI security standards. We strongly recommend that you secure additional services through a third-party vendor to help assure that you meet PCI Compliance Standards and aid you in completing your annual PCI Self-Assessment Questionnaire. Violating PCI compliance can not only result in fines from your merchant services, but can have detrimental impact on your business if there is ever a data breach. . The estimated annual cost of required upgrades and maintenance for the POS and computer systems is between $100 and $2000.

Internet Communication

You are required to maintain high speed internet access during normal business hours for regular business use. The internet speed must be sufficient for normal business use. At a minimum, you will be required to have high speed internet service in your Franchised Business with a minimum speed of 30/5 (30 Megabytes down and 5 Megabytes up.)

Wireless Internet

Wireless internet is permitted for private use or for public guest internet access. If guest access will be provided, a designated line is suggested so as not to impede normal business processes. However, if a dedicated line is not feasible, a minimum speed of 50/10 is recommended. All guest wireless must comply with our System Standards and ALL PCI Compliance Standards to provide safe, clean internet browsing. All wireless traffic must be firewalled from payment processing traffic using PCI complaint methods listed in Local Network Section.

We may also require that you purchase and/or install modifications and/or additions to any of the systems or programs described within Item 11.

Operations Manual

The current table of contents for the BounceU Confidential Operations Manuals is provided in Exhibit D. The Confidential Operations Manuals currently include 535 pages.

Training

We provide 7 days of BounceU Management Training at no charge for up to two (2) people ("Trainees") including 5 days of classroom instruction at our home office in Arizona and 5 days of instruction at a BounceU Facility in Arizona and/or at any other location as we may specify in writing. You must also complete approximately 6.5 hours of self-instruction via an online learning portal prior to attending the classroom training portion. Unless otherwise agreed by us in writing, at least 1 of the Trainees must be you or the person having responsibility for the day-to-day operations of your BounceU Facility. If we have space available in a regularly scheduled program, you also may bring additional employees to the training program at a cost of $500 per attendee. All Trainees must complete BounceU Management Training to our satisfaction before your BounceU Facility opens for business.

The BounceU Management Training program consists of a facility management program which is designed to generally educate Trainees in important phases of the operation of a BounceU Facility. The BounceU Management Training program is generally conducted on a monthly basis although that schedule may be modified as necessary to address current demand for training programs. These phases include topics such as corporate philosophy, human resources, operational procedures, Virtual Manager systems and marketing. In addition, each Trainee will receive instruction on procedures to access our website and in operating your BounceU Facility generally.

You will be responsible for all expenses of your Trainees in attending BounceU Management Training including all travel, lodging and meal expenses and compensation of, and workers' compensation insurance for your Trainees. We will provide, at our expense, instructors, Units and training materials with BounceU Management Training. All costs and expenses incurred to have additional employees or agents attend BounceU Management Training including reasonable training fees will be borne by you (see Item 6).

Our Training and Development Manager, Paige Conrad, conducts the initial training program along with other subject specific members of our corporate team. Ms. Conrad has served as our Training & Development Manager since February 2018. Ms. Conrad has served as our Training & Development Manager since February 2018. She served as a Store Operations Manager for Fun Brands from April 2017 through February 2018. From August 2016 through April 2017, she served as a member of the Mission Control – Rapid Response Team for Fun Brands. Ms. Conrad worked in a BounceU franchise location from 2009 through August 2016 in all roles from Party Pro to Manager.

If the person having responsibility for the day-to-day operation of your BounceU Facility (the "**Manager**") is no longer willing or able to exercise day-to-day control over your BounceU Facility, you must designate a new Manager for your BounceU Facility with the same responsibility within 30 days. The new Manager and all other successive Managers, if any, shall be required to attend BounceU Management Training at your sole cost and expense within 30 days after the time the new person is designated the Manager or as soon afterward as designated by us. You are solely responsible for the costs and expenses associated with your Manager's attending BounceU Management Training, including the then prevailing standard rates charged by us for BounceU Management Training and all travel, meals and lodging costs and compensation of, and workers' compensation insurance for your new Manager. If the Manager does not successfully complete the BounceU Management Training, we may require the Manager to repeat it or we may require you to retain a different Manager that can successfully complete the BounceU Management Training Program.

We also provide 3 days of pre-opening, on-site training ("Opening Training") at your BounceU Facility. The Opening Training program will cover material aspects of the operation of your BounceU Facility including corporate culture and philosophy, opening checklist, safety concerns and measures, reservation policies and procedures, reservation system training, party preparation process, confirmations, use of forms, ordering of food and other items, POS system, credit card processing, daily cash procedures, administrative procedures, employee issues, marketing techniques, internal communications, customer service, use and care of equipment, opening up, setting up and closing down, party procedures, interacting with children, open bounce routines and grand opening.

At our option, we may provide additional training programs or seminars or advanced management training at locations designated by us, which you, your employees and/or your Manager may be required to attend. These additional training programs will not be required more often than twice a year. You will be responsible for all costs and expenses associated with these additional training programs, including our then prevailing standard training fees and all travel, meals and lodging costs and compensation of and workers' compensation insurance for your attendees.

You are required to attend ongoing training sessions, meetings, and conferences as determined by us including our National Franchise Meeting. The fee for one (1) owner to attend the National Franchise Meeting will be withdrawn from your account no less than six (6) weeks prior to the event. Payment for additional attendees will be due as invoiced or at the event. Even if you fail to attend, we can charge reasonable registration or similar fees for these meetings.

At your request, we will furnish additional guidance and assistance to deal with unusual or unique operating problems at reasonable per diem fees, charges and out-of-pocket expenses established or incurred by us or our designees.

Our training programs may also be conducted by other senior personnel, including operation/field managers, facility managers, purchasing personnel, as well as outside consultants, whose services we may retain for specific training courses.

TRAINING PROGRAM

Subject[1]	Hours of Classroom Training	Hours of On-The-Job Training[4]	On-Line Training [6]	Location[2]
Brand and Brand Culture[3]	2	0	0.75	TC
Brand and Brand Fund[3]	1	0	0	TC
Marketing Concepts[3]	3	0	0	TC
Marketing Planning[3]	3	0	0	TC
Marketing Overview/ Execution[3]	3	0	0	TC
Human Resources[3]	3	2	0	TC
Customer Service[3]	1	8	1.75	TC
Operations Support Overview[3]	0.75	0	0	TC
Operations Support Tools [3]	5	0	0	TC
Point of Sale ("POS") Overview[3]	2.75	8	0	TC
Financials[3]	1.5	2	0	TC
Program and Facility Operations Overview[3]	10	17	3	TC
Safety Procedures Overview[3]	4	3	1	TC
Totals	**40**	**40**	**6.5**	
	86.5			

NOTES:

(1) The primary instructional materials are: the Pre-Opening Manual (which covers construction, the Start Up Package, and our branded Stadium equipment), the Manual (which covers the SMS and System Standards), and the Marketing Manual (which covers advertising, promotion such as branding, public relations, fundraising, networking and our on-line training system and manuals that are available via BU Connect and the Virtual Manager ("VM").

(2) "TC" means our training center located at our Home Office in Arizona. The majority of the training conducted at the TC is classroom training; however, the training includes on-the-job training at a BounceU Facility in Arizona and/or at any other location as we may specify in writing and online training through several web-based programs prior to attending classroom training.

(3) This training is completed after you have executed a lease for the Premises and before our first inspection of the construction at the Premises.

(4) In addition to the On the Job Training, Opening Training is completed at your BounceU Facility at the "Soft Opening," which is the period three days prior to opening and the first two days the BounceU Facility is open to the public. During the Soft Opening, a training representative will visit the BounceU Facility to review the day-to-day operations. This training will include on-site training for your staff members. The cost of the Start Up Package includes initial training and travel related expenses for the

representative that provides the Opening Training. You will not be required to pay any additional travel or living expenses incurred by our representative while providing the Opening Training to you. However, if you reschedule the opening of the BounceU Facility, you will reimburse us for any travel costs we incur in changing the travel schedules of our personnel. We will determine the hours of training for your staff members. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you agree to pay our then applicable charges, including fees for our personnel and their travel and living expenses. The number of hours allotted to a specific training task may vary based on your understanding of any particular task.

(5) The Safety Program includes information and training regarding insurance waivers and incident reports.

(6) You will be required to complete our On-Line Training program through a variety of on-line learning portals. A portion of your Site Development and Safety training is completed via on-line computer screen sharing and instruction by a member of our Site Development and Construction team.

(7) Kitchen Operations training will be provided if you, in conjunction with the development of your BounceU Facility will operate a kitchen. BounceU Units that do not have kitchens will not receive this training.

ITEM 12: TERRITORY

Your Franchise Agreement grants you the right to operate a BounceU Facility from a single specified location. Provided you are not (and have not been within the preceding 6 months) in default of any provision of your Franchise Agreement or any other agreement between you and us or any of our affiliates, and subject to our limited reservation of rights below, neither we nor our affiliates will operate a BounceU Facility or offer to franchise another BounceU Facility to any other person within a specified limited distance of the location of your BounceU Facility (the territory within that distance being called, the "**Protected Territory**") during the term of your Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Your Protected Territory is not dependent on your sales volume, market penetration or other contingency other than you not being in default. The Franchise Agreement does not grant you any right of first refusal, option or other similar rights in any area outside of your Protected Territory.

The exact geographic boundaries of your Protected Territory will be determined by us and identified in Exhibit 1 to your Franchise Agreement upon your identification of a location for your BounceU Facility. Your Protected Territory will be identified by zip codes including and surrounding your BounceU Facility and will generally include zip codes including 90,000-100,000 children under the age of 18. In determining your Protected Territory, we use data from the United States Census and any other data we deem appropriate.

Other than the above-described rights within your Protected Territory, your Franchise Agreement does not grant or imply any area, market or territorial right to you. While we will not establish or franchise other BounceU Units within your Protected Territory, we and our affiliates are free to use the Proprietary Marks within your Protected Territory for the sale of any products which may be similar to products offered at your BounceU Facility through other channels of distribution (including, internet, catalog, etc.). These products may include, for example, T-shirts, coffee mugs, caps, and any other products. Also, we and our affiliates are free to operate or license others to operate BounceU Units immediately outside your Protected

Territory. Other than your above-described rights within your Protected Territory, we and our affiliates are free to operate or license others to operate similar or different businesses under any trade name at any location. We are not required to compensate you if we exercise any of these above-described rights inside your Protected Territory. While your Protected Territory is protected as described above, you may face competition from other franchisees in adjoining Protected Territories, from outlets that we own outside your Protected Territory, from other channels of distribution, or competitive brands that we control.

Notwithstanding the grant of a Protected Territory, we reserve the right to**:**

(a) own, operate and grant franchises to others to operate businesses offering some or all of the products and services authorized for sale by BounceU Units, under the Proprietary Marks and/or other trademarks, service marks and commercial symbols and pursuant to such terms and conditions as BounceU deems appropriate;

(b) operate, and to grant to other persons and/or entities the right to operate BounceU Units at such locations outside the Protected Territory, including in the immediate proximity of the Protected Territory at such times and on such terms and conditions as BounceU deems appropriate;

(c) sell some or all of the products and services authorized for sale by any of the BounceU Units in any channel of distribution and any geographic location and/or to provide management and/or consulting services using the System to businesses and others not operated under the name BounceU;

(d) purchase, merge, acquire or affiliate with an existing indoor, inflatable recreational facility chain or other entity having one or more locations, inside or outside the Protected Territory, and to continue operating, under such other name after the date of such purchase, merger, acquisition or affiliation;

(e) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competitor that operates Competing Businesses, or by another business, even if such business operates, franchises and/or licenses Competing Businesses in the Protected Territory;

(f) provide, offer and sell (and license others to provide, offer and sell) products that are identical or similar to and/or competitive with those provided at or from BounceU Units, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including, without limitation, the Internet or similar electronic media) both inside and outside the Protected Territory. Franchisor need not pay you any compensation for soliciting or accepting orders through these dissimilar distribution channels.

You may not distribute direct mail or flyers to customers who do not reside in your Protected Territory. You may receive customers who do not reside within your Protected Territory if those persons did not become customers as a result of direct mail efforts outside of your Protected Territory. The prohibition on direct mail outside of your Protected Territory does not apply to “blast” electronic mail or social media platform communications or marketing that are not directed specifically at prospective customers outside your Protected Territory. In addition, you may advertise in newspapers or by radio or television broadcasts if these advertisements are generally circulated or broadcast throughout your Protected Territory and are never specifically targeted to reach areas outside of your Protected Territory. You may not sell products similar to those sold at your BounceU Facility through other channels of distribution (including, internet, catalog, etc.).

You do not receive the right to acquire additional franchises either within or outside your Protected Territory, but we may consider granting you multiple franchises. You will be required to sign a separate Franchise Agreement for each BounceU Facility.

The location of your BounceU Facility may not be changed nor may you operate out of any location other than the approved location within your Protected Territory without our prior written consent. Our consent may be given or withheld in our discretion. Among other things, we will consider the site selection criteria as used for your current location and the affect the proposed move will have on other franchisees or their protected territories or the boundaries of other territories we would like to sell.

ITEM 13: TRADEMARKS

We grant you a nontransferable, non-exclusive license to use the BounceU and Design® service mark and trade name and the other Proprietary Marks. You must follow our rules when you use the Proprietary Marks. You cannot use the Proprietary Marks as part of a corporate name or with modifying words, designs, or symbols except for those which we license to you. You may not use the Proprietary Marks in any manner that we have not authorized in writing.

Our principal trademark is BounceU® and Design (the “Principal Mark”). The United States Patent and Trademark Office (the “USPTO”) granted the Principal Mark registration on the principal register as set forth below. No affidavits or renewal filings are yet due for the registration of the Principal Mark.

Mark	Registration Date	Registration Number
	March 4, 2014	**4491120**
Bounce and Learn	**April 26, 2011**	**3949843**
Create and Bounce	**May 3, 2011**	**3953257**
Cosmic Bounce	**May 22, 2012**	**4144896**
Where Birthdays Come To Life	**March 5, 2013**	**4299117**
BounceU (Word Mark Only)	**March 4, 2014**	**4491118**

None of the other Proprietary Marks are registered with any state or the USPTO. By not having the other Proprietary Marks registered on the principal register, we do not have certain presumptive legal rights granted by a registration.

Our parent FB Holdings, LLC owns all of the Proprietary Marks. Under a license agreement dated February 26, 2010 between PIU Holdings, LLC and PIU Management, LLC which was assigned to FB Holdings, LLC and us on June 5, 2015, FB Holdings has licensed us to use the Principal Mark and to sublicense the Principal Mark to our franchisees to use in operating a BounceU Facility. If there is a default under the license agreement by us or one of our franchisees, FB Holdings has the right to terminate the license agreement. FB Holdings intends to file all required affidavits to maintain the registration of the Principal Mark.

Except for the above described license agreement, there are no other agreements currently in effect that significantly limit our rights to use or license the use of either the Principal Mark or any of the other Proprietary Marks. There are no currently effective determinations of the USPTO, the trademark trial and appeal board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Proprietary Marks.

We are not aware of any infringing uses that could materially affect your use of the Proprietary Marks.

If you become aware of any apparent infringement, unfair competition or other challenge to your right to use any Proprietary Mark, or if you become aware of any use of or claim to any mark, name, logo or any other commercial symbol identical to or confusingly similar with any Proprietary Mark, you must immediately notify us in writing. We shall have the sole discretion to take any action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings regarding this infringement, challenge or claim. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Proprietary Mark or if the proceeding is resolved unfavorably to you.

We reserve the right to modify or discontinue the use of any names, trademarks, service marks or copyrights or to add additional names, trademarks, service marks or copyrights at our discretion. You must make any additions, deletions, and modifications to all interior and exterior signs, business cards, printed material, displays, paper products, advertising and anywhere else any of the Proprietary Marks may appear as we direct at your sole cost and expense and without compensation or reimbursement from us. You must, at your sole cost and expense and without compensation or reimbursement from us, discontinue your use of any name, trademark, service mark or copyright, as we may direct you to discontinue at any time. We are not responsible for any expenses, losses or damages sustained by you as a result of any addition, discontinuance, or modification and you are prohibited to join in any litigation against us if any of these expenses, losses or damages is incurred.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We will either loan you one copy of the BounceU Confidential Operations Manuals or provide you access to an electronic copy of the BounceU Confidential Operations Manuals via our electronic franchise system portal for the term of your Franchise Agreement. The Confidential Operations Manuals contain certain detailed information, forms and systems pertaining to the operation of your BounceU Facility, including proprietary supplier lists, supplies and other trade secrets. Although these materials have not been registered with the United States Registrar of Copyrights, they are considered proprietary and confidential and we claim copyright protection of these materials. You may not use this confidential information in any unauthorized manner. You must use your best efforts to maintain the confidentiality of and to prevent the disclosure of the BounceU Confidential Operations Manuals to others. Your Franchise Agreement does not require us to protect these copyrights or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving these copyrights.

There are currently no effective determinations of the Copyright Office or any court regarding any of the copyrighted materials. No agreements are in effect that significantly limit our right to use or license the copyrighted materials. Finally, we are not aware of infringing uses which could materially affect a franchisee's use of the copyrighted materials in any state. The Franchise Agreement does not require us to protect or defend copyrights or confidential information, although we intend to do so when it is in our best interests.

We do not presently own any patents.

We do not currently have any pending patent applications.

You may never – during the term, any renewal term, or after the term of the Franchise Agreement expires or is terminated – reveal any of our confidential information to another person or entity or use it for personal use or any other use or for use in any other business. You may not copy any of our confidential information or give it to a third party, except as authorized by us. You and all persons affiliated with you must sign the Nondisclosure and Noninterference Agreement (Exhibit 3 to the Franchise Agreement).

Our confidential information includes manuals, processes, methods, techniques, contracts, projected results, supplier lists (including existing and potential supplier information), pricing, marketing, computer programs, products and services information (including information regarding all existing products and services and any future or planned products or services), skills, performance specifications, technical and other data, designs, schematics, samples, financial information and results and other information and know-how regarding or useful in our business or operations or that of any of our affiliates or the other BounceU Units.

You may not implement any change to the System without our prior written consent. You should notify us of any proposed change, modification or addition (each a "**Proposal**") and provide us with all of the information we may request. We will have the right to incorporate any Proposal into the System and we shall obtain all right, title and interest in the Proposal without compensation to you. Upon our request, you must provide documentation (including signing assignments) and take other actions as are reasonably necessary to confirm or perfect our rights in any Proposal. A Proposal may include, but not be limited to, a new product, service, method, marketing material, slogan, trade name, service mark, trademark, invention, technique, supplier, process, marketing plan, computer program, performance specifications, design or any other information or know-how created, developed or discovered by you (or your agents or employees) which may aid or enhance the System.

In addition to the paragraph above, all ideas, concepts, techniques or materials concerning a BounceU Facility, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of our System and works made-for-hire by us. To the extent any item does not qualify as a work made-for-hire for us, you must assign ownership of that item, and all related rights to that item, to us or our designee and you must take all other actions (including signing an assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in this item.

ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We consider your personal participation, supervision and devotion of your best efforts in the day-to-day operations of your BounceU Facility essential to the success of your BounceU Facility. Accordingly, you must devote your best efforts to the management and operation of your BounceU Facility. If the Franchise Agreement is signed by an individual, you must complete the BounceU Management Training and actively participate in the management of your BounceU Facility. For all corporate, partnership or limited liability company franchisees, we require an officer, general partner or member, respectively, to participate personally in the direct operation of your BounceU Facility.

You may hire a Manager to handle the day to day operations of your BounceU Facility. The identity of the Manager must be disclosed to us and the Manager must successfully complete the BounceU Management Training. The Manager is not required to have an equity interest in the BounceU Facility. All successive or replacement Managers, if any, shall be required to attend BounceU Management Training at your sole cost and expense within 30 days after the time the new person is designated the Manager or as soon afterward as designated by us.

At our request, your officers, directors, shareholders, partners, members, owners, their respective spouses and managerial employees must sign the Nondisclosure and Noninterference Agreement attached to the Franchise Agreement as Exhibit 3. All owners of any entity franchisee and their spouses must also sign a Guaranty and Assumption of Obligations Agreement in the form attached to the Franchise Agreement as Exhibit 2 assuming and agreeing to discharge all of your obligations under your Franchise Agreement.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer those goods or services specifically approved or directed by us. We may periodically establish specifications for goods and services in the BounceU Confidential Operations Manuals or otherwise advise you of new specifications in writing. You may only offer those goods and services at prices that are within a range of prices periodically determined by us, in our sole and absolute discretion. These requirements are imposed to maintain our uniform image and uniform marketing strategy, as well as to assure protection of our Proprietary Marks and the maintenance of the quality standards associated with them (see Item 9).

You may not sell any items or offer any of those services which are offered at your BounceU Facility at any location other than at your BounceU Facility at the location which is specified in your Franchise Agreement. You may not open or operate another BounceU Facility without entering into a separate Franchise Agreement.

You may not distribute direct mail or flyers to customers who do not reside in your Protected Territory. The prohibition on direct mail outside of your Protected Territory does not apply to “blast” email or social media platform (Facebook, Twitter, Pinterest, etc.) communications or marketing that are not directed specifically at prospective customers outside your Protected Territory. In addition, you may advertise in newspapers or by radio or television broadcasts if these advertisements are generally circulated or broadcast throughout your Protected Territory and are never specifically targeted to reach areas outside of your Protected Territory. You may not sell products similar to those sold at your BounceU Facility through other channels of distribution (including, internet, catalog, etc.).

You must operate your BounceU Facility in strict conformity with all applicable federal, state, and local laws, ordinances and regulations. It is your responsibility to keep yourself advised of the existence and the then-current requirements of all laws, ordinances, and regulations applicable to your BounceU Facility, and to adhere to them, as well as to any new laws, ordinances and regulations that may be adopted in the future.

You must offer all goods and services that we designate as required goods and services. These goods and services include party services, inflatable and interactive games and toys, food, drink and other products and services. You must also be open the minimum days and hours that we require. Currently, we require all BounceU Units to be opened at least seven (7) days per week and ten (10) hours per day although we may, upon written notice to you, increase the number of hours that your BounceU Facility must be open.

Although we do not presently plan to change the types of authorized goods and services that all franchisees must offer, there are no limits on our right to do so.

ITEM 17: RENEWAL, TERMINATION AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the Franchise Agreement and other agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
Provision	**Section in Franchise Agreement (FA)**	**Summary**
a. Length of the franchise term	FA: Section 2.A	FA: Initial term is 10 years
b. Renewal or extension of the term	FA: Section 2.B and 2.C	FA: Provided the conditions listed in the Franchise Agreement are met, you may renew for a single 10 year term.
c. Requirements for franchisee to renew or extend	FA: Section 2.B and 2.C	FA: Give necessary notice; complete all maintenance, refurbishing, renovating and upgrading required by us; not be in default of your Franchise Agreement or any other agreement between you and us or between you and any of our affiliates; sign the then-current Franchise Agreement; meet current qualifications and training requirements, sign a general release and pay the renewal fee. If you renew your franchise, you will be required to sign our then current franchise agreement which may materially differ from your previous franchise agreement, including by having different fee requirements.
d. Termination by franchisee	FA: Not applicable	FA: Not applicable
e. Termination by franchisor without cause	2.C	Franchisor may terminate the Franchise Agreement during the Interim Period (the period after expiration of your Franchise Agreement) for any reason or no reason.
f. Termination by franchisor with cause	FA: Sections 13.A and 13.B	FA: We can terminate your Franchise Agreement only if you commit any one of several listed breaches or defaults.
g. "Cause" defined– curable defaults	FA: Section 13.B	FA: You have 15 days to cure for not paying outstanding amounts, failing to observe our standards, failing to obtain our prior written consent when required, improperly transferring rights or obligations, failing to comply with covenants, failing to permit an inspection or audit, internal franchisee disputes adversely affecting us, excessive customer complaints, public

THE FRANCHISE RELATIONSHIP		
Provision	**Section in Franchise Agreement (FA)**	**Summary**
		danger, failure to cure a default and repetitive defaults.
h. "Cause" defined – non-curable defaults	FA: Section 13.A	FA: We may terminate your Franchise Agreement immediately upon written notice to you of the following: Insolvency or bankruptcy, an outstanding judgment, dissolution, material misrepresentations, loss of the right to occupy your BounceU Facility; failure to operate your BounceU Facility, conviction of a felony and certain other crimes, breach of your confidentiality obligations, breach of your obligation not to compete, false books and records, improper use of the Proprietary Marks, failure to meet our performance standards and failure to maintain required policies of insurance
i. Franchisee's obligations on termination/non-renewal	FA: Sections 14.A and 14.D	FA: You must cease operations, cease use of our System and methods, comply with post-term covenants, cease use of the Proprietary Marks, completely and effectively transfer the BounceU Facility, transfer your telephone numbers, return all requested materials, pay all sums and debts owed and assign your lease to your location or modify the location.
j. Assignment of contract by franchisor	FA: Sections 4.J and 12.A	FA: No restriction on our right to assign our rights or delegate our duties. Upon assignment and delegation, we will be released of all obligations under the Franchise Agreement.
k. "Transfer" by franchisee definition	FA: Section 12.B	FA: You shall be considered to have made a Transfer if you sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in you, your BounceU Facility or your rights or duties under the Franchise Agreement.
l. Franchisor approval of transfer by franchisee	FA: Sections 12.B and 12.G	FA: You have to get our prior written approval to any transfer and we have a right of first refusal
m. Conditions for franchisor approval of transfer	FA: Section 12.C	FA: We do not exercise our right of first refusal, your accrued monetary and non-monetary obligations to us are satisfied,

THE FRANCHISE RELATIONSHIP		
Provision	**Section in Franchise Agreement (FA)**	**Summary**
		you sign a general release, you cure all defaults and breaches, transferee is qualified and completes our application procedure, transferee agrees to renovate your BounceU Facility, we agree to terms of transfer, the transferee signs the then current Franchise Agreement and the Transfer Fee shall have been paid to us.
n. Franchisor's right of first refusal to acquire franchisee's business	FA: Section 12.G	FA: We can match any bona fide offer
o. Franchisor's option to purchase franchisee's business	FA: Section 14.E	FA: Upon your termination, expiration or non-renewal, we may purchase any of your assets which bear any of the Proprietary Marks for either the amount you paid for those assets or their fair market value, whichever is less.
p. Death or disability of franchisee	FA: Section 12.D	FA: Your franchise may be transferred provided certain conditions are met, and the transfer is applied for in writing within 2 months and effectuated within 6 months. In the case of disability, you must furnish us a certification of disability from a physician designated by us.
q. Non-competition covenants during the term of the franchise	FA: Sections 15.C to 15.E	FA: No involvement with competing business or solicitation of or attempted influence over suppliers, employees or other business contacts; there are similar provisions in the Nondisclosure and Noninterference Agreement.
r. Non-competition covenants after the franchise is terminated or expires	FA: Sections 15.C to 15.E	FA: For 2 years, you cannot be involved, in any manner, with a competing business at the location of your BounceU Facility or within a 25 mile radius of your BounceU Facility or any other BounceU Facility, including any BounceU Facility owned or operated by us or any of our affiliates, and you cannot solicit nor attempt to influence any supplier, employee or other business contact of ours, our affiliates or any of our franchisees. There are similar provisions in the Nondisclosure and Noninterference Agreement.

THE FRANCHISE RELATIONSHIP		
Provision	**Section in Franchise Agreement (FA)**	**Summary**
s. Modification of the agreement	FA: Sections 15.D, 18.A and 18.W	FA: No modifications generally, but the Proprietary Marks and Manuals are subject to change, and we may reduce the scope of your non-competition covenants to comply with any applicable state law.
t. Integration/merger clause	FA: Section 18.W	FA: Only the terms of the Franchise Agreement and its exhibits govern our relationship (subject to state law and the Franchise Disclosure Document); any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	FA: Section 18.X	FA: You must arbitrate any dispute you have with us by binding arbitration.
v. Choice of forum	FA: Section 18.I	FA: Subject to state law, Arbitration of any claim you have against us must be in Maricopa County, Arizona. Any action permitted to be brought in court must be brought in the state or federal courts in Maricopa County, Arizona. Check Exhibit H to see if this provision has been amended in your state.
w. Choice of law	FA: Section 18.M	FA: Subject to state law, Arizona law applies. Check Exhibit H to see if this provision has been amended in your state.

ITEM 18: PUBLIC FIGURES

We do not use any public figures to promote our franchise.

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.

UNAUDITED STATEMENT OF REVENUE CALENDAR YEAR 2017 FOR 19 REPORTING ROTATION BOUNCEU LOCATIONS

The following statement of Unaudited Revenue for 19 BounceU Rotation Units (1) represents the financial performance of a dataset of BounceU franchisees that opened between 2009 and 2016(2) but excludes one

(1) Unit that closed in 2017 but reopened under corporate ownership. As of December 31, 2017, there are 41 BounceU franchises.

The revenue is an average we compiled from information and reports submitted by franchisees for their revenue data for January 1, 2017 through December 31, 2017.

We will, upon reasonable request, provide to prospective franchisees the written substantiation of data presented in the Financial Performance Representation illustrated below.

Line Item of Revenue or Expense	Amount	Franchisees in Group that Exceeded the Average
AVERAGE GROSS REVENUE[3]	**$755,790**	**9 (41%)**
MEDIAN GROSS REVENUE	**$657,073**	**10 (45%)**
HIGHEST INCLUDED GROSS REVENUE	**$1,790,636**	
LOWEST INCLUDED GROSS REVENUE	**$249,821**	

NOTES:

(1) A "Rotation Unit" is a BounceU Unit that includes at least two Arenas and two party rooms and is operated in a rotational format where the event and party guests rotate through the Arenas and finally into a party room. All current BounceU franchise sales are Rotation Units. There was a total number of 41 BounceU Rotation Units franchisees as of December 31, 2017.

(2) The dataset of BounceU Units included in this Financial Performance Representation were selected because: (A) the selected franchisees began operations after the most recent economic decline and during a time period where economic conditions were reasonably consistent with current economic conditions; and (B) BounceU retained its first professional management team in 2009 and continues to maintain a professional management team. The financial performance representation above excludes twenty two (22) BounceU Units opened prior to January 1, 2009; and one (1) Unit that closed in 2017 and reopened in 2017 under corporate ownership.

(3) Franchisor does not dictate that franchises utilize one method of accounting in reporting sales and expenses used in the preparation of this report but we believe that all figures included in this report are based upon cash accounting. Gross Revenue reflects all revenue derived from operating the BounceU Facility, including, but not limited to, all services and products sold, all video game machine and vending machine proceeds, and all amounts that are receive at or away from the Premises, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions. Gross Revenue excludes all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority and will be reduced by the amount of any documented refunds, credits, allowances, and charge-backs provided to customers in good faith.

(4) Some outlets have sold these amounts. Your individual results may differ. There is no assurance that you'll sell as much.

Other than the preceding financial performance representations, 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 about a franchisee's past financial performance or the past performance of company-owned or franchised outlets, or projections of your future income, you should report it to our management by contacting Franchise Development, BounceU Holdings, LLC, 17767 N Perimeter Drive, Suite B-117, Scottsdale, AZ 85255, (480) 371-1200, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide BounceU Facility Summary
For Years 2015 to 2017[1]

Business Type	Year	Businesses at Start of the Year	Businesses at End of the Year	Net Change
Franchised BounceU Units	2015	47	47	0
	2016	47	42	-5
	2017	42	41	-1
Company Owned BounceU Units	2015	0	0	0
	2016	0	1	+1
	2017	1	3	+2
Total BounceU Units	2015	47	47	0
	2016	47	43	-3
	2017	43	44	+1

Table No. 2
Transfers of BounceU Units from Franchisees to New Owners
(Other than to BU or its Affiliates)
For Years 2015 to 2017 [1]

State	Year	Number of Transfers[2]
Arizona	2015	0
	2016	0
	2017	0
California	2015	1
	2016	0
	2017	0
Connecticut	2015	0
	2016	0
	2017	0
Florida	2015	0
	2016	0
	2017	0
Georgia	2015	0
	2016	0
	2017	0
Indiana	2015	0
	2016	0
	2017	0

State	Year	Number of Transfers(2)
Kentucky	2015	0
	2016	0
	2017	0
Maryland	2015	0
	2016	0
	2017	2
Michigan	2015	1
	2016	0
	2017	0
Missouri	2015	0
	2016	0
	2017	0
Nebraska	2015	1
	2016	0
	2017	0
Nevada	2015	0
	2016	0
	2017	1
New Hampshire	2015	0
	2016	0
	2017	0
New Jersey	2015	0
	2016	0
	2017	2
New Mexico	2015	0
	2016	0
	2017	0
New York	2015	1
	2016	0
	2017	0
North Carolina	2015	0
	2016	0
	2017	0
Ohio	2015	0
	2016	0
	2017	0
Oklahoma	2015	0
	2016	0
	2017	0

State	Year	Number of Transfers(2)
Pennsylvania	2015	1
	2016	0
	2017	0
Tennessee	2015	0
	2016	0
	2017	0
Texas	2015	0
	2016	0
	2017	0
Utah	2015	0
	2016	0
	2017	0
Wisconsin	2015	0
	2016	0
	2017	0
Total	2015	5
	2016	0
	2017	6

Table No. 3
Status of Franchised Outlets

For years 2015 to 2017 (1)

State	Year	Outlets at Start of Year	Opened	Termination[2]	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
California	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
Connecticut	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	2	1
	2017	1	0	0	0	0	0	1
Florida	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Georgia	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Opened	Termination[2]	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2017	1	0	0	0	0	0	1
Hawaii	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Indiana	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	1	0	0
Kentucky	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Maryland	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	1	0	1
	2017	1	0	0	0	0	0	1
Michigan	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Missouri	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
Nebraska	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Nevada	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
New Hampshire	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
New Jersey	2015	8	0	0	0	0	0	8
	2016	8	0	0	0	0	1	7
	2017	7	0	0	0	0	0	7
New Mexico	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
New York	2015	6	1	0	0	0	0	7
	2016	7	0	0	0	0	0	7

State	Year	Outlets at Start of Year	Opened	Termination[2]	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2017	7	0	0	0	0	0	7
North Carolina	2015	2	1	0	0	0	0	3
	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
Ohio	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Oklahoma	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Pennsylvania	2015	9	0	0	0	0	2	7
	2016	7	0	0	0	0	1	6
	2017	6	1	0	0	0	0	7
Rhode Island	2015	1	1	1	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Tennessee	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	1	0	1
Texas	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Utah	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Wisconsin	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Total	2015	47	2	0	0	0	2	47
	2016	47	0	0	0	1	4	42
	2017	42	1	0	0	2	0	41

(1) Our fiscal year ends on December 31.

(2) Under certain circumstances, if a franchisee does not locate and sign a lease for a site within a certain amount of time, we may terminate their franchise agreement before they open for business. From January 1, 2017 through December 31, 2017, we did not terminate any franchise agreements for the failure to timely open their BounceU Facility.

Table No. 4
Status of Company-Owned Outlets [2]
For years 2015 to 2017 [(1)]

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Indiana	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	1	0	0	1
Maryland	2015	0	0	0	0	0	0
	2016	0	0	1	0	0	1
	2017	1	0	0	0	0	1
Tennessee	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	1	0	0	1
Total	2015	0	0	0	0	0	0
	2016	0	0	1	0	0	1
	2017	1	0	2	0	0	3

Table No. 5
Projected Openings as Of December 31, 2017

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
Total	0	0	0

See Exhibit F-1 for the name and business telephone number for each of our operating franchisees. Exhibit F-2 lists the Franchisees who have signed Franchise Agreements for BounceU Units which are not operational as of December 31, 2017.

Also see Exhibit F-3 for a list of names, cities and states, and business telephone numbers (or, if known, the last home telephone number) of every franchisee who, in the previous fiscal year, had a franchise terminated, canceled, not renewed or who have otherwise voluntarily or involuntarily ceased to do business, or who have not communicated with us within a 10-week period preceding this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Certain current and/or former franchisees have signed confidentiality clauses during the past three (3) years. In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with the BounceU franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We organized an advisory council known as the BounceU Holdings, LLC Franchise Advisory Council. This advisory council was organized to promote constructive, open two-way communication between our franchise owners and our management team. The advisory council's phone number is (480) 371-1200 and address is 17767 N. Perimeter Drive, Suite B-117, Scottsdale, AZ 85255.

No independent franchisee organizations have asked to be included in this disclosure document.

If you buy this franchise, your contact information may be disclosed in the future to other buyers when you leave the franchise system.

ITEM 21: FINANCIAL STATEMENTS

The Franchisor has not been in operation long enough to provide the financial statements generally required by the Franchise Rule. Attached hereto as Exhibit F are audited consolidated financial statements for our parent company FB Holdings, LLC for the year ended December 31, 2017 and for the period from its inception, June 5, 2015 through December 31, 2015, along with a Consent of Accountants authorizing the use of the audited financial statements in this Franchise Disclosure Document.

You have not been provided with financial statements of the franchisor, BounceU Holdings, LLC. Therefore, you do not have knowledge of how this specific company has performed. However, FB Holdings, LLC has agreed absolutely and unconditionally to guarantee to assume the duties and obligations of BounceU Holdings, LLC under the franchise agreements entered into by BounceU Holdings, LLC should BounceU Holdings, LLC become unable to perform its duties and obligations. A copy of FB Holdings, LLC's guarantee is included with Exhibit G.

ITEM 22: CONTRACTS

The following agreements related to the BounceU franchise are attached as Exhibits to this Disclosure Document:

Exhibit C Franchise Agreement
- Exhibit 1 – Franchise Information
- Exhibit 2 – Collateral Assignment of Lease
- Exhibit 3 – Consent of Spouse
- Exhibit 4 - Nondisclosure and Noninterference Agreement
- Exhibit 5 – Persons Having Ownership or Control of Franchisee
- Exhibit 6 – Listing Assignment Agreement
- Exhibit 7 - Electronic Depository Transfer Account ("EDTA")

Exhibit E General Release
Exhibit H Addenda Required by Certain States
Exhibit I Compliance Questionnaire
Exhibit J Receipts

ITEM 23: RECEIPTS

Exhibit J contains two (2) detachable documents acknowledging your receipt of this Disclosure Document. Please sign and date each of them as of the date you received this Disclosure Document and return one copy to us.

EXHIBIT A
LIST OF STATE ADMINISTRATORS

CALIFORNIA:

California Department of Business Oversight
1-866-275-2677

Los Angeles
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento
1515 K Street, Suite 200
Sacramento, CA 95814-4052
(916) 445-7205

San Francisco
One Sansome Street, Suite 600
Sam Francisco, CA 94104
(415) 972-8559

HAWAII:
Commissioner of Securities
Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS:
Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA:
Securities Commissioner
Securities Division, Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND:
Office of the Attorney General, Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

MICHIGAN:
Katharyn Barron
Franchise Administrator Antitrust and Franchise Unit
Consumer Protection Division
Department of Attorney General
670 Law Building
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA:
Commissioner
Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101
(651) 296-6328

NEW YORK:
NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st Floor
New York, NY 1005
(212) 416-8236

NORTH DAKOTA:
North Dakota Securities Department
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

OREGON:
Div. of Finance & Corp. Securities
Department of Consumer & Business Services,
Room 410
350 Winter Street, NE
Salem, OR 97301-3881
(503) 378-4140

RHODE ISLAND:
Department of Business Regulation
Securities Division
Bldg. 69, First Floor
John O. Pastore Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9585

SOUTH DAKOTA:
Franchise Administrator
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
605-773-3563

VIRGINIA:
State Corporation Commission
Division of Securities & Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

WASHINGTON:
Securities Division
Department of Financial Institutions
150 Israel Road, SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN:
Division of Securities
Bureau of Regulation & Enforcement
Department of Financial Institutions, 4th Floor
345 W. Washington Avenue
Madison, WI 53703
(608) 266-8557

EXHIBIT B
LIST OF AGENTS FOR SERVICE OF PROCESS

ARIZONA
Andrew Christensen, Esq.
8324 E. Hartford Drive
Scottsdale, Arizona 85255

CALIFORNIA
Commissioner of Corporations
Department of Business Oversight
1515 K Street, Suite 200
Sacramento, CA 95814

HAWAII
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

INDIANA
Securities Commissioner
Indiana Secretary of State
201 State House
Indianapolis, IN 46204

MARYLAND
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020
410.576.6360

MICHIGAN
Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

MINNESOTA
Minnesota Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101

NEW YORK
Secretary of State
99 Washington Ave.
Albany, NY 12231

NORTH DAKOTA
Securities Commissioner of North Dakota
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505

OREGON
Director of the Department of Consumer and Business Services
350 Winter Street NE, Room 410
Salem, OR 97301-3881

RHODE ISLAND
Director of Department of Business Regulation
Securities Division
John O. Pastore Center, Bldg. 69, 1st Floor
1511 Pontiac Avenue
Cranston, RI 02920
(401) 462-9585

SOUTH DAKOTA
Director
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
605-773-3563

VIRGINIA
Clerk, State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219
(804) 371.9733

WASHINGTON
Director, Securities Division
Department of Financial Institutions
150 Israel Road, SW
Tumwater, WA 98501

WISCONSIN
Wisconsin Commissioner of Securities
Department of Financial Institutions, 4th Floor
345 W. Washington Avenue
Madison, WI 53703

EXHIBIT C
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

between

BOUNCEU HOLDINGS, LLC
An Arizona limited liability company

and

____

Dated: ____________, 20___

TABLE OF CONTENTS

BOUNCEU FRANCHISE AGREEMENT

THIS BOUNCEU FRANCHISE AGREEMENT ("**Agreement**") is executed as of this ____ day of _______________, 20___ ("**Effective Date**"), by and between BOUNCEU HOLDINGS, LLC, an Arizona limited liability company ("**BounceU**"; "**we**" or "**us**"), and ___________________________________ ("**Franchisee**", "**you**" or "**your**").

INTRODUCTION

A. BounceU, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique system relating to the management and operation of an open play, family entertainment and party business featuring interactive games, attractions and inflatable play equipment and activities where birthdays come to life® under the trade name and service mark BounceU and Design® (the "System").

B. The distinguishing characteristics of the System include, but are not limited to, the following: uniform standards and procedures for business operations; training in operation, management and promotion; advertising and promotional programs; customer development and service techniques; special graphics packaging; and other technical assistance; all of which may be changed, improved or otherwise developed by BounceU from time to time.

C. Franchisee recognizes the benefits to be derived from being identified with and receiving a franchise from BounceU and desires to obtain a non-exclusive right from BounceU to operate a BounceU facility, to use the System and to enter into this Agreement for that purpose.

D. BounceU has acquired certain rights to the BounceU and Design® trade name and service mark, the logos adopted for that name and mark and any other trade names, service marks, trademarks and logos, as are now designated (and as may hereafter be designated) by BounceU in writing (the "Proprietary Marks").

E. It is the intention of Franchisee and BounceU to preserve continuing customer confidence in the reliability and quality of all services and products sold or provided in connection with any of the Proprietary Marks.

F. BounceU may, from time to time, add and delete certain products and services promoted by BounceU as part of the product and service line to which the System applies.

G. Franchisee has read carefully and has had sufficient opportunity to be advised thoroughly of the terms and conditions of this Agreement by advisors of Franchisee's own choosing and by receipt and review of BounceU's current Franchise Disclosure Document and has made an independent investigation of BounceU's operations and Franchisee and BounceU wish to enter into this Agreement so as to fully set forth all of the understandings, agreements, representations and warranties made between them.

NOW THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, BounceU and Franchisee hereby agree as follows:

1. APPOINTMENT

A. Grant. BounceU grants to Franchisee, subject to the terms and conditions contained in this Agreement, the right to operate one (1) BounceU facility (the "Franchised BounceU Facility") at the location described in Exhibit 1 to this Agreement (the "Location") and the limited, non-exclusive license to use the System and the Proprietary Marks together with any other insignia, symbols, trademarks and service marks which may be approved and authorized by BounceU for use by Franchisee from time to time in connection with its Franchised BounceU Facility as set forth in Section 6.A. If the Location or Protected Territory (as defined in Section 1.D) have not been designated by BounceU upon execution of this Agreement, BounceU shall complete Exhibit 1 if and when it approves the Location and the parties shall then initial the completed Exhibit 1 after Franchisee signs a lease for the Location. As hereinafter used in this Agreement, the term "BounceU Units" includes the Franchised BounceU Facility and/or any other BounceU Facility, whether or not franchised and the term "person" includes any natural person and any entity.

B. Acceptance of Obligations. Franchisee accepts the obligation to operate the Franchised BounceU Facility pursuant to the terms and conditions of this Agreement and agrees that Franchisee will, at all times, faithfully, honestly and diligently perform its obligations hereunder, will continuously exert Franchisee's best efforts to promote and enhance the business of the Franchised BounceU Facility and will not engage in any other business or activity that may conflict with the terms or conditions of this Agreement

C. Rights Reserved by BounceU. Except to the extent contemplated in Section 1.E, BounceU (on behalf of itself, its licensees, franchisees and affiliates) retains the right, in its sole and absolute discretion, to:

(1) own, operate and grant franchises to others to operate businesses offering some or all of the products and services authorized for sale by BounceU Units, under the Proprietary Marks and/or other trademarks, service marks and commercial symbols and pursuant to such terms and conditions as BounceU deems appropriate;

(2) operate, and to grant to other persons and/or entities the right to operate BounceU Units at such locations outside the Protected Territory, including in the immediate proximity of the Protected Territory (as defined in Section 1.E(1)), at such times and on such terms and conditions as BounceU deems appropriate;

(3) sell some or all of the products and services authorized for sale by any of the BounceU Units in any channel of distribution and any geographic location and/or to provide management and/or consulting services using the System to businesses and others not operated under the name BounceU;

(4) purchase, merge, acquire or affiliate with an existing indoor, inflatable recreational facility, family entertainment, or other similar chain or other entity having one or more locations, inside or outside the Protected Territory, and to continue operating, under such other name after the date of such purchase, merger, acquisition or affiliation;

(5) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competitor that operates Competing Businesses, or by another business, even if such business operates, franchises and/or licenses Competing Businesses in the Protected Territory;

(6) provide, offer and sell (and license others to provide, offer and sell) products that are identical or similar to and/or competitive with those provided at or from BounceU Units, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including, without limitation, the Internet or similar electronic media) both inside and outside the Protected Territory.

D. Site and Lease Approval. Unless a Location is designated by BounceU, Franchisee must locate a site from within an area identified by BounceU and described in Exhibit 1 ("Site Selection Area") which conforms to the guidelines established by BounceU. Within 12 months after the Effective Date ("Site Approval Period"), Franchisee must obtain BounceU's written approval of a site that is located in the Site Selection Area and execute a lease (or otherwise secure) at that approved site for its BounceU Facility. BounceU, in its sole discretion, reserves the right to move or modify the Site Selection Area. Provided that Franchisee is in full compliance with this Agreement, BounceU and its affiliates will not operate, or license others to operate, BounceU Units in the Site Selection Area during the Site Approval Period. BounceU reserves all rights in the Site Selection Area that we reserve with respect to the Protected Territory as described in Section 1.E. The restrictions contained in this Section 1.D shall not apply to BounceU Units under construction or in operation in the Site Selection Area as of the date of this Agreement. When you sign a lease (or otherwise secure) the approved site for the Location, any limited rights you had with respect to the Site Selection Area will be deemed extinguished.

E. Protected Territory.

(1) Provided Franchisee is not currently in default and a default has not occurred within the previous six (6) months of any provision of this Agreement or any other agreement between Franchisee and BounceU or between Franchisee and any of BounceU's subsidiaries or affiliates, BounceU shall not operate a BounceU Facility or offer to franchise another BounceU Facility to any other person, within the territory described on Exhibit 1 attached to this Agreement (the "**Protected Territory**"), without Franchisee's prior written consent. Franchisee's Protected Territory is not dependent on Franchisee's sales volume, market penetration or other contingency.

(2) Subject to Franchisee's aforementioned rights within the Protected Territory, Franchisee acknowledges that BounceU may open and operate company-owned BounceU Units or other businesses, franchise to other franchisees and franchise to any third party another BounceU Facility or other businesses, in BounceU's sole and absolute discretion, wherever and whenever it determines.

(3) Other than Franchisee's aforementioned rights within the Protected Territory, this Agreement does not in any way grant or imply any area, market or territorial right to Franchisee. BounceU and its subsidiaries and affiliates may establish and operate or license others to establish and operate similar or different businesses under any trade name or service mark at any location which may compete with the Franchised BounceU Facility. BounceU and its subsidiaries and affiliates may establish additional franchised or non-franchised Units operated by BounceU or any one of its affiliates in immediate proximity to the Protected Territory. BounceU is expressly permitted to use the Proprietary Marks in connection with the sale of products and services which are similar to those offered by Franchisee at the Franchised BounceU Facility through any channel of distribution and in any geographic location as BounceU may determine, including mail order, internet, direct sales and telemarketing. Franchisee is not granted a right of first refusal over any territory.

(4) You may not distribute direct mail or flyers to customers who do not reside in your Protected Territory. You may receive customers who do not reside within your Protected Territory if those persons did not become customers as a result of direct mail or flyer placement efforts outside of your Protected Territory. The prohibition on direct mail outside of your Protected Territory does not apply to "blast" electronic mail or social media platform communications or marketing that are not directed specifically at prospective customers outside your Protected Territory. In addition, you may advertise in newspapers or by radio or television broadcasts if these advertisements are generally circulated or broadcast throughout your Protected Territory and are never specifically targeted to reach areas outside of your Protected Territory. You may not sell products similar to those sold at your BounceU Facility through other channels of distribution (including, internet, catalog, etc.).

F. Relocation of the Franchised BounceU Facility. Franchisee may not change the Location of the Franchised BounceU Facility without BounceU's prior written consent, which BounceU may withhold in its sole and absolute discretion.

2. TERM

A. Initial Term. Unless sooner terminated pursuant to Article 13, the initial term of this Agreement shall extend for ten (10) years from the Effective Date of this Agreement (the "Initial Term"). Franchisee accepts the grant under this Agreement with the full and complete understanding that such grant hereby contains no promise or assurance of renewal at the end of the Initial Term. The sole and entire conditions under which Franchisee will have the opportunity of obtaining a successor BounceU Franchise Agreement at the expiration of the Initial Term are those set forth in Section 2.B

B. Renewal Term. Franchisee may, at its option, renew the franchise for one (1) additional ten (10) year period (the "Renewal Term") provided that the following conditions are met:

(1) Advance Notice. Franchisee shall give BounceU written notice of its intention to renew not less than nine (9) months nor more than twelve (12) months prior to the end of the Initial Term;

(2) Completion of Maintenance, Refurbishing, and Upgrading. At least six (6) months prior to the expiration of the Initial Term, BounceU shall be entitled to inspect the Franchised BounceU Facility and give notice of all required maintenance, refurbishing, renovating and upgrading, and Franchisee shall complete to BounceU's satisfaction, all maintenance, refurbishing, renovating and upgrading required by BounceU's notice no later than sixty (60) days prior to the expiration of the Initial Term;

(3) No Default. Franchisee shall not be in default of any provision of this Agreement or any other agreement between Franchisee and BounceU or between Franchisee and any of BounceU's subsidiaries or affiliates and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms of such agreements;

(4) Execute the Current Franchise Agreement. Franchisee, within sixty (60) days prior to the expiration of the Initial Term, shall execute and deliver to BounceU, the then current form of the BounceU Franchise Agreement ("**Renewal Franchise Agreement**"), which agreement shall, solely upon execution and delivery by BounceU and expiration of the then current Term, supersede in all respects this Agreement, and the terms of which may materially differ from the terms of this Agreement, including without limitation, an increase in the Royalty Fee and/or Brand Fund Contributions (as such terms are defined in Article 3) provided, however, that any higher Royalty Fee and/or Brand Fund Contributions shall not exceed the Royalty Fee and/or Brand Fund Contributions then generally being charged for similarly situated new franchisees of BounceU;

(5) Meet Current Qualifications and Training Requirements. Franchisee shall have complied with Franchisor's then current qualification and training requirements;

(6) Execute General Release. Franchisee shall execute a general release, in a form prescribed by BounceU, releasing BounceU and its subsidiaries and affiliates, and their respective officers, directors, owners, agents, attorneys and employees of all claims except for claims which cannot legally be released under applicable law; and

(7) Renewal Fee. Franchisee shall pay BounceU a renewal fee (in lieu of the otherwise required Initial Fee described in the Renewal Franchise Agreement) equal to twenty-five percent (25%) of the Initial Franchise Fee then being charged to new franchisees (the "**Renewal Fee**").

If BounceU, in its sole and absolute discretion, determines that all of the conditions specified above have been satisfied, the Renewal Franchise Agreement shall be deemed accepted by BounceU on the terms and conditions specified in the Renewal Franchise Agreement executed by Franchisee and the franchise shall be renewed for the Renewal Term commencing on the date following the expiration of the Initial Term. If BounceU determines that all of the conditions specified above have not been satisfied, it shall notify Franchisee in writing that the Renewal Franchise Agreement has not been accepted and that the renewal is not effective and shall specify the reasons therefor. As hereinafter used and unless otherwise indicated, "**Term**" shall include the "**Initial Term**" and the "**Renewal Term.**"

C. Automatic Renewal. If you do not notify us prior to the Renewal Notice Deadline of your intent to remain or not remain a franchisee, the Franchise Agreement shall be automatically renew for successive one (1) year terms, beginning on the day after the Franchise Agreement would have expired (the "Interim Period"). During the Interim Period, you will be obligated to pay Franchisor, in addition to all other fees set forth in this Agreement, the Interim Period Fee described in Section 3.A(15) below. Franchisor may, in its sole discretion, terminate the Franchise Agreement, for any reason or no reason, during the Interim Period upon sixty (60) days written notice to you.

D. Reinstatements and Extensions. In the event any termination or expiration of the franchise would violate any applicable laws, BounceU may, in its sole and absolute discretion, reinstate or extend the franchise for the purpose of complying with such laws, for the duration provided by BounceU in a written notice to Franchisee, without waiving any of BounceU's rights under this Agreement or otherwise modifying this Agreement.

3. FEES AND PAYMENTS

A. Types of Fees. Franchisee shall pay BounceU the following fees in United States currency:

(1) Initial Franchise Fee.

(a) The Initial Franchise Fee is Thirty Thousand Dollars ($30,000) for a Franchised BounceU Facility (the "**Initial Franchise Fee**") and is payable simultaneously with the execution of this Agreement. The Initial Franchise Fee shall be deemed fully earned by BounceU upon execution of this Agreement.

(b) If you are an honorably discharged United States military veteran, the Initial Franchisee Fee for your first BounceU location will be discounted by 25%.

(c) We will refund fifty percent (50%) of the Initial Franchise Fee paid to Franchisor to you if: (1) after making a good faith effort as determined by us in our reasonable discretion, you: (i) are unable to sign a lease agreement or real estate purchase agreement for a Location to operate your BounceU Facility; or (ii) are unable to secure lender financing for the development and operation of your BounceU Facility within one year of the Effective Date of the Franchise Agreement; and (2) you provide us with written notice of your request for a refund prior to the one year anniversary of the Franchise Agreement.

(2) Royalty Fee. On every Wednesday of every week partially or wholly contained within the Term, Franchisee shall pay BounceU a non-refundable royalty fee (the "**Royalty Fee**") in an amount equal to six percent (6%) of Franchisee's weekly Gross Revenues (as defined in Section 3.B) for the calendar week (i.e., Monday through Sunday) immediately preceding such Wednesday.

(3) Brand Fund Contribution. Upon BounceU's demand and thereafter, on every Wednesday of every week partially or wholly contained within the Term, Franchisee shall pay BounceU a non-refundable weekly contribution for use in connection with the Brand Fund (as defined in Section 8.C) in an amount equal to two percent (2%) of weekly Gross Revenues (as defined in Section 3.B) for the calendar week immediately preceding such Wednesday (the "**Brand Fund Contribution**"). BounceU may terminate and reinstate the Brand Fund Contribution and the Brand Fund at any time, in its sole and absolute discretion. We may increase your periodic contribution to the Brand Fund to an amount not to exceed 3% of the Gross Revenue of the BounceU Facility upon thirty (30) days written notice to you provided that the amount you contribute to the Brand Fund and the amount you spend for Local Store Marketing may not be increased, in total, above 6% of Gross Revenue.

(4) Renewal Fee. In the event the franchise is renewed pursuant to Section 2.B, Franchisee shall pay the Renewal Fee set forth in Section 2.B(7)

(5) Transfer Fee. In the event of a transfer of Franchisee's interest in the Franchised BounceU Facility or any other transfer requiring BounceU's consent under Article 12, Franchisee must, in addition to meeting all other requirements set forth in this Agreement, pay a Transfer Fee as set forth in Section 12.C(11).

(6) Training Fee. Franchisee is required to pay BounceU's standard training fees for any training such as refresher training or advanced management training as described in Section 4.E, other than BounceU Management Training (as defined and limited in Section 4.E(1) and Franchisee shall be solely responsible for all its costs and expenses associated therewith, including but not limited to, all travel, meals and lodging costs and compensation of and workers compensation insurance for all of its attendees.

(7) Start Up Package. The Start Up Package includes furniture, fixtures, equipment, glow lights, inventory, marketing materials, graphics package, SMS System (See Item 11), supplies and certain intangible services including onsite review, post-lease/pre-opening one-on-one consultation, opening training, and an administrative fee for providing the Start Up Package. If the Premises are larger than our specifications require, you may be required to purchase additional items, and/or furniture for use in the additional area(s) that are not part of our standard Start Up Package. This is an estimate based upon the current costs associated with purchasing the products and services in the Start Up Package. Over time, these costs are likely to increase. If you do not promptly open your BounceU Franchised Business, the costs may increase (perhaps dramatically in subsequent years). Because shipping and handling prices are location specific, shipping and handling is not included in the estimated cost of the Start Up Package. The Start Up Package does not include certain optional items that you may or may not, in your discretion, purchase and install at your BounceU Franchised Business.

(8) Virtual Manager Maintenance Fee. You must pay a monthly fee to us or our approved supplier of Virtual Manager services to maintain and update your Virtual Manager service.

(9) Technology Upgrade Fee. At our discretion, you must upgrade your hardware and software within 60 days following release of an update, upgrade, or new version of such hardware or software by the respective manufacturer or supplier. You must reimburse us for the amount, or if such amount applies to all franchisees, your pro rata share of the amount, charged to us by the manufacturer or developer.

(10) Relocation Fee. If we approve you request to relocate your BounceU Facility, Franchisee must pay us a Relocation Fee up to $3,000 to reimburse us for our reasonable internal and external expenses incurred in connection with our consideration of your request to relocate the BounceU Facility. The Relocation Fee shall be payable within five (5) days of your receipt of an invoice which provide reasonable detail of our expenses. No relocation of the BounceU Facility shall be permitted until and unless the Relocation Fee has been paid.

(11) Site Evaluation Fee. If we are required to evaluate the proposed location for our BounceU Facility more than one (1) time, you will pay us a Site Evaluation Fee equal to $500 per person per day. The Site Evaluation Fee shall be payable within (5) days of your receipt of an invoice reflecting our work in performing such services for you.

(12) New Product and Supplier Evaluation Fee. If you propose to utilize a new product or new supplier of products that have not been previously approved by Franchisor, we may charge you a fee of $1,500 which is intended to cover our expenses and time in evaluating and/or inspecting the new product or supplier that you propose to use. You must pay us the New Product and Supplier Evaluation Fee even if we do not approve the proposed new product or supplier.

(13) Help Desk Support Fee. We may impose a Help Desk Support Fee upon Franchisee in exchange for telephone, web-based, or other support services that we provide. The Help Desk Support Fee, if any, will be detailed in the Confidential Operations Manuals.

(14) Application Service Provider (ASP) Fee. If we perform repair services or retain a third party application service provider to provide some or all of the service and support for your benefit of all BounceU Units, you will pay a service or ASP hosting fee to us or to our third party provider. The ASP Fees, if any, will be detailed in the Confidential Operations Manuals.

(15) Interim Period Fee. If your Franchise Agreement has expired: and (1) you have not timely executed a Successor Franchise Agreement; and (2) you continue to operate your bOUNCEu Franchised Business after the expiration date, you will pay us, in addition to the Royalty fee and other fees, detailed in Section 3, an Interim Period Fee equal to one percent (1%) of Gross Revenues. The Interim Period Fee will be paid in the same manner and at the same time as your Royalty payment. Your payment of the Interim Period Fee is not Franchisor's exclusive remedy and shall not preclude any and all available legal remedies available to Franchisor pursuant to this Agreement.

(16) Upgrade of Existing BounceU Facility. If you are executing this Franchise Agreement in conjunction with your acquisition of an existing BounceU Facility, you must, prior to assuming operations of the BounceU Facility, update the BounceU Facility as required to comply with our then existing System Standards including brand attributes. The updates that you may be required to complete include but are not limited to a Brand Refresh Package, new external signage, the purchase of certain brand specific packages, the addition of parents' lounges and other changes then required of new BounceU franchises. Your payment of the expenses associated with the updates will be paid directly to the suppliers or vendors providing such services and products.

B. Gross Revenues. The term "**Gross Revenues**" as used in this Agreement shall mean the total amount received or receivable by or in connection with the Franchised BounceU Facility from, connected with or related to the sale of any products, goods, merchandise or services, revenue from coin operated vending machines and video games, rental fees and all business transacted in or from the Franchised BounceU Facility, directly or indirectly, excluding only the following:

(1) the amount of any federal, state, or local sales or excise taxes or other similar taxes, separately stated, which are required by law to be collected and paid by Franchisee to any governmental agency or authority;

(2) the amount of any refund to customers for bona fide returns of goods sold; and

(3) any documented contributions (up to a maximum amount set by us) you make to an approved not for profit organization in conjunction with a Franchisor approved charitable event.

C. Payment Schedule. The Royalty Fee and Brand Fund Contributions must be paid to BounceU, together with any required reports, no later than every Wednesday of every week wholly or partially contained within the Term with respect to the immediately preceding week. All other amounts due to BounceU from Franchisee shall be paid as specified in this Agreement or, if no time is specified, such amounts shall be due within ten (10) days of receipt of an invoice from BounceU or may be withdrawn from Franchisee's operating account by BounceU pursuant to Section 3.D(1). Any payment or report not actually received by BounceU on or before the due date will be deemed past due and subject to the charges described in Section 3.E. BounceU may withdraw amounts due from Franchisee directly from Franchisee's operating account. Franchisee shall pay its final Royalty Fee and final Brand Fund Contributions no later than ten (10) days after the termination or expiration of the franchise.

D. Payment System.

(1) Electronic Funds Transfer. You must sign any documents we require to authorize us to electronically debit your business checking account or Electronic Depository Transfer Account ("**EDTA**") automatically for the Royalty, Brand Fund contributions, late fees, interest and any other amounts. Our current form of EDTA documents are attached as Exhibit D to the Franchise Agreement. We will debit the EDTA on the dates that payments are due. If you fail to report Gross Revenues of the BounceU Facility, we may debit your EDTA for 120% of the highest monthly Royalty Fee and Brand Fund contribution that we previously debited from your EDTA. Once we determine the amount you actually owe to us, we will debit the EDTA the difference, or we will apply a credit towards your next payment.

(2) Franchisee's Cooperation in Establishing Payment System. Franchisee shall cooperate with BounceU in all respects to implement the Payment System at least fifteen (15) days prior to the date on which the Franchised BounceU Facility is first opened for business to the general public (the "**Opening Date**"). Franchisee agrees to cooperate with BounceU in all respects in maintaining the efficient operation of the Payment System. Franchisee shall give its financial institution instructions in a form provided or approved by BounceU and shall obtain the financial institution's agreement to follow such instructions. Franchisee shall provide BounceU with copies of such instructions and agreement. The financial institution's agreement may not be withdrawn or modified without the prior written approval of BounceU, which approval shall be within BounceU's sole and absolute discretion. Franchisee shall also execute such other forms relating to the Payment System as BounceU may request from time to time. Franchisee shall pay all the charges imposed by Franchisee's financial institution relating to the Payment System.

(3) BounceU May Receive Banking Statements. BounceU may require Franchisee's financial institution to send to BounceU a monthly statement of all activity in the operating account accessed by the Payment System at the same time as such financial institution sends such statements to Franchisee, and such other reports of the activity in such operating account as BounceU may reasonably request. If Franchisee maintains any other accounts of any type relating to the Franchised BounceU Facility, Franchisee shall identify such accounts to BounceU and provide to BounceU copies of the monthly statements for all such accounts and the details of all deposits to and withdrawals from them.

(4) Franchisee's Payment Obligations Absolute. Franchisee agrees that its obligations to make any payments as specified in this Agreement and any other agreement entered into with BounceU or any of its subsidiaries or affiliates with respect to the Franchised BounceU Facility and the rights of BounceU and its subsidiaries and affiliates to receive such payments are absolute and unconditional and are not subject to any abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Franchisee has or may have against BounceU, any of its subsidiaries or affiliates or against any other person for any reason whatsoever.

E. Late Charges. We may charge a late report fee in the amount of $50 for each day that the payment any payment required by Article 3 is late. We will electronically debit your business checking account automatically for any late payment fee.

F. Guarantee of Franchisee's Obligations. As security for all monetary and other obligations of Franchisee to BounceU, the shareholders of a corporate Franchisee; the general partners of a general partnership or limited partnership Franchisee; or the members of a limited liability company Franchisee; or beneficial owners of the equity interests of any other entity constituting Franchisee, and all the spouses of the foregoing, if any, shall execute and deliver to BounceU their personal, absolute and continuing, joint and several guarantee of Franchisee's obligations hereunder in the form of Guaranty and Assumption of Obligations Agreement attached hereto as Exhibit 2.

4. DUTIES OF BOUNCEU. During the term, provided that franchisee is not in default under this agreement, BOUNCEU shall provide franchisee, from time to time, with the following assistance and services.

A. Guidelines and Site Selection Assistance.

(1) Pre-Opening Guidelines. Upon Franchisee's written request, BounceU shall provide proprietary guidelines to assist Franchisee in managing the process from signing the Franchise Agreement to opening the Franchised BounceU Facility.

(2) Site Location. BounceU shall supply to Franchisee BounceU's site selection criteria and provide such site selection counseling and assistance as BounceU may deem advisable. BounceU shall provide its written notice of consent or disapproval of Franchisee's proposed Location within thirty (30) days after submission to BounceU of all information related to the Location required by BounceU. Franchisee must submit to BounceU, in the form specified by BounceU, photographs, demographic information, financial information, and such other information and materials as BounceU may reasonable require, together with an option contract, letter of intent, or other evidence satisfactory to BounceU which confirms Franchisee's favorable prospects for obtaining an ownership or leasehold interest in the Location. BounceU's consent to a Location is not a representation or a warranty by BounceU that the Franchised BounceU Facility will be profitable or that Franchisee's sales will attain any predetermined levels. Such consent is intended only to indicate that the proposed Location meets BounceU's minimum criteria for identifying sites. Franchisee agrees that BounceU's consent to or disapproval of a proposed Location shall not impose any liability or obligation on BounceU.

(3) We will use reasonable efforts to approve or disapprove the proposed site within 30 days after our receipt of your detailed site evaluation package. If we do not approve the proposed site in writing in this time period, we will be deemed to have rejected the site. Our approval or rejection of a site may be subject to reasonable conditions as we determine in our sole discretion. Upon our approval of a site, and after you secure the site, we will insert its address into Exhibit 1, and it will be the Premises.

(4) You are responsible for selecting the site for your BounceU Facility. You acknowledge and agree that, our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the site's suitability for a BounceU Facility or any other purpose. Our approval indicates only that we believe that the site meets our then-current site selection criteria. Applying criteria that have appeared effective with other sites might not accurately reflect the potential for all sites, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site we approve fails to meet your expectations. You acknowledge and agree that: (a) your submission of a proposed site for our acceptance is based on your own independent investigation of the site's suitability for the BounceU Facility; and (b) our site-selection assistance is primarily for our benefit to assure us that we will have a minimally acceptable site upon the expiration or termination of this Agreement.

B. Building Plans and Specifications. BounceU may provide to Franchisee mandatory and suggested specifications and layouts for the Franchised BounceU Facility, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, and color scheme. BounceU will review, solely for its own purposes, construction plans and specifications or other plans before Franchisee begins constructing the Franchised BounceU Facility. Within 30 days after we receive the detailed site evaluation package, we, in our sole discretion, may conduct an on-site evaluation of the proposed site. You must reimburse us for all travel, living and other expenses we incur in conducting any on-site evaluations of your proposed site. We do not charge a site evaluation fee for the first on-site evaluation that we conduct with respect to the BounceU Facility, however, if we require, or if you request, any additional on-site evaluations, you will pay to us, in addition to our travel expenses, our then-current site evaluation fee.

C. Lists and Schedules. BounceU shall supply to Franchisee (A) a list of all required equipment, games, inflatables, supplies, materials, inventory and other items necessary to operate the Franchised BounceU Facility and a list of approved suppliers of all such items, and (B) a schedule of items, if any, which Franchisee is currently required to purchase from BounceU.

D. Real Estate Broker. You may retain a real estate broker to assist you in identifying a location for your BounceU Facility. Your real estate broker must split (via a commission sharing or splitting agreement) the commission with any additional real estate broker(s) involved in identifying, approving and/or securing a location for your BounceU Facility. The sharing or split of any such commission shall be negotiated between the respective broker(s). This commission is paid directly to the involved brokers. Your real estate broker will be obligated to determine the legality of the arrangement based on his or her state and local laws. We anticipate that the real estate brokerage commissions will be paid by your landlord. If your landlord will not or does not pay the applicable commission due to the applicable real estate brokers, you may be obligated to pay the brokers the entire commission due to them.

E. BounceU Management Training

(1) Training. BounceU shall provide seven (7) days of training, without additional fee, to Franchisee for up to two (2) persons ("**Trainees**") at BounceU's corporate headquarters and/or at such other location as BounceU may specify in writing ("**BounceU Management Training**"). If Franchisee has more than two (2) Trainees attend the BounceU Management Training, then Franchisee shall pay to BounceU four hundred dollars ($500) per each additional Trainee. Each Trainee must, prior to the Opening Date, at a time scheduled by BounceU, complete to BounceU's satisfaction, the then current BounceU Management Training.

(2) Franchisee and Manager Must Attend Training. Unless otherwise agreed in writing by BounceU, Franchisee (or one owner of Franchisee with decision making authority with respect to the operation of the BounceU Facility) (a "**Principal**") and, if franchisee employs a person having responsibility for the day-to-day operations of the Franchised BounceU Facility(the "**Manager**"), the initial Manager must attend and successfully complete the BounceU Management Training program.

(3) Topics Covered. BounceU Management Training consists of a facility management program which is designed to generally educate Trainees in important phases of the operation of the Franchised BounceU Facility. These phases include topics such as corporate philosophy, human resources, operational procedures, Virtual Manager systems and marketing. In addition, each Trainee will receive instruction on procedures to access the BounceU Website and in operating the Franchised BounceU Facility generally. The content, operation and manner of conducting BounceU Management Training shall be in the sole control of BounceU.

(4) Expenses Paid by Franchisee. Franchisee shall be responsible, in addition to the training fees described above, for all expenses of all Trainees attending BounceU Management Training including all travel, lodging and meal expenses and compensation of, and workers' compensation for such Trainees. All costs and expenses incurred to have additional employees or agents of Franchisee attend BounceU Management Training, including training fees, shall be paid by Franchisee. Notwithstanding anything to the contrary contained in this Agreement, attendance by any additional employees or agents is conditioned upon BounceU's prior written approval.

(5) Subsequent Training. In the event the Manager is no longer willing or able to exercise day-to-day control over the Franchised BounceU Facility, Franchisee shall, within thirty (30) days thereafter designate a new Manager of the Franchised BounceU Facility with the same responsibility. Such new Manager and all other successive Managers, if any, shall be required to attend BounceU Management Training at Franchisee's sole cost and expense within thirty (30) days after the time such new person is designated the Manager. Such new person shall thereafter be considered the Manager under this Agreement. Franchisee shall be solely responsible for the costs and expenses associated with such new Manager attending BounceU Management Training, including but not limited to, the then prevailing rates charged by BounceU for such BounceU Management Training and all travel, meals and lodging costs and compensation of, and workers' compensation for such new Manager.

F. BounceU Confidential Operations Manuals. During the Term, BounceU we will either loan you one copy of the BounceU Confidential Operations Manuals or provide you access to an electronic copy of the BounceU Confidential Operations Manuals via our electronic franchise system portal for the term of your Franchise Agreement. The Confidential Operations Manuals contain certain detailed information, forms and systems pertaining to the operation of your BounceU Facility, including proprietary supplier lists, supplies and other trade secrets

G. Pre-Opening On-Site Training. BounceU shall make available to Franchisee pre-opening on-site training (in BounceU's sole and absolute discretion), in most instances to be conducted at the Franchised BounceU Facility shortly before the Opening Date, at the times BounceU deems appropriate. Such on-site training program shall cover material aspects of the operation of the Franchised BounceU Facility including corporate culture and philosophy, opening checklist, safety concerns and measures, reservation policies and procedures, reservation system training, party preparation process, confirmations, use of forms, ordering of food and other items, POS system, credit card processing, daily cash procedures, administrative procedures, employee issues, marketing techniques, internal communications, customer services, use and care of equipment, opening up, setting up and closing down, party procedures, interacting with children, open bounce routines and grand opening.

H. Grand Opening Assistance. In addition to the on-site training prior to the grand opening described in Section 4.G, BounceU will provide consultation regarding Franchisee's grand opening, and assist in securing advertising and vendor promotional materials as set forth in Section 4.I.

I. Continued Assistance and Support.

(1) Periodic Visits. BounceU shall provide assistance and support to Franchisee in the development and operation of the Franchised BounceU Facility by means of periodic visits by a field representative of BounceU. If requested by Franchisee, BounceU will make its representatives reasonably available for consultation on matters such as operations, advertising and promotion, and business methods, on terms and for such additional compensation as BounceU and Franchisee may agree. In addition, at Franchisee's request, BounceU will furnish additional guidance and assistance to deal with unusual or unique operating problems at reasonable per diem fees, charges and out-of-pocket expenses as may be established by BounceU from time-to-time.

(2) Advertising. BounceU shall generally promote the Franchised BounceU Facility through advertising and public relation campaigns using Brand Fund Contributions paid by franchisees, if any. BounceU shall provide Franchisee advice on local advertising. BounceU shall provide Franchisee direction regarding the proper usage of the Proprietary Marks. BounceU shall also provide Franchisee with examples of promotional methods and materials BounceU may develop for use from time to time.

(3) Website Representation. So long as BounceU maintains the BounceU Website for marketing and sales purposes (which shall be in BounceU's sole and absolute discretion), BounceU shall list the Franchised BounceU Facility on the BounceU Website. BounceU shall have sole and absolute discretion over the design, layout, and content of the BounceU Website.

(4) Additional Training. BounceU, from time to time, may, but is under no obligation to, provide refresher training programs, seminars or advanced management training at such locations as may be designated by BounceU, which may be required for the Manager and/or Franchisee's other employees, at the sole option of BounceU. Such mandatory training shall not be required more often than twice a year. Franchisee shall be solely responsible for all costs and expenses associated with attending such mandatory training, including, but not limited to BounceU's then prevailing training fees and all travel, meals and lodging costs and compensation of, and workers' compensation insurance for Franchisee's attendees.

J. Right to Delegate Duties. Franchisee acknowledges BounceU's right to delegate any or all of the aforementioned duties or any other duties of BounceU hereunder to a designee. Franchisee shall be required to discharge its duties in all respects with such designee to the extent requested by BounceU, from time to time, in the same manner with which Franchisee is otherwise required to do so with BounceU.

5. GENERAL DUTIES OF FRANCHISEE. Franchisee understands and acknowledges that every detail of the operation of the Franchised BounceU Facility is important to Franchisee, BounceU and the other BounceU Franchisees in order to develop and maintain high and uniform operating standards, increase the demand for the services and products rendered and sold by BounceU and the BounceU Units and to protect BounceU's Proprietary Marks, reputation and goodwill.

A. Execution of a Lease Agreement/Construction Plans and Permits.

(1) Franchisee shall, no later than 12 months from the Effective Date of this Agreement, execute a lease agreement or otherwise secure a Premises for Franchisee's BounceU Facility.

(2) Engagement of Architect or Engineer. Franchisee shall employ an architect or engineer to prepare a site plan, plans and specifications adapting BounceU's standard plans and specifications to Franchisee's Location and to local and state laws, regulations and ordinances and lease requirements and restrictions. Any material modifications to the standard plans and specifications must be pre-approved by BounceU in writing. The modified plans and approvals, once approved by BounceU, shall not thereafter be materially changed or modified without BounceU's further prior written approval.

Required stamped drawings include architectural, mechanical, plumbing and electrical plans. In addition, you must obtain structural and fire protection and any other plans as may be required by your state and local agencies.

(3) You agree to send to us, upon our request, construction plans and specifications or other plans for our review before you begin constructing the BounceU Facility and all revised or "as built" plans and specifications during construction. We may require you to use an approved or designated architect and/or general contractor to design and construct the BounceU Facility. We may inspect the Premises while you are developing the BounceU Facility.

(4) Permits. Franchisee shall obtain all permits and certifications as may be required for the lawful construction and operation of the Franchised BounceU Facility, together with certifications from all governmental authorities having jurisdiction over the Franchised BounceU Facility that all necessary permits have been obtained and that all requirements for construction and operation have been met, including, but not limited to, zoning, access, sign, fire, health, environmental and safety requirements.

(5) Site Survey and Compliance with Laws. It is your responsibility to prepare a site survey and all required construction plans and specifications to suit the Premises and to make sure that these plans and specifications comply with the ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions.

B. Construction and Opening Requirements

(1) Completion of Construction and Opening. Franchisee shall complete construction or build out of the Franchised BounceU Facility, including all exterior and interior carpentry, electrical, painting and finishing work and installation of all the approved fixtures, equipment and signs, in accordance with the site layout and plans and specifications, at Franchisee's expense, in accordance with the terms of Franchisee's lease for the Location and open for business to the general public by the earlier of: (i) six (6) months after the date that Franchisee executes a lease agreement or otherwise secures a Premises for his BounceU Facility; and (ii) 18 months from the Effective Date of this Agreement. BounceU and its agents shall have the right to inspect the construction at all reasonable times.

(2) Certificate of Occupancy and Opening. Franchisee shall, within ten (10) days after completion of construction or build out, apply for a Certificate of Occupancy for the Franchised BounceU Facility. After obtaining the Certificate of Occupancy, Franchisee shall obtain BounceU's approval for opening and shall open the Franchised BounceU Facility within twenty (20) days thereafter. Franchisee and BounceU agree that time is of the essence in the construction and opening of the Franchised BounceU Facility.

(3) Real Estate Broker. You are responsible for selecting the site for your BounceU Franchised Business which may involve the hiring of a local real estate broker to assist you in your selection process. You acknowledge and agree that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the site's suitability for a BounceU Business or any other purpose. Our approval indicates only that we believe that the site meets our then-current site selection criteria. Applying criteria that have appeared effective with other sites might not accurately reflect the potential for all sites, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site we approve fails to meet your expectations. You acknowledge and agree that: (a) your submission of a proposed site for our acceptance is based on your own independent investigation of the site's suitability for the Franchised Business; and (b) our site-selection assistance is primarily for our benefit to assure us that we will have a minimally acceptable site upon the expiration or termination of this Agreement.

C. Start Up Package/ Internal Outfitting. Prior to opening your Franchised Business, we (or our approved suppliers) will supply to you a package of products, materials and services ("Start Up Package") that includes tangible products and intangible services. The tangible products, which account for 97% of the cost of the Start Up Package include furniture, fixtures, equipment, inventory, marketing materials, and supplies. The intangible services, which account for 3% of the cost of the Start Up Package, include site review, post-lease/pre-opening one-on-one consultation, opening training, and an administrative fee for providing the Start Up Package. You also must pay any applicable state sales taxes on the tangible products that are included in the Start Up Package and all shipping costs, which may vary based on your location, associated with the Start Up Package. You will purchase a Start Up Package for each BounceU Business that you open. If your Premises are larger than our specifications require, or have higher drop ceilings, you may need additional and/or larger wall graphics and/or furniture than our standard Start Up Package. We may change any item or the quantity of any item in the Start Up Package from time to time. You must pay the invoiced amount of the Start Up Package to us (or to our approved suppliers) along with any applicable taxes no later than 14 days after the signing of your lease and prior to attending our initial training program.

D. Licenses, Permits and Taxes. Franchisee shall: (A) secure and maintain in full force and effect in Franchisee's name, all required licenses, permits and certificates relating to the operation of the Franchised BounceU Facility; (B) deliver copies of any and all of the foregoing to BounceU within five (5) days of request; (C) pay promptly all taxes and assessments when due; and (D) operate the Franchised BounceU Facility in full compliance with all applicable laws, ordinances and regulations, including but not limited to laws relating to occupational hazards, health, workers' compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes and sales taxes.

E. Lease of Premises. If you propose to lease or sublease the Premises for the BounceU Facility, you must provide us with a copy of the fully-executed lease or sublease ("Lease") for the Premises (for a term, including renewal terms, for at least the Initial Term) within 10 days after you execute a lease for the site of the BounceU Facility. The Lease must not contain any covenants or other obligations that would prevent you from performing your obligations under this Agreement. Unless waived in writing by us, any Lease must contain provisions that satisfy the following requirements during the entire term of the Lease, including any renewal terms:

(1) The initial term of the Lease must be no less than ten (10) years.

(2) The landlord consents to your use of the proprietary signs and the Marks prescribed by us, and upon the expiration or earlier termination of the Lease, consents to permit you, at your expense, to remove all such items, so long as you make repairs to the Premises caused by such removal.

(3) The landlord agrees to provide us (at the same time sent to you) a copy of all amendments, assignments and notices of default pertaining to the Lease and the Premises.

(4) We will have the right to enter the Premises to make any modifications or alterations necessary to protect the System and the Marks, to cure, within the time periods provided by the Lease, any default under the Lease, all without being guilty of trespass or other tort, and to charge you for any related costs.

(5) The landlord agrees that you will be solely responsible for all obligations, debts and payments under the Lease.

(6) The landlord agrees that, following the expiration or earlier termination of this Agreement, you will have the right to make those alterations and modifications to the Premises as may be necessary to clearly distinguish to the public the Premises from a BounceU Facility and also make those specific additional changes as we reasonably may request for that purpose. The landlord also agrees that, if you fail to make these alterations and modifications within 10 days after the expiration or earlier termination of this Agreement, we will have the right to do so without being guilty of trespass or other tort so long as we make repairs to the Premises caused by such removal.

(7) The landlord agrees not to amend or otherwise modify the Lease in any manner that would affect any of the foregoing requirements without our prior written consent, which consent will not be unreasonably withheld.

(8) You may assign the lease to us or our designee with the landlord's consent (which consent will not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

(9) The landlord agrees to consent to your collaterally assigning the lease to us or our designee, granting us the option, but not the obligation, to assume the lease from the date we take possession of the Premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

(10) You acknowledge that our review of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a BounceU Facility operated at the Premises. Our review will indicate only whether we believe that the terms of the Lease meet our then-acceptable criteria.

F. Conditions Precedent to Grand Opening. Franchisee agrees not to open the Franchised BounceU Facility for business until: (A) all of Franchisee's obligations pursuant to Sections 5.A through 5.5 have been fulfilled; (B) training of Franchisee, its Manager(s), Trainees and employees has been completed to BounceU's satisfaction; (C) the Initial Franchise Fee, and all other amounts due to BounceU and its subsidiaries and affiliates under this or any other Agreement have been paid; and (D) BounceU has been furnished with certificates of insurance and copies of all insurance policies required by Section 10.B, or such other evidence of insurance coverage as BounceU reasonably requests.

G. Use of the Location. Franchisee shall keep the Franchised BounceU Facility open for business and in normal operation for such minimum hours and days as BounceU may from time to time prescribe in the BounceU Confidential Operations Manuals or otherwise in writing, except as may be limited by local law. Franchisee shall refrain from using or permitting the use of the Location for any other purpose or activity other than the operation of the Franchised BounceU Facility at any time without first obtaining the written consent of BounceU.

H. Conditions and Appearance. Franchisee shall maintain the Franchised BounceU Facility in an attractive, safe condition and as otherwise set forth in the BounceU Confidential Operations Manuals.

I. Operational Requirements. Franchisee shall operate the Franchised BounceU Facility in conformity with such uniform methods, standards and specifications as BounceU may from time to time prescribe, including but not limited to in the BounceU Confidential Operations Manuals, to ensure that the highest degree of quality and service is uniformly maintained. Franchisee agrees to:

(1) Comply with Payment System. Comply with the Payment System established by BounceU, as may be amended from time to time;

(2) Comply with BounceU's Procedures and Systems. Comply with all of the procedures and systems instituted by BounceU both now and in the future, including but not limited to those relating to sales, operations, prices of services and products Franchisee offers in connection with the Franchised BounceU Facility, software and hardware requirements, terms and conditions of use of the BounceU Website, good business practices, advertising and other obligations and restrictions set forth in this Agreement and in the BounceU Confidential Operations Manuals, as may be amended from time to time;

(3) Maintain Sufficient Equipment and Inventory. Maintain in sufficient supply (as BounceU may prescribe in the BounceU Confidential Operations Manuals or otherwise in writing), and use at all times, only such inventory, equipment, materials, advertising methods and formats, and supplies as conform with BounceU's current standards and specifications, and at all times in sufficient quantities to meet the anticipated volume of business;

(4) Offer all Services and Products. Sell or offer for sale all required services and products expressly approved or directed for sale in the BounceU Confidential Operations Manuals or otherwise in writing by BounceU, to offer such services and products at prices that are within a range of prices determined by BounceU from time to time in its sole and absolute discretion, and to refrain from any deviation from BounceU's standards and specifications for providing or selling same;

(5) Discontinue Selling Disapproved Items. Discontinue selling and offering for sale any services or products as BounceU may in its sole and absolute discretion, disapprove in writing at any time;

(6) Purchase, Maintain and Replace Fixtures, Furnishings, Signs and Equipment. Purchase, install, maintain, repair and replace, at Franchisee's expense, all fixtures, furnishings, carpet, signs and equipment as BounceU may specify from time to time in the BounceU Confidential Operations Manuals or otherwise in writing. All fixtures, furnishings, signs and equipment shall be maintained in a condition that meets operational standards specified in the BounceU Confidential Operations Manuals or otherwise by BounceU in writing and, as such fixtures, furnishings, signs or equipment become worn, obsolete, unsafe or inoperable, Franchisee will replace same with the types and kinds of fixtures, furnishings, signs and equipment as are then approved or required by BounceU for use in the Franchised BounceU Facility. If BounceU determines that additional or replacement fixtures, furnishings, signs or equipment is needed because of a change in technology, customer concerns or because of health or safety considerations, Franchisee shall install such additions and replacements within the time period specified by BounceU; and

(7) Signs. Franchisee shall, among other things: (1) display prominent signage at or near the front of the Location on any pylon sign, building directory or other area identifying the Location as a BounceU Facility; (2) display all safety signage as directed by us or the manufacturer of attractions, rides or inflatables, which may not be removed without our express written consent; and (3) erect, maintain, repair and replace such interior and exterior signs and graphics as BounceU may require from time to time. No signs which are not specifically approved by BounceU may be used or erected, regardless of content, size or construction. Franchisee shall discontinue the use of and destroy and replace any signs and graphics as are declared obsolete by BounceU within the time period specified by BounceU.

(8) Online Reservation System. You must, at all times, utilize and maintain an online reservation system which interacts directly with www.bounceu.com and which allows BounceU customers to reserve dates, times, types and sizes of parties from their personal computer. You or your authorized staff members must: (1) promptly rectify and/or notify us of any issues with respect to your use of the Online Reservation System; (2) must communicate directly with customers utilizing the system to confirm specific event details once a reservation has been made; (3) must comply with all updates, policies and/or procedures implemented or required by us.

(9) Music Provider. You must utilize our approved supplier of music at your BounceU Facility. Our approved supplier will require you to enter into a license agreement with them granting you the right to play approved music selections at your BounceU Facility. We reserve the right to change, add, or remove suppliers of music services and/or to modify the approved music programming for your BounceU Facility.

(10) Television. You must subscribe to an approved provider of cable or satellite television services that broadcasts local, news, and sports channels that we prescribe in our Confidential Operations Manual. We reserve the right to change, add or remove television providers and/or to modify the approved or required television programming for your BounceU Facility.

J. Hiring, Training and Appearance of Employees. Franchisee shall maintain a competent, conscientious staff and employ such minimum number of employees as are necessary to meet the anticipated volume of business of the Franchised BounceU Facility and take such steps as are reasonably necessary to ensure that its employees meet the employment criteria and keep a neat and personal appearance and comply with such dress code as BounceU may prescribe. Franchisee acknowledges and agrees that Franchisee shall be solely responsible for all employment decisions and functions, including but not limited to, those related to hiring, firing, establishing wage and hour requirements, disciplining, supervising and record keeping.

K. Approved Specifications and Sources of Supply

(1) Purchase only from Approved Suppliers. Franchisee shall purchase or lease all products and services used for the operation of the Franchised BounceU Facility solely from authorized manufacturers and suppliers who have been approved in writing by BounceU and not thereafter disapproved. BounceU, in its sole and absolute discretion, may approve a single distributor or supplier for any brand and may approve a distributor or supplier only as to a certain brand or brands. BounceU and its affiliates and subsidiaries may be authorized manufacturers or suppliers and Franchisee may be required to purchase equipment, supplies, inventory or other products from BounceU or its affiliates and subsidiaries. BounceU reserves a right for it and any of its affiliates or subsidiaries to receive rebates or other financial incentives from authorized manufactures and suppliers as a result of purchases by Franchisee.

(2) Approval of New Suppliers. If Franchisee desires to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved supplier, Franchisee shall submit to BounceU a written request for such approval. BounceU shall have the right to require, as a condition to its approval, that BounceU's representatives are permitted to inspect the supplier's Units, review the supplier's specifications and that samples from the supplier be delivered to BounceU and that Franchisee pay BounceU a New Product and Supplier Evaluation Fee (See Section 3.A(12). Franchisee shall reimburse BounceU for BounceU's reasonable costs of inspection and review which includes the costs of all testing and BounceU's time in conducting such inspections, reviews and testing. BounceU shall notify Franchisee in writing within sixty (60) days after BounceU's receipt of samples, whether such products or services satisfy BounceU's then current quality standards and are consistent with the image and business of BounceU. Notwithstanding the foregoing, BounceU may revoke its approval of a supplier at any time in its sole and absolute discretion.

L. Credit Cards and Other Methods of Payment. Franchisee shall, at all times, maintain credit card relationships with VISA®, Master Card®, American Express®, Discover® and such other credit and debit card issuers or sponsors, financial center services and electronic fund transfer systems as BounceU may designate from time to time in order that Franchisee may accept customers' credit and debit cards and other methods of payment. You are required, upon our written notice to you, to update your systems to process payments from other payment systems including but not limited to PayPal and Apple Pay or other similar digital payment systems.

M. Management of the Franchised BounceU Facility. At least one (1) full-time Manager must devote his or her full-time and best efforts to the management and operation of the Franchised BounceU Facility. Franchisee acknowledges and agrees that the Franchised BounceU Facility requires the day-to-day supervision of at least one (1) Manager at all times during which the Franchised BounceU Facility is open for business. Such Manager is required to complete BounceU Management Training in accordance with Section 4.E.

N. Telephones and Answering Service. Franchisee shall at all times maintain continuously the number of operating telephone lines, fax lines and telephone numbers to be used exclusively by Franchisee for the operation of the Franchised BounceU Facility prescribed from time to time by BounceU, with sufficient staff to handle telephone calls in an efficient and courteous manner at all times during business hours. Franchisee shall also acquire and maintain in good working order a twenty-four (24) hour phone navigational system with voice message capabilities.

O. Tax Payments; Contested Assessments. Franchisee shall promptly pay when due all taxes levied or assessed by any federal, state or local tax authority, including, but not limited to, unemployment taxes, withholding taxes, sales taxes, income taxes, tangible commercial personal property taxes, real estate taxes, intangible taxes and any and all other indebtedness incurred by Franchisee in the conduct of the Franchised BounceU Facility. Franchisee shall not permit the Location or the Franchised BounceU Facility to become subject to any claim for any lien and shall promptly pay and discharge any such claims if asserted by any Person.

P. Customer Surveys. Upon BounceU's request, Franchisee shall present to its customers such evaluation forms as are periodically prescribed by BounceU and shall participate and/or request its customers to participate in any marketing surveys performed by or on behalf of BounceU.

Q. Inspections

(1) BounceU May Conduct Inspections. Franchisee shall permit BounceU, and/or its designees to enter the Franchised BounceU Facility or the office of Franchisee at any time during normal business hours for purposes of conducting inspections. Franchisee shall cooperate fully with BounceU and/or its designees in such inspections by rendering such assistance as BounceU's designees may request and by permitting BounceU's designees, at their option, to observe the manner in which Franchisee is selling its products and rendering its services, to monitor sales volume, to confer with Franchisee's employees and customers and to remove samples of any products, supplies and materials in amounts necessary to return to the office of BounceU for inspection and record-keeping. The inspections may be conducted without prior notice at any time when Franchisee or one of its employees is at the Franchised BounceU Facility. All such inspections shall be conducted so as not to unduly disrupt Franchisee's business.

(2) Franchisee Shall Correct Deficiencies. Upon notice from BounceU and without limiting BounceU's other rights under this Agreement, Franchisee agrees to take such steps as may be necessary to immediately correct any deficiencies detected during such inspections, including without limitation, immediately desisting from the further use of any equipment, advertising, materials, products, services, supplies or other items that do not conform to BounceU's then current requirements. In the event Franchisee fails or refuses to correct such deficiencies, BounceU shall have the right, without any claim to the contrary by Franchisee, to enter the Franchised BounceU Facility or the office of Franchisee without being guilty of trespass or any other tort, for the purposes of making or causing to be made such corrections as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay or reimburse upon BounceU's demand.

R. Agreement with Landlord. Franchisee shall be required to obtain an agreement with Franchisee's landlord, in a form prescribed or otherwise acceptable to BounceU, whereby the landlord agrees, among other things, to (A) mail to BounceU copies of all written notices, including but not limited to, all notices of default sent to Franchisee, (B) allow BounceU to cure such defaults and to take occupancy of the Location and operate the Franchised BounceU Facility therefrom, and (C) allow all signage and other requirements for the Franchised BounceU Facility to be installed and maintained.

S. Renovation and Upgrading. Recognizing the value of uniform national standards to Franchisee, BounceU and the System, Franchisee shall, from time to time, abide by any requirement of BounceU with regard to the remodeling and upgrading of the Franchised BounceU Facility to comply with standards then applicable to any franchisee. If any changes in or additions of furniture, fixtures, equipment or signage or changes in or additions to the Franchised BounceU Facility are required by BounceU in connection with upgrading or remodeling, Franchisee will bear the entire cost of such upgrading or remodeling. FRANCHISEE ACKNOWLEDGES THAT POSSIBLE ADDITIONAL INVESTMENT MAY BE CALLED FOR PURSUANT TO THIS SECTION.

T. Franchisee Changes to System. Franchisee shall not implement any change to the System without BounceU's prior written consent. Franchisee shall notify BounceU in writing of any proposed change, modification or addition (each a "Proposal"), and shall provide such information about the proposed change as BounceU requests. Franchisee acknowledges and agrees that BounceU shall have the right to incorporate the Proposal into the System and that BounceU shall thereupon obtain all right, title, and interest therein without compensation to Franchisee. Franchisee further agrees to execute any and all such documentation requested by BounceU to document such assignment, and to take such additional actions as are reasonably necessary to confirm or perfect BounceU's rights in any Proposal. A Proposal may include, but not be limited to, a new product, service, method, marketing material, slogan, trade name, service mark, trademark, invention, technique, supplier, process, marketing plan, computer program, performance specifications, design, or any other information or know-how created, developed or discovered by Franchisee which may aid or enhance the System.

U. License by Franchisee. Franchisee grants to BounceU an irrevocable, world-wide, royalty-free license to use Franchisee's likeness, trade name, trademarks, images, images of the Franchised BounceU Facility or other proprietary marks and all intellectual property and intellectual property rights now owned or hereafter adopted, acquired, owned or developed by Franchisee (provided that such proprietary marks, intellectual property and intellectual property rights are related to any Franchised BounceU Facility or any agreement between Franchisee and BounceU), in any manner BounceU deems appropriate in BounceU's sole and absolute discretion, including BounceU's use through the website representation described in Section 4.I(3). This provision shall survive the termination or expiration of this Franchise Agreement.

V. Training and Franchise Meetings. Franchisee is required to attend ongoing training sessions, meetings, and conferences as determined by us including our National Franchise Meeting. The fee for one (1) owner to attend the National Franchise Meeting will be withdrawn from your account no less than six (6) weeks prior to the event. Payment for additional attendees will be due as invoiced or at the event. Even if you fail to attend, we can charge reasonable registration or similar fees for these meetings.

6. PROPRIETARY MARKS

A. Limited License for the Proprietary Marks. BounceU grants to Franchisee, subject to the terms and conditions of this Agreement, a non-transferable, non-exclusive license, without a right to sublicense or assign, to use the Proprietary Marks now owned or which by license BounceU has the right to use, or hereafter are adopted, acquired, developed or required by BounceU, in the operation of the Franchised BounceU Facility at the Location. Nothing in this Agreement shall be construed as authorizing or permitting the use of any of the Proprietary Marks at or from any other location or for any other purpose.

B. Restrictions on Franchisee's Use of the Proprietary Marks. With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee agrees that:

(1) Use in Accordance with all Restrictions. Franchisee shall use only the Proprietary Marks as designated, from time to time, by BounceU and only in the manner required or authorized and permitted by BounceU and only in connection with the operation of the Franchised BounceU Facility at the Location;

(2) Not Use any Other Marks. Franchisee shall use the Proprietary Marks as the sole service mark identifications for the Franchised BounceU Facility, provided that Franchisee shall identify itself as an independent owner, operator and franchisee of BounceU, in the manner prescribed by BounceU from time to time;

(3) Only Display as Designated by BounceU. Franchisee agrees to display prominently the Proprietary Marks on and/or in connection with all materials designated and authorized by BounceU and in the manner prescribed by BounceU; and

(4) Signage Requirements. Franchisee shall acquire, maintain, repair, replace and display all signage and all graphics required by BounceU from time to time in a manner consistent with BounceU's then current brand, signage and graphic standards. Franchisee shall discontinue the use of and destroy and replace any signs and graphics as are declared obsolete by BounceU within the time period specified by BounceU.

C. Franchisee's Lack of Ownership. Franchisee expressly acknowledges BounceU's ownership or license rights in and to the Proprietary Marks. Franchisee agrees not to represent in any manner that Franchisee has any ownership in the Proprietary Marks. Franchisee further agrees that its use of the Proprietary Marks shall not create in its favor any right, title or interest in or to any of the Proprietary Marks except as the right to use same is expressly set forth in this Agreement.

D. Infringement by Franchisee. Franchisee acknowledges that the use of the Proprietary Marks outside the scope of this Agreement is an infringement of BounceU's rights in and to the Proprietary Marks, and expressly covenants that during the Term and after the expiration or termination of the Term, Franchisee shall not, directly or indirectly, commit or permit to be committed any act of infringement or contest or aid in contesting the validity or right of BounceU to any of the Proprietary Marks, or take any other action in derogation of any of the Proprietary Marks.

E. Claims Against the Proprietary Marks

(1) Promptly Notify BounceU. In the event of any claim of infringement, unfair competition or other challenge to Franchisee's right to use any of the Proprietary Marks, or in the event Franchisee becomes aware of any use of or claims to, any mark, name, logo or any other commercial symbol identical to or confusingly similar to any of the Proprietary Marks, Franchisee shall promptly notify BounceU in writing and in no event more than five (5) days thereafter.

(2) BounceU Controls Action. BounceU shall have sole and absolute discretion to take such action as it deems appropriate and the right to control exclusively any litigation or U.S. Patent and Trademark Office or other proceeding arising out of any such infringement, challenge, or claim or otherwise relating to any of the Proprietary Marks. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of BounceU's counsel, be necessary or advisable to protect and maintain the interests of BounceU in any litigation or U.S. Patent and Trademark Office or other proceeding or to otherwise protect and maintain the interests of BounceU in the Proprietary Marks.

F. Franchisee's Use Non-Exclusive. The right and license of the Proprietary Marks granted under this Agreement to Franchisee is non-exclusive, and BounceU and any of its affiliates or subsidiaries may (A) itself use the Proprietary Marks in company-owned BounceU Units or non-franchised Units, and grant licenses and franchises to others to use the Proprietary Marks, (B) establish, develop, and license or franchise other systems, different from the System licensed pursuant to this Agreement, without offering or providing Franchisee any rights in, to, or under such other System, (C) sell such products and services authorized for the Franchised BounceU Facility under a name or names dissimilar to the Proprietary Marks, without offering or providing Franchisee any rights in, to, or under such other arrangements or agreements, and (D) modify or change, in whole or in part, any aspect of the Proprietary Marks.

G. Goodwill Solely Belongs to BounceU. Franchisee agrees that all goodwill associated with the Franchised BounceU Facility and identified or associated with the Proprietary Marks shall inure directly and exclusively to the benefit of BounceU and its affiliates and subsidiaries and is the sole and exclusive property of BounceU and its affiliates and subsidiaries. Franchisee shall derive no benefit from such goodwill except through profit received from the operation or possible permitted sale of the Franchised BounceU Facility during the Term.

H. Modification of the Proprietary Marks. If it becomes advisable at any time in BounceU's sole and absolute discretion to modify or discontinue the use of any of the Proprietary Marks and/or to use one or more additional or substitute trade or service marks, Franchisee, at its sole expense, shall adopt, use and display only such Proprietary Marks as are then approved by BounceU and shall promptly discontinue use and display of the outmoded or superseded marks.

7. BOUNCEU CONFIDENTIAL OPERATIONS MANUALS AND OTHER CONFIDENTIAL INFORMATION

A. Confidentiality of Manuals.

(1) Treat Confidential. Franchisee shall at all times treat the BounceU Confidential Operations Manuals and any other trade secrets and confidential or proprietary information concerning the System or this Agreement as confidential, and shall use its best efforts to maintain such information as confidential. The BounceU Confidential Operations Manuals shall, at all times: (1) be protected by passwords that only individuals bound by the confidentiality obligations of this Agreement and/or Non-Disclosure Agreement; or (2) if we loan you a copy of our Confidential Operations Manuals, be secured under lock and key accessible only to individuals bound by the confidentiality obligations of this Agreement and/or Non-Disclosure Agreement. Franchisee shall strictly limit access to the BounceU Confidential Operations Manuals to the Manager(s) to the extent they have a "need to know" in order to perform their jobs. Franchisee shall not at any time copy, record or otherwise reproduce any of the BounceU Confidential Operations Manuals, in whole or in part, nor otherwise make the same available to any unauthorized person except as may be required by law, regulation or court order or specifically directed by the BounceU Confidential Operations Manuals. Franchisee shall report the theft, loss or destruction of the BounceU Confidential Operations Manuals, or any portion thereof immediately to BounceU.

(2) Nondisclosure and Noninterference Agreement. All current and future Managers, principals, officers, directors, shareholders, partners, members, owners and agents of Franchisee and their respective spouses and managerial employees involved in any manner with the Franchised BounceU Facility and having access to the BounceU Confidential Operations Manuals shall be required to sign, prior to BounceU Management Training or upon employment, a Nondisclosure and Noninterference Agreement in the form attached hereto as Exhibit 3.

B. BounceU Confidential Operations Manuals are Sole Property of BounceU. The BounceU Confidential Operations Manuals and other Confidential Information developed for or approved for use in the operation of the Franchised BounceU Facility shall at all times be deemed and remain the sole property of BounceU. Franchisee shall acquire no right, title or interest thereto under this Agreement except to possess and use such BounceU Confidential Operations Manuals or other Confidential Information during the Term of, and subject to the restrictions contained in, this Agreement.

C. Periodic Revisions of BounceU Confidential Operations Manuals. BounceU may (but shall not be obligated to), from time to time, revise and change the contents of the BounceU Confidential Operations Manuals and Franchisee expressly agrees to comply with each new or changed provision. Revisions to the BounceU Confidential Operations Manuals shall be based on what BounceU, in its sole and absolute discretion, deems is in the best interests of BounceU, its franchisees and company-owned or non-franchised BounceU Units, including but not limited to, to promote quality, enhance goodwill, increase efficiency, decrease administrative burdens or improve the profitability of BounceU or its franchisees. Such revisions or changes may but need not be imposed uniformly upon all BounceU Units and then only to the extent reasonably feasible. Franchisee agrees that such revisions or changes may be material in that they may have a material effect on the operations of the franchised BounceU Facility.

8. ADVERTISING. Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of BounceU, the parties agree as follows:

A. Grand Opening Advertising. Franchisee must spend a minimum of Five Thousand Dollars ($5,000) on grand opening advertising. This amount is in addition to and not in lieu of the annual minimum advertising expenditure by Franchisee for local advertising. Franchisee shall be required to submit receipts and/or other adequate proof of Franchisee's advertising expenditures. Franchisee must submit to BounceU Franchisee's grand opening advertising materials for approval in accordance with Section 8.B hereof.

B. Local Advertising.

(1) Minimum Expenditure. Franchisee shall spend, at a minimum, the greater of Twelve Thousand Dollars ($12,000) and two percent (2%) of Gross Revenues each year with third party suppliers of local advertising, including, without limitation, direct mail, search engine optimization, social media development, promotions and online listing services. Franchisee shall submit to BounceU receipts and/or other adequate proof of Franchisee's advertising and sales promotion expenditures.

(2) Marketing Plan. You will develop, on an annual basis, a marketing plan for your BounceU Facility and your Protected Territory (as defined in Item 12). You must comply with all requirements regarding the marketing plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, participation in and use of approved online and social media networks and tools, and compliance with all promotional recommendations and guidelines. After opening your BounceU Facility, in addition to your Brand Fund contribution, you must spend for advertising and marketing in your market area ("**Local Store Marketing**") the amount specified by us in your Franchise Agreement, which we may modify from time to time as specified above.

(3) Approval of Marketing/Promotional Materials. Franchisee shall submit to BounceU for BounceU's approval, all designs, signs, promotional materials and advertising including the form, color, number, location and size which bear any of the Proprietary Marks, unless it has been approved on a prior occasion (and that approval has not been revoked) or it consists solely of materials provided by BounceU. Franchisee shall be solely responsible for complying with all federal, state and local laws and regulations relating to advertising. Notwithstanding any prior approval, BounceU may require Franchisee to withdraw and/or discontinue the use of any promotional materials or advertising and Franchisee shall be bound by such requirement. You may not develop, maintain, or authorize any website or other online presence that mentions or describes us, you or the BounceU Facility or displays any of the Marks without our express written consent.

(4) Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

(5) Franchisor may, in a manner consistent with Section 9.E of the Franchise Agreement, audit your BounceU Facility if we believe, in our sole discretion, that you have not expended the required minimum amount of money on Local Advertising. If our audit reveals that you are not contributing the requisite amount, you must repay us the costs and expenses incurred in auditing your BounceU Facility. In addition, if you fail to expend on an annual basis, the required amount, then you must contribute to the Brand Fund any amounts that you should have expended to reach the local advertising requirement within 30 days after completion of our audit of your BounceU Facility.

C. Brand Fund.

(1) Use of Brand Fund. Franchisee agrees that the Brand Fund Contributions will be deposited into a fund, maintained and operated by BounceU, used to meet the costs of maintaining, administrating, directing, and conducting advertising and promotional activities on a regional or national scale, including but not limited: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and promotional materials; (2) creative development, preparation, production and placement of video, audio, and written materials and electronic media; (3) media placement and buying, including all associated expenses and fees; (4) administering regional and multi-regional marketing and advertising programs; (5) market research and customer satisfaction surveys, including the use of secret shoppers; (6) the development and production of premium items, giveaways, promotions, contests, public relation events, and charitable or nonprofit events; (7) creative development of new program offerings for BounceU Units; (8) creative development of signage, posters, and individual BounceU Facility décor items including wall graphics; (9) recognition and awards events and programs; (10) system recognition events, including periodic national and regional conventions and meetings; (11) website, extranet and/or intranet development and maintenance; (12) development, implementation, and maintenance of an electronic commerce website and reservation system and/or related strategies; (13) retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and (14) social media platform development and management; (15) public relations and community involvement activities and programs; (16) paying for the expenses of the Advisory Committee (defined in Section 11.A) program; (17) development for franchisees; and (18) other purposes deemed beneficial to the BounceU's System by BounceU (the "**Brand Fund**"). All advertising and promotional materials developed by the Brand Fund will be made available to you through an Approved Supplier. We will not use the Brand Fund for the direct solicitation of franchisees, however advertising and promotional materials may state that information regarding owning a BounceU Franchise is available through our website or toll-free telephone number. The Brand Fund shall not be used for the purpose of selling additional BounceU franchises. While the Brand Fund Contributions will not be used to sell additional franchises, the materials that are produced and advertisements placed using such contributions may contain language indicating franchises are available and contact information for inquiries about purchasing a franchise.

(2) BounceU will account for the Brand Fund separately from its other funds; however, BounceU will not be required to segregate any Brand Fund monies from its other monies. BounceU will not use the Brand Fund monies for any of its general operating expenses. BounceU and its affiliates may be reimbursed by the Brand Fund for administrative expenses directly related to the Brand Fund's marketing programs, including without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Brand Fund. BounceU may use the Brand Fund to pay the administrative costs of the Brand Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Brand Fund, and BounceU may use the Brand Fund to pay the reasonable salaries and benefits of personnel (including its personnel and its affiliates' personnel) who manage and administer the Brand Fund. BounceU may use the Brand Fund to pay for other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that BounceU incur in activities reasonably related to administering or directing the Brand Fund and its programs.

(3) The Brand Fund will not be BounceU's asset. Although the Brand Fund is not a trust, BounceU will hold all Brand Fund contributions for the benefit of the System, and use contributions only for the purposes described in the Franchise Agreement. BounceU will not have any fiduciary obligation to Franchisee for administering the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from BounceU or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. BounceU will use all interest earned on Brand Fund contributions to pay for the administrative costs of the Brand Fund before using the Brand Fund's other assets.

(4) BounceU will prepare an annual, unaudited statement of the Brand Fund's collections and expenses within 90 days after its fiscal year end, which is available for Franchisee's review upon written request. BounceU may have the Brand Fund audited annually, at the Brand Fund's expense, by an independent certified public accountant. BounceU may incorporate the Brand Fund or operate it through a separate entity whenever BounceU deems appropriate.

(5) BounceU intends to use the Brand Fund to maximize and enhance public, franchisee, and employee recognition of the System and the Marks. Although BounceU may use the Brand Fund, or portions of the monies in the Brand Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and BounceU may try to engage in brand enhancement activities that will benefit all BounceU Units, BounceU cannot and do not ensure that Brand Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Brand Fund contributions by BounceU Units operating in that geographic area. BounceU does not guarantee or assure that Franchisee, the BounceU Facility or any BounceU Facility will benefit directly or in proportion to Franchisee's Brand Fund contribution from the brand enhancement activities of the Brand Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

(6) BounceU may use collection agents and institute legal proceedings to collect Brand Fund contributions at the Brand Fund's expense. BounceU also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. BounceU assume no direct or indirect liability or obligation to Franchisee for collecting amounts due to the Brand Fund.

(7) BounceU may at any time defer or reduce contributions of a BounceU franchisee to the Brand Fund and, upon 30 days' prior written notice to Franchisee, reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, subsequently reinstate) the Brand Fund. If BounceU terminates the Brand Fund, BounceU will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to its franchisees, and to BounceU and its affiliates, in proportion to their, and its, respective Brand Fund contributions during the preceding 12 month period.

(8) Use of Interest. All interest earned on monies contributed to the Brand Fund will be used to pay costs of the Brand Fund.

D. Advertising Cooperative. BounceU may, in its sole and absolute discretion, designate any geographic area or certain BounceU Units to form an advertising cooperative (each an "Advertising Cooperative"). If BounceU designates that a franchised BOUNCE Facility be included in the Advertising Cooperative or designates a geographic area that includes the Protected Territory, then Franchisee shall be required to participate in the Advertising Cooperative. BounceU shall retain the right to change, dissolve or merge the Advertising Cooperative with or into another Advertising Cooperative. BounceU and Franchisee agree that the following provisions shall apply to each Advertising Cooperative: (1) The Advertising Cooperative shall operate from written governing documents prepared by the members of the Advertising Cooperative and approved by BounceU; (2) The Advertising Cooperative shall be administered by franchisees who are members of such Advertising Cooperative and who are duly elected (the "Cooperative Officers") by all the franchisees who are members of such Advertising Cooperative; (3) No promotional or advertising plans may be used by an Advertising Cooperative without BounceU's prior, written approval and all plans must be submitted to BounceU in accordance with Section 8.B(2); (4) Each Advertising Cooperative shall have the right to require its members to make contributions to the Advertising Cooperative in an amount determined by the Cooperative Officers and approved by a majority of the members of such Advertising Cooperative; and (v) Each Advertising Cooperative must prepare annual financial statements that are made available for review by BounceU and all of the members of such Advertising Cooperative.

E. National Promotional Campaigns. We organize and schedule national promotions that we identify on our BounceU National Marketing Calendar ("National Promotions"). National Promotions may include, but are not limited to, charity events, price promotion (limited time deals and offers), national coupons or offers, business segment drivers (Open Bounce, Camps, etc.). You must participate in all National Promotions. Participation will require you, at a minimum, to display/utilize related marketing materials at your BounceU Facility, advertising the National Promotions with Eblasts, promoting all National Promotions on local website(s) and through approved social media platforms.

F. Social Media. We may require you to participate in company marketing initiatives including utilization of certain social media platforms including but not limited to Facebook, Twitter, Pinterest and participation in campaigns related thereto. You must actively maintain and update all social media platforms in a manner consistent with our brand attributes and current marketing and promotional efforts. Your use (as well as the use of your employees in conjunction with their employment or involving the marks or Units) of any social media platforms must be consistent with our guidelines for use of social media that we will provide you and amend from time to time. You must get our written approval to use any social media platform other than the social medial platforms that we set up for you prior to the opening of your BounceU Facility. You must also insure that your employees are aware of our social media policies and that they agree, in writing, to comply with such policies. Any failure by your employees to comply with our social media policies shall be a default of your obligations under this Franchise Agreement.

9. ACCOUNTING AND RECORDS

A. BounceU's Use of Books and Records. Franchisee shall establish and maintain at its own expense during the Term, a bookkeeping, accounting and record keeping system as prescribed by BounceU from time to time. Such system will be kept solely for the Franchised BounceU Facility and shall be segregated from all other information not concerning the Franchised BounceU Facility. Such books, records and accounts should be in accordance with generally accepted accounting principles consistently applied and federal tax requirements and in the form and manner prescribed by BounceU from time to time in the BounceU Confidential Operations Manuals or otherwise in writing. BounceU shall have access to and may use the information contained in Franchisee's books, records and accounts for any purpose BounceU deems appropriate, including, but not limited to, disseminating such information to BounceU's creditors and potential franchisees; provided, no social security number, birth date or home address shall be disclosed without Franchisee's prior written consent, unless required or permitted by law.

B. Quarterly Reports. Franchisee shall permit BounceU to automatically gather from Franchisee's point of sale Virtual Manager system or submit quarterly, by the fifteenth (15th) of each February, May, August and November of the Term, in the form and manner prescribed by BounceU, a quarterly profit and loss statement, for the immediately previous consecutive three (3) calendar month quarter, which may be unaudited for the Franchised BounceU Facility.

C. Annual Report. Franchisee shall permit BounceU to automatically gather from Franchisee's point of sale Virtual Manager system or submit, within sixty (60) days of end of the fiscal year of Franchisee, an annual balance sheet, income statement, and funds flow statement for Franchisee. Each annual statement shall be accompanied by a copy of Franchisee's tax returns for such fiscal year, and shall be signed by Franchisee's chief executive officer attesting that the financial statements are true and correct and fairly present the financial position of Franchisee as at and for the times indicated.

D. Additional Reports. Franchisee shall also submit to BounceU, for review and audit, such other forms and other periodic reports, information and data as BounceU may designate or request, from time to time, in the form, in the manner and at the times required by BounceU.

E. Review and Audit by BounceU

(1) Review and Audit. BounceU and its representatives shall have the right, at all reasonable times, to examine and copy, at BounceU's expense, the books, records, accounts and tax returns and all cash control devices and systems of the Franchised BounceU Facility, Franchisee and of any person, corporation or other business association having any ownership interest in the Franchised BounceU Facility. Franchisee shall fully cooperate with BounceU and its representatives or agents in conducting such examinations or audits and, upon BounceU's request, Franchisee shall submit a written response to any issues raised in connection with said examinations or audits. BounceU shall have the right, at any time, to have an independent audit made of the books and records of the Franchised BounceU Facility or Franchisee.

(2) Payment for Review and Audit. If an inspection should reveal that any financial information reported to BounceU (such as Gross Revenues, or payments owed to BounceU) has been misrepresented in any report to BounceU, then, to the extent any amounts owed to BounceU were understated, Franchisee shall immediately pay to BounceU the amount understated in addition to interest at the maximum rate permitted by law commencing from the time the required payment was due. If any inspection discloses a misrepresentation of any reported amount of any type, in any report, of two percent (2%) or more of Gross Revenues or amount owed to BounceU for the period of such report, Franchisee shall, in addition to paying any additional fees and applicable late payments, reimburse BounceU for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wages for personnel of BounceU and accounting and attorneys' fees). If the audit discloses an overpayment of the Royalty Fee and/or Brand Fund Contributions, BounceU will promptly pay to Franchisee the amount of such overpayment or offset such overpayment against any amounts owed to BounceU. The foregoing remedies shall be in addition to any other remedies which BounceU may have hereunder or under applicable law.

F. Virtual Manager.

(1) You must purchase from us and install our Virtual Manager System (the "**VM**") which is a fully integrated, web-based scheduling, reservation, and point of sale system that allows for on-line scheduling, reservations and marketing database storage and includes data processing equipment, computer hardware, and required dedicated telephone and power lines, 24-hour telephone navigation system with voice messaging capabilities from an Approved Supplier; high speed Internet and/or communications connections, modems, printers and other computer-related accessory or peripheral equipment as we specify in the Confidential Operations Manuals or otherwise. You must install, maintain and use computer software programs, as designated by us to maintain data and business records for the BounceU Facility. All of the foregoing must be able to provide that information to us, in that format/medium, as we reasonably may specify from time to time. You must provide all assistance required by us to bring the VM on-line with the computer system or Website, intranet or extranet designated by us and maintained by us or our affiliates. You agree that we have the free and unfettered right to retrieve any data and information from your VM system as we, in our sole discretion, deem appropriate, including electronically polling the sales and other data of the BounceU Facility. The VM is included in the Start Up Package and is owned by us. You must maintain and use a BounceU Facility email address that we assign to you.

(2) You acknowledge that computer systems are designed to accommodate a finite amount of data and operate with certain performance parameters, and that, as these limits are reached, or as technology or software is developed in the future, we may, in our sole discretion, mandate that you (at your expense): (1) add memory, accessories or peripheral equipment or additional, new or substitute software to the original computer purchased by you; and (2) replace or upgrade the computer with a larger system capable of assuming and discharging the computer-related tasks and functions specified by us. You acknowledge that computer designs and functions change periodically and that we may desire to make substantial modifications to our computer specifications or to require installation of entirely different systems during the term of this Agreement. Within 60 days after you receive notice from us, you agree to obtain and install the new or updated computer components that we designate. If we install these components for you, you must pay our then-current installation fees and any travel, living and other expenses incurred by our personnel.

(3) You agree that we or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We and our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the term of this Agreement.

(4) You must obtain a monthly maintenance service contract with our approved vendor and use and maintain the VM according to our System Standards, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the VM; (2) the manner in which your VM interfaces with our and any third party's computer system; and (3) any and all consequences if the VM is not properly operated, maintained, and upgraded. You may not install any software (including, but not limited to, virus and spam filters and firewalls) other than authorized upgrades, or make any hardware modifications to the VM without our express written consent.

(5) To ensure full operational efficiency and communication capability between our computers and your computer, you agree, at your expense, to keep your computer in good maintenance and repair and to make additions, changes, modifications, substitutions and replacements to your computer hardware, software, telephone and power lines and other computer-related Units as directed by us, and on the dates and within the times specified by us in our sole discretion. Upon termination or expiration of this Agreement, all computer software, disks, tapes and other magnetic storage media must be returned to us in good operating condition, excepting normal wear and tear.

G. Help Desk and ASP Support. We may offer a limited help desk to support you with your computer at no additional cost for the first 90 days after the date your computer is installed at your BounceU Facility. Following this 90-day period, we reserve the right to charge a fee for our help desk support at our then-current hourly rates. Although we cannot estimate the future costs of maintaining or upgrading the computer or required service or support, and although these costs might not be fully amortizable over the remaining term of this Agreement, you agree to incur the costs of maintaining the computer hardware, software, and/or communications capabilities comprising the computer (or additions and modifications) and any required service or support. We or our affiliates may perform repair services for the computer or retain a third-party provider, or an Applications Service Provider ("ASP") to provide some or all of the service and support for the computer for your benefit or the benefit of all BounceU Units, and you may pay a service or ASP hosting fee. We have no obligation to reimburse you for the computer or any other computer system costs that you incur.

10. INSURANCE

A. General Requirements. Franchisee shall procure, no later than the earlier of (A) ten (10) days prior to commencing construction or build out of the Location, or (B) the Opening Date, and shall thereafter maintain in full force and effect during the entire Term, at Franchisee's expense, an insurance policy or policies protecting Franchisee and naming BounceU and BounceU's affiliates and their respective officers and owners (collectively, the "BounceU Insureds") additional named insureds or loss payees, as the case may be, and shall include a waiver of the insurer's right to subrogation against any additional insureds or loss payee. Such insurance shall protect Franchisee and each of the BounceU Insureds against any loss, liability, personal injury, death, property damage or expense whatsoever from fire, lightning, theft, vandalism, malicious mischief and the perils included in the extended coverage endorsement, arising or occurring upon or in connection with Franchisee or the Franchised BounceU Facility. Franchisee shall also obtain and maintain such other insurance applicable to such other special risks, if any, as BounceU may reasonably require for its, the BounceU Insured's and Franchisee's protection, as well as any insurance coverage required by Franchisee's landlord or lender. All insurance policies must be purchased through an agent or broker on our Approved Vendor List and be written by an insurance company that is licensed in the state where you are doing business. We may from time to time increase the minimum required coverage and/or require different or additional insurance coverage (including an additional umbrella liability insurance policy) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. We will provide you written notice of such modifications and you must take prompt action to secure the additional coverage or higher policy limits. All insurance policies must name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration.

B. Types and Amounts of Coverage. Without limiting Section 10.A, all insurance policies provided by Franchisee shall be written by an insurance company satisfactory to BounceU with a Best rating of "A" or better and shall include, without limitation, at a minimum, the following:

(1) comprehensive general liability insurance with limits of the greater of (i) $1,000,000 per occurrence and $2,000,000 aggregate; and (ii) those amounts required by the state or local government in which your BounceU Facility is located;

(2) worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the BounceU Facility is located and operated;

(3) employment benefits liability coverage;

(4) automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least $1,000,000 combined single limit, and $2,000,000 general aggregate limit;

(5) guaranteed or extended cost replacement property insurance (and contingent liability and building ordinance coverage if you or an entity controlled by you own the building in which the BounceU Facility is operated) on building and business personal property including personal property of others;

(6) sexual and physical abuse coverage with limits no less than $50,000 per occurrence; and

(7) business interruption insurance adequate for a six month period including the payments to us of our continuing royalty based on the average your past three operating months. You should verify with your own risk management advisor whether you should purchase any additional insurance coverage.

C. Purchase and Modification. All insurance policies must be purchased through an agent or broker on our Approved Vendor List and be written by an insurance company that is licensed in the state where you are doing business. We may from time to time increase the minimum required coverage and/or require different or additional insurance coverage (including an additional umbrella liability insurance policy) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. We will provide you written notice of such modifications and you must take prompt action to secure the additional coverage or higher policy limits.

D. Additional Named Insureds. All insurance policies must name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration.

E. Minimum Requirements. Franchisee acknowledges and agrees that the foregoing insurance requirements are BounceU's minimum requirements and that it is Franchisee's sole responsibility to maintain adequate insurance coverage at all times during and after the Term. Franchisee should determine, through consultation with its advisor's and insurance carriers if additional insurance is necessary or advisable. Failure of Franchisee to maintain adequate insurance coverage shall not relieve Franchisee of any obligation, liability or contractual responsibility under this Agreement.

F. Primary Coverage. Each insurance policy shall be specifically endorsed to provide that the coverage shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory.

G. Evidence of Insurance. Upon Franchisee's receipt of same, Franchisee shall provide to BounceU certificates of insurance issued by insurance companies approved by BounceU showing compliance with the requirements of this Article 10. At least 10 days prior to commencing construction of the BounceU Facility or 3 days before taking over ownership of an already open location, and annually thereafter, you must submit to us a copy of your Certificates of Insurance or other evidence that you are maintaining this insurance coverage and paying premiums. These certificates of insurance shall include a statement by the insurer that the policy or policies will not be canceled, subject to non-renewal or materially altered without at least thirty (30) days' prior written notice to BounceU. Copies of all insurance policies shall be submitted promptly to BounceU together with proof of payment. Franchisee shall send to BounceU current certificates of insurance and copies of all insurance policies on an annual basis.

H. BounceU's Right to Participate in Claims Procedure. BounceU, or its insurer, shall have the right to participate in discussions with Franchisee's insurance company or any claimant (in conjunction with Franchisee's insurance company) regarding any claim which BounceU determines may have an adverse effect on BounceU or the System and Franchisee agrees to adopt BounceU's reasonable recommendations to Franchisee's insurance carrier regarding the settlement of any such claims.

I. Franchisee's Failure to Maintain Insurance. Should Franchisee for any reason, fail to procure or maintain the insurance required by this Agreement, BounceU shall have the right and authority (without any obligation) to immediately procure such insurance and to charge the cost of such insurance to Franchisee, plus interest at the maximum rate permitted by law, which charges, together with reimbursement for all BounceU's expenses in so acting, shall be payable by Franchisee immediately upon BounceU's demand or at BounceU's discretion, withdrawn from Franchisee's operating account.

Franchisor May Obtain Insurance on Your Behalf. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may obtain such insurance for you and the BounceU Facility, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

11. ADVISORY COMMITTEES

A. BounceU's Right to Create Advisory Committees. BounceU reserves the right to create at any time, if and when BounceU deems appropriate, a franchise advisory committee (the "Advisory Committee") or such successor association as may be sanctioned by BounceU to serve as an Advisory Committee to BounceU with respect to the proposed use of Brand Fund Contributions and the Brand Fund, suggestions for new services and products and general operations of the BounceU Units. BounceU will seek but is not required to follow the advice and counsel of the Advisory Committee. The Advisory Committee's sub-committees and their functions, if any, and membership thereon will be subject to BounceU's prior written approval, in its sole and absolute discretion. BounceU may disband the Advisory Committee at any time in its sole and absolute discretion.

B. Membership on the Advisory Committee. The Advisory Committee will be made up of BounceU representatives and representatives of one or more of BounceU's franchisees (the exact composition of the Advisory Committee to be determined by BounceU in its sole and absolute discretion). Whether or not the Advisory Committee is formed, how it is established and how it shall conduct its business will be determined by BounceU in its sole and absolute discretion. BounceU will not be required to follow the advice of the Advisory Committee and BounceU can terminate the Advisory Committee at any time. Any expenses of establishing, maintaining or terminating the Advisory Committee will be paid for by Brand Fund Contributions out of the Brand Fund.

C. Other Committees. BounceU reserves the right to create at any time, if and when BounceU deems appropriate, a committee or committees to advise BounceU with respect to various areas of the System, marketing or strategic planning, to discuss suggestions for new services and products or the general operations of the BounceU Units. BounceU may seek the advice of such committees, but is not required to follow the advice of any such committee. BounceU may terminate any such committee created at any time in its sole and absolute discretion. The expenses of establishing, maintaining or terminating any of these committees shall be paid by BounceU and/or Franchisee and the other franchisees of BounceU.

12. TRANSFER OF INTEREST

A. Transfer by BounceU. Notwithstanding anything to the contrary contained in this Agreement, BounceU shall have the absolute right to assign or delegate all or any part of its rights or obligations pursuant to this Agreement to any person without the consent of Franchisee. Upon the assignment and delegation by BounceU of its rights and obligations under this Agreement and delivery of written notice to Franchisee of such assignment and delegation, BounceU shall be released from all obligations and liabilities pursuant to this Agreement except for any liabilities from which BounceU may not be released under applicable law.

B. Transfer by Franchisee. Franchisee understands and agrees that the rights and duties set forth in this Agreement are personal to Franchisee and that BounceU has granted this franchise in reliance on Franchisee's business skill, attitude, aptitude and financial capacity. Therefore, Franchisee shall not, without BounceU's prior written consent, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage, restrict or otherwise encumber (each, a "Transfer") any interest in nor offer, permit or suffer the Transfer of (A) any interest in this Agreement, (B) any interest in the Franchised BounceU Facility, or (C) any ownership interest in Franchisee. Any purported Transfer without BounceU's prior written consent shall be null and void and shall constitute a default by Franchisee and shall constitute cause for immediate termination of the Term without prior notice or opportunity to cure.

C. Conditions for BounceU's Approval for Transfer. Franchisee must advise BounceU in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, a copy of all contracts and all other agreements or proposals, and all other information requested by BounceU, relating to the proposed Transfer. Along with that required information, Franchisee must pay to BounceU a deposit towards the transfer fee described in Section 12.C(11) in the amount of $3,000 ("Transfer Deposit") before the proposed Transferee arrives for the Training Program to cover BounceU's costs to begin to review the transfer documentation. The Transfer Deposit is non-refundable, however, if the proposed transfer transaction does not close and the prospective transferee has not attended any portion of our training program, then BounceU shall apply the Transfer Deposit against the transfer fee for any subsequent transfer that Franchisee may close within the 12-month period following Franchisee's initial transfer application. BounceU may condition its approval of any proposed Transfer described in Section 12.B upon satisfaction of each of the following requirements:

(1) BounceU Does Not Exercise Right of First Refusal. BounceU does not exercise its right of first refusal pursuant to Section 12.G;

(2) Franchisee's Accrued Monetary and other Obligations Satisfied. All of Franchisee's accrued monetary and other obligations to BounceU and each of BounceU's subsidiaries and affiliates shall have been satisfied. BounceU may conduct an investigation and audit pursuant to Section 9.E to determine the extent of accrued obligations;

(3) Execution of General Release. Franchisee shall have executed a general release, in a form prescribed by BounceU, releasing BounceU and its subsidiaries and affiliates, and their respective officers, directors, owners, agents, attorneys and employees of all claims except for claims which cannot legally be released under applicable law;

(4) All Defaults Cured. All existing defaults and breaches under this Agreement shall have been cured within the period permitted for cure;

(5) Proposed Transferee Meets BounceU's Current Criteria. The proposed transferee has (1) met BounceU's then current criteria, if any, applicable for new franchisees, (2) demonstrated to BounceU's satisfaction that the proposed transferee meets BounceU's educational, managerial and business standards, possesses a good moral character, business reputation and credit rating; and has the aptitude and ability to operate and to own or control the Franchised BounceU Facility (as may be evidenced by prior related business experience or otherwise), and (3) successfully completed to BounceU's satisfaction the then current BounceU Management Training;

(6) Proposed Transferee Completes Application Procedure. The proposed transferee has satisfactorily completed the then current new franchisee application procedure and otherwise meets all qualification standards for new franchisees;

(7) Renovation of Franchised BounceU Facility. The proposed transferee shall, within the time period specified by BounceU, renovate, update, and implement new programs at its sole expense, to conform to the operating and/or design concepts then required by BounceU;

(8) BounceU's Satisfaction with Proposed Terms of Sale. BounceU must be reasonably satisfied that the proposed terms of the Transfer or other factors involved in the Transfer do not materially reduce the potential ability of the proposed transferee to effectively assume and carry out its obligations to BounceU;

(9) Execution of Then Current Franchise Agreement. The transferee shall have executed the then current BounceU Franchise Agreement (and such other than current ancillary agreements as BounceU may request, all of which agreements may materially differ from the terms of this Agreement and its ancillary agreements, including without limitation, a higher Royalty Fee and/or Brand Fund Contributions), and which shall, grant the transferee a new term as defined in such then current BounceU Franchise Agreement;

(10) Execution of Guaranty. The proposed transferee or all the proposed transferee's individual owners shall have signed personal guaranties of all agreements and documents referenced in Subsection 12.C(9); and

(11) Payment of Transfer Fee. Franchisee or the proposed transferee must pay to BounceU the balance of the nonrefundable transfer fee, to reimburse BounceU for reasonable expenses associated with reviewing the Transfer. The transfer fee will be waived if the proposed transferee: (1) has obtained the BounceU Facility as a result of death or permanent incapacity as provided in Section 12.D is to a Family Member as provided in Section 12.E; or (3) is an Entity formed by you for the convenience of ownership as set forth in Section 16.C.

BounceU's consent to a Transfer shall not constitute a waiver of any claims it may have against Franchisee nor shall it be deemed a waiver of BounceU's right to demand exact compliance with any of the terms of this Agreement by the proposed transferee. Without limitation of the foregoing, no Transfer (even if approved by BounceU), will relieve Franchisee of liability for its conduct prior to the Transfer, including without limitation, conduct in breach of this Agreement.

D. Transfer Upon Death or Incapacity. In the event of the death or permanent incapacity of any individual who owns any ownership interest in Franchisee (or if Franchisee is an individual, the death or permanent incapacity of Franchisee), BounceU shall not unreasonably withhold its consent to a Transfer of all of such person's interest in the Franchisee, the Franchised BounceU Facility or all of such person's interest in this Agreement to one (1) person designated by such individual's executor, administrator, personal representative or guardian; provided, however, that (1) the conditions of Subsections 12.C(2) through 12.C(10) are met, (2) the proposed Transfer is applied for in writing within two (2) months of the date of death or permanent incapacity by the legal representative of such individual, and is effected within six (6) months from the date of such application, and (3) in the case of permanent incapacity, the legal representative shall have furnished to BounceU a certification of a physician designated by BounceU that Franchisee has been or will be unable to operate the Franchised BounceU Facility for a period of six (6) months or longer. If such Transfer to a person acceptable to BounceU has not taken place within the required period, BounceU shall have the option to purchase the interest at fair market value exclusive of intangible assets (such as, but not limited to, goodwill) determined by an independent appraiser designated by BounceU. Such option may be exercised within thirty (30) days after the expiration of the required period by written notice to Franchisee or Franchisee's estate. No Transfer under this Section 12.D shall be subject to the Transfer Fee. Notwithstanding the foregoing, if the Transfer described in the first sentence of this Section is proposed to be to a person who is not a family member meeting the qualifications contained in Section 12.E, the Transfer shall remain subject BounceU's right of first refusal described in Section 12.G.

E. Transfers to Family Members. Franchisee, or if Franchisee is an entity, any individual owning an ownership interest in Franchisee, may Transfer his or her interest in Franchisee to his or her spouse, parent, adult sibling, adult descendant or spouse's adult descendant with BounceU's consent, which shall not be unreasonably withheld; provided, such family member has been substantially involved in the operation of the Franchised BounceU Facility during the preceding six (6) months or has successfully completed BounceU Management Training. No Transfer under this Section 12.E shall be subject to the Transfer Fee.

F. Transfer for Convenience of Ownership. If you are an individual or a partnership and you would like to Transfer this Agreement to a corporation or limited liability company formed exclusively for the convenience of ownership, the requirements of Section 12.C. will apply to such a Transfer; however, you will not be required to pay a transfer fee. BounceU's approval also will be conditioned on the following: (1) the corporation or limited liability company must be newly organized; (2) prior to the Transfer, BounceU must receive a copy of the documents specified in Section 12 and the transferee must comply with the remaining provisions of Section 12; (3) Franchisee must own all voting securities of the corporation or membership interests of the limited liability company or, if Franchisee is owned by more than one individual, each person must have the same proportionate ownership interest in the corporation or the limited liability company as prior to the Transfer; and (4) Franchisee and all owners must agree to remain personally liable under this Agreement as if the Transfer to the corporation or limited liability company did not occur.

G. BounceU's Right of First Refusal

(1) BounceU's Purchase Option. If at any time during the Term, Franchisee desires to sell and receives a bona fide, arms-length written offer from an independent third party (the "**Offeror**") to purchase any ownership interest in Franchisee, Franchisee's interests under this Agreement, or any ownership in the Franchised BounceU Facility (each, an "**Offer**"), BounceU shall have the option to purchase such interests or assets for the same price and on the same terms and conditions set forth in the Offer (expressly excluding any terms and conditions relating to non-cash consideration and any ancillary agreements), less any broker's or other commissions not due as a result of BounceU being the purchaser. Upon receipt of any Offer, Franchisee shall immediately notify BounceU, in writing, of such Offer (each an "**Offer Notice**"), and disclose therein the name and address of the prospective purchaser, the price and terms of the Offer and any other information that BounceU may reasonably request in order to evaluate the Offer, including without limitation, any agreements proposed or executed by Franchisee or the third party.

(2) Time to Exercise Option. BounceU may exercise its option described in Section 12.G(1), if at all, by giving written notice of its election to Franchisee within thirty (30) days after BounceU's receipt of the Offer Notice (the "**Option Period**").

(3) Sale to BounceU. If BounceU elects to exercise its option as provided above, then Franchisee shall sell to BounceU the interests and assets subject to BounceU's option and BounceU shall purchase same from Franchisee, for the price and upon the terms and conditions described in Section 12.G(1).

(4) BounceU Does Not Exercise Option. If BounceU declines or fails to exercise its option, Franchisee shall be free, for a period of sixty (60) days after the Option Period, to sell the interests and assets to the Offeror for the exact price and upon the exact terms and conditions contained in the Offer Notice, subject to full compliance with all terms and conditions of Transfer otherwise required under this Agreement, including those set forth in Section 12.C. If Franchisee does not sell such interests or assets within such period, then any Transfer by Franchisee of such interests or assets shall again be subject to the restrictions set forth herein.

(5) Closing. Unless otherwise agreed by Franchisee and BounceU, the closing of the purchase of the interests or the assets (as the case may be) purchased by BounceU shall be held at such time as BounceU shall determine at BounceU's then principal office or other location designated by BounceU.

H. Ownership and Control of Franchisee. Franchisee represents and warrants that all persons having an ownership interest in Franchisee, directly or through one or more intermediaries, are set forth in Exhibit 4 to this Agreement. No other person has nor shall have any ownership in Franchisee during the Term, unless through a Transfer permitted by this Agreement.

I. Operation of the Franchised BounceU Facility Pending Transfer. Franchisee shall continue to operate the Franchised BounceU Facility in the ordinary course of business in accordance with the BounceU Confidential Operations Manuals and this Agreement throughout the transition period pending Transfer.

13. DEFAULT AND TERMINATION

A. Termination by BounceU Without Notice. Franchisee shall be deemed to be in default of this Agreement and BounceU may, at its sole option, terminate this Agreement and all of Franchisee's rights under this Agreement (and such termination shall be deemed "for cause") without affording Franchisee an opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, if:

(1) Insolvency or Bankruptcy. Franchisee becomes insolvent or makes a general assignment for the benefit of creditors; or proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or a petition in bankruptcy is filed by Franchisee or such a petition if filed against and not opposed by Franchisee; or Franchisee is adjudicated a bankrupt or insolvent; or a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or any such involuntary petition, adjudication, proceeding or appointment is not dismissed within sixty (60) days thereafter;

(2) Outstanding Judgment or Dissolution. A final judgment related to Franchisee remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed), or Franchisee is dissolved, or execution is levied against Franchisee, or suit to foreclose any lien or mortgage against the Franchised BounceU Facility or its equipment is instituted against Franchisee and not dismissed within thirty (30) days, or the real or personal property of the Franchised BounceU Facility must be sold after levy thereupon by any sheriff, marshal or constable;

(3) Material Misrepresentations. Franchisee has made any material misrepresentations or misstatements to BounceU regarding Franchisee, its owners or the Franchised BounceU Facility or otherwise in acquiring its franchise;

(4) Loss of Right to Occupy the BounceU Facility. Franchisee loses the right to occupy the Premises;

(5) Failure to Operate Franchised BounceU Facility. Franchisee ceases to operate the Franchised BounceU Facility for three (3) consecutive days, or when, in BounceU's opinion, the ability of Franchisee to resume an effective operation has been substantially impaired, or Franchisee otherwise abandons the Franchised BounceU Facility at any time, or Franchisee otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised BounceU Facility is located. If such closure is due to natural disasters, remodeling required by BounceU, or other matters beyond Franchisee's reasonable control, Franchisee shall not be deemed to be in default of this Section 13.A(4); provided, Franchisee gives notice of any such closure to BounceU within ten (10) days after the initial occurrence of the event and BounceU acknowledges in writing that such closure is due to one of the foregoing causes; and, provided further, that Franchisee shall re-establish the Franchised BounceU Facility and be fully operational within one hundred twenty (120) days after the initial occurrence of the event or such longer period as BounceU may permit. In the event BounceU does not agree that Franchisee's closure is due to one of the foregoing causes, Franchisee shall resume full operations within three (3) days of notice;

(6) Conviction of Felony or Other Crime. Franchisee or any of its owners, directors, officers or employees is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that BounceU believes is reasonably likely to have an adverse effect upon the Franchised BounceU Facility, the Proprietary Marks, the goodwill associated therewith, or BounceU's interest therein;

(7) Breach of Non-Compete or Confidentiality Obligations. Franchisee or its owners violate any non-competition or non-solicitation provisions referenced in this Agreement or discloses or divulges the contents of the BounceU Confidential Operations Manuals or other Confidential Information provided to Franchisee by BounceU contrary to the terms of this Agreement;

(8) False Books or Records. Franchisee knowingly maintains false books or records, or knowingly submits any false or fraudulent report, statement or document to BounceU;

(9) Improper Use of Marks. Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or BounceU's rights therein;

(10) Default of Another Agreement with Franchisor and/or its Affiliates. Franchisee, its principals, affiliates, members or shareholders are in default of another agreement with Franchisor, its parent, affiliates, successors, or assigns and such default has not been cured within the applicable cure period (if any) or if another agreement between Franchisee its principals, affiliates, members or shareholders and Franchisor, its principals, affiliates, members or shareholders has been terminated for a default of such agreement;

(11) Repetitive Defaults. If Franchisee, after curing a default pursuant to this Agreement, commits the same or substantially similar default again, whether or not cured after notice; or Franchisee is in default under this Agreement, whether or not cured after notice, three (3) or more times in any twelve (12) month period; or

(12) Failure to Maintain Insurance. If Franchisee fails to maintain all insurance policies required by Article 10 of this Agreement and/or allows or communicates an intent to allow any policy of insurance required by this Agreement to expire, lapse, cancel or terminate.

B. Termination by BounceU With Notice. Except as set forth in Section 13.A, Franchisee will have fifteen (15) days after receipt of a written notice of default from BounceU within which to fully cure any default under this Agreement and provide evidence of such cure to BounceU; provided, however, that if the default is of a nature that is not reasonably curable within such fifteen (15) day period, then Franchisee may avoid termination of the Term under this Section 13.B by immediately initiating a remedy to cure such default after receiving written notice of default from BounceU and curing it to BounceU's complete satisfaction within such longer period as BounceU may in its sole and absolute discretion grant, and by promptly providing proof thereof to BounceU. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the fifteen (15) day period or such longer period as applicable law may require (and such termination shall be deemed "with cause"). Franchisee shall be in default under this Agreement for failure to comply with any of the requirements imposed by this Agreement, as it may from time to time be reasonably supplemented by the BounceU Confidential Operations Manuals, and for failure to carry out the terms of this Agreement in good faith. Such defaults include, but are not limited to:

(1) Failure to Pay Amounts Due. Notwithstanding the provisions of preceding Section 13.B, if you default in the payment of any monies owed to us or our affiliates when such monies become due and payable and you fail to pay such monies within five (5) days after receiving written notice of default or immediately if payment has not been made within 30 days of its due date, then this Agreement will terminate effective immediately upon expiration of that time, unless we notify you otherwise in writing.

(2) Failure to Observe Standards. If Franchisee fails to maintain or observe any of the standards, specifications or procedures prescribed by BounceU in this Agreement, the BounceU Confidential Operations Manuals, or otherwise in writing;

(3) Failure to Obtain BounceU's Consent. If Franchisee fails, refuses, or neglects to obtain BounceU's prior written consent as required by this Agreement;

(4) Improper Transfer. If Franchisee or any partner, member, shareholder or other owner of Franchisee (or any successor thereto or personal representative thereof) purports to Transfer or relinquish any rights or obligations under this Agreement or any interest in Franchisee or the Franchised BounceU Facility to any third party without BounceU's prior written consent, contrary to the terms of this Agreement, or commits any violation of Article 12;

(5) **Failure to Comply with Covenants**. If Franchisee fails to comply with any of the covenants or conditions, or fails to obtain executed copies of the covenants required by this Agreement, including, without limitation the covenants contained in Article 15;

(6) **Failure to Permit Inspection or Audit**. If Franchisee refuses to permit BounceU to inspect or audit Franchisee or the Franchised BounceU Facility, or the books and records of Franchisee or the Franchised BounceU Facility in accordance with the terms of this Agreement;

(7) **Disputes of Franchisee Adversely Affecting BounceU**. If Franchisee allows any dispute, disagreement or controversy between or among partners, managers, owners, officers, directors or stockholders of Franchisee which, in BounceU's opinion, adversely affects the operation of Franchisee or the Franchised BounceU Facility;

(8) **Excessive Customer Complaints**. If Franchisee receives an excessive amount of customer complaints with respect to the Franchised BounceU Facility and/or Franchisee and an investigation by BounceU determines these complaints to be warranted;

(9) **Public Danger**. A threat or danger to public health or safety results from the maintenance or operation of the Franchised BounceU Facility;

(10) **Failure to Cure Default**. If Franchisee, upon receiving notice of termination for a default specified under this Agreement, fails to immediately initiate a remedy to cure such default; or

(11) **Failure to Find Mutually Agreeable Site**. If Franchisee does not secure a site for his BounceU Facility within 12 months of the Effective Date of this Agreement.

C. **Notice Required by Law/Nature of Termination.** Notwithstanding anything to the contrary contained in this Article 13, if applicable law or regulation limits BounceU's rights to terminate or requires longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. BounceU shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination of the Term. Any termination pursuant to Section 13.A or 13.B shall be deemed "for cause".

14. OBLIGATIONS UPON TERMINATION

A. **Franchisee's Obligation.** Immediately upon expiration, termination or non-renewal of the Term for any reason, all rights granted to Franchisee shall terminate and:

(1) **Cease Operations**. Franchisee shall immediately cease to operate the Franchised BounceU Facility and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of BounceU or as an authorized independently owned and operated BounceU Facility or in any other way affiliate itself with BounceU;

(2) **Cease Use of BounceU's System and Methods**. Franchisee shall immediately cease using the System and BounceU's methods of operation;

(3) Comply with Restrictive Covenants. Franchisee shall comply with the post-term covenants contained in Article 7 and 15;

(4) Cease Use of BounceU's Proprietary Marks. Franchisee shall immediately cease using the Proprietary Marks or any confusingly similar name, device, mark, service mark, trademark, trade name, slogan or symbol used in connection with the Franchised BounceU Facility or any other BounceU Facility, including any reproduction, counterfeit copy, variation, emulation or colorable imitation thereof which is likely to cause confusion or mistake or deceive the public and take any steps necessary to change the name of any corporation or entity which Franchisee may have formed, or under which Franchisee trades or does business, so that the name will not likely be confused with the Proprietary Marks;

(5) Complete and Effective Transfer. Franchisee shall immediately bring about a complete and effective transfer of the Franchised BounceU Facility's customers and customer lists to BounceU;

(6) Cease Use of Telephone Numbers. Franchisee shall immediately cease and desist from using telephone numbers listed in the Yellow Pages or white pages of the telephone directory under the name BounceU or any other name confusingly similar to any of the Proprietary Marks, and upon BounceU's demand, shall direct the telephone company servicing the Franchised BounceU Facility to transfer any such telephone number registered to Franchisee in connection with the Franchised BounceU Facility to BounceU or to such person as BounceU directs (Franchisee shall execute the Limited Power of Attorney to transfer telephone listings and numbers attached as Exhibit 5);

(7) Cease Use of Printed Materials. Franchisee shall immediately return to BounceU, at Franchisee's expense, all printed material furnished to Franchisee, including, without limitation, all BounceU Confidential Operations Manuals, advertising material, stationery and printed forms and all other matter relating to the operation of the Franchised BounceU Facility and/or bearing the Proprietary Marks which may be in Franchisee's possession or control at the time of such expiration, termination or non-renewal;

(8) Payment of all Sums and Debts Owed. BounceU may retain all fees paid pursuant to this Agreement. In addition, within ten (10) days after the effective date of the termination or expiration of the Term, or such later date as it is determined that amounts are due to BounceU, Franchisee shall pay to BounceU all Royalty Fees, Brand Fund Contributions, amounts owed for products purchased by Franchisee from BounceU, and all other amounts owed to BounceU or its subsidiaries or affiliates which are then unpaid; and

(9) Modify Location. Franchisee shall make such modifications or alterations to the Location (including, without limitation, changing the telephone number and taking down all signs bearing the Proprietary Marks and identifying architectural superstructure) immediately upon termination or expiration of the Term as may be necessary to distinguish the appearance of the Franchised BounceU Facility from that of other BounceU Units, and shall make such specific additional changes thereto as BounceU may request for that purpose including a change of use of the Location. Franchisee agrees to refrain from taking any action to reduce the goodwill of its customers or potential customers toward BounceU, the System or BounceU's franchisees. In the event Franchisee fails or refuses to comply with this provision, BounceU shall have the right, without any claim to the contrary by Franchisee, to enter the Franchised BounceU Facility, the Location, or the office of Franchisee without being guilty of trespass or any other tort, for the purposes of making or causing to be made such modifications or alterations to the Location as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay and reimburse upon BounceU's demand.

B. Execution of Documents. BounceU may, if Franchisee fails or refuses to do so, execute in Franchisee's name and on its behalf, any and all documents necessary to effectuate the obligations of Franchisee under this Article 14 and Franchisee hereby irrevocably appoints BounceU as Franchisee's attorney-in-fact to do so.

C. BounceU's Rights Not Prejudiced. The expiration, termination or non-renewal of the Term shall be without prejudice to BounceU's rights against Franchisee and such expiration, termination or non-renewal shall not relieve Franchisee of any of its obligations to BounceU existing at the time of expiration, termination or non-renewal, nor will it terminate those obligations of Franchisee which by their nature survive the expiration, termination or non-renewal of the Term.

D. Return of Materials. Immediately upon expiration, termination or non-renewal of the Term for any reason, Franchisee shall turn over to BounceU all materials, including the BounceU Confidential Operations Manuals, records, files, instructions, correspondence, all materials related to operating the Franchised BounceU Facility, including, but not limited to, brochures, agreements, disclosure statements, and any and all other materials relating to the operation of the Franchised BounceU Facility in Franchisee's possession or control, and all copies and any other forms of reproductions thereof (all of which are acknowledged to be BounceU's sole and exclusive property) and shall not retain any copy or record of any of the foregoing, excepting only Franchisee's copy of this Agreement and related agreements and of correspondence between the parties, and copies of any other documents which Franchisee reasonably needs for compliance with any provision of law. BounceU shall reimburse Franchisee for the reasonable cost of shipping the foregoing materials to BounceU promptly after receipt of receipts or other reasonable evidence of such costs.

E. BounceU's Purchase Rights. Upon expiration, termination or non-renewal of the Term for any reason, BounceU shall have the right (but not the obligation) to purchase any items bearing the Proprietary Marks, such as any or all signs, advertising material, supplies, inventory, equipment, furnishings or other items at a price equal to the lesser of Franchisee's cost as determined by reference to Franchisee's books and records, or fair market value as determined by the agreement of the parties, or lacking such agreement, by an independent appraiser designated by BounceU, by written notice of such intent within thirty (30) days after the termination or expiration of the Term. If BounceU elects to exercise any option to purchase provided in this Agreement, it shall have the right to set off all amounts due from Franchisee under this Agreement.

15. INDEPENDENT COVENANTS OF FRANCHISEE

A. Devotion to Operation of the Franchised BounceU Facility. Franchisee covenants that during the Term, Franchisee or its Manager shall devote his or her full time, energy and best efforts to the management and operation of the Franchised BounceU Facility.

B. Confidentiality

(1) Confidential Information. Franchisee acknowledges that BounceU shall disclose or make known to Franchisee, and Franchisee shall be given access to and become acquainted with, certain confidential information, confidential materials and trade secrets, including, but not limited to, confidential information regarding processes, methods, techniques, formulas, contracts, projected results, suppliers, supplier lists, pricing, marketing, computer programs, products, skills, performance specifications, technical and other data, designs, schematics, samples, financial information and results and other information and know-how relating to the System or relating to or useful in BounceU's business, the Franchised BounceU Facility or other BounceU Units (collectively, the "**Confidential Information**"). Confidential Information does not include information which (1) becomes generally known to the public other than as a result of a disclosure by Franchisee or its owners, directors, officers, employees, agents, representatives or advisors, or (2) is disclosed to Franchisee on a non-confidential basis from a source other than BounceU or its owners, directors, officers, employees, agents, representatives or advisors; provided, that such source is not known by Franchisee, after reasonable inquiry, to be bound by a confidentiality agreement with, or other obligation of secrecy to, BounceU or a related person. Franchisee acknowledges that any information received from other franchisees or any modifications made by Franchisee to the Confidential Information shall also be deemed Confidential Information which is the property of BounceU. Franchisee further acknowledges that the Confidential Information is considered confidential, proprietary and a trade secret.

(2) Nondisclosure of Confidential Information. In consideration of BounceU's granting Franchisee a franchise and in recognition by Franchisee that the Confidential Information constitutes valuable and unique assets owned by or in the custody of BounceU, Franchisee hereby agrees and covenants that Franchisee shall not use the Confidential Information or any part of the Confidential Information in any manner or for any purpose other than in the performance of Franchisee's obligations pursuant to this Agreement and Franchisee's operation of the Franchised BounceU Facility. Franchisee shall hold all the Confidential Information in the strictest confidence and not use it, reproduce it, distribute it or disclose it to anyone without BounceU's prior written consent or as required by law. Franchisee agrees that the disclosure or use by a partner, shareholder, owner, spouse or member of the immediate family of Franchisee or its owners of the Confidential Information other than in the operation of the Franchised BounceU Facility shall be deemed a breach and default by Franchisee of this Section. Franchisee further acknowledges that it would be an unfair method of competition for Franchisee or such partner, shareholder, owner, spouse or family member to use, duplicate or disclose any of the Confidential Information or knowledge, know-how or expertise received from BounceU for any use other than the operation of the Franchised BounceU Facility in accordance with this Agreement.

C. Diversion of Business, Competition With BounceU and Interference

(1) During and After the Term of this Agreement. Franchisee acknowledges the uniqueness of the System and agrees that BounceU is making the BounceU Confidential Operations Manuals and the Confidential Information available to Franchisee only to operate the Franchised BounceU Facility. Franchisee acknowledges that it would be an unfair method of competition to use or duplicate any of the BounceU Confidential Operations Manuals or Confidential Information received from BounceU for any other use.

(a) **Non-Interference**. Franchisee covenants that during the Term of this Agreement and during Restricted Period thereafter, neither Franchisee nor any person required to execute a Guaranty and Assumption of Obligations Agreement for Franchisee's Obligations ("**Guarantors**"), will, either on their own behalf or on behalf of any other person, directly or indirectly influence or attempt to influence any employee, officer, director, agent, consultant, representative, contractor, supplier, distributor, franchisee, customer or other business contact of BounceU or any of its subsidiaries, affiliates or franchisees, to terminate or modify his, her or its position or relationship with BounceU or any of its subsidiaries, affiliates or franchisees.

(b) **Non-Competition During Term.** Franchisee covenants that during the Term of this Agreement, neither Franchisee nor any Guarantor will, directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee or in any other capacity whatsoever, be connected in any manner with the ownership, management, operation or control of or conduct a business which is (a) not a franchised BounceU Facility or a company-owned BounceU Facility, and (b) engaged in the ownership or operation of any indoor party Units, family entertainment centers, or otherwise engaged in any other business which is similar to any business engaged in by BounceU, its subsidiaries, affiliates or franchisees (a "**Competing Business**") (provided that this restriction shall not apply to a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

(c) **Non-Competition After the Term**. Franchisee covenants that during the Restricted Period following the Term of this Agreement, neither Franchisee nor any Guarantor will, directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee or in any management or operational capacity whatsoever, be connected in any manner with the ownership, management, operation or control of or conduct a business which is (a) not a franchised BounceU Facility or a company-owned BounceU Facility, and (b) engaged in the ownership or operation of any Competing Business, its subsidiaries or affiliates within a twenty-five (25) mile radius of your BounceU Facility or any other BounceU Facility (whether or not franchised) then in operation, under construction or for which a franchise agreement has been executed (provided that this restriction shall not apply to a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

(d) For purposes of this Agreement, the term "**Restricted Period**" shall be two (2) years from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Franchise Agreement expires or is terminated.

(e) **Non-Disturbance**. In addition to and not in limitation of the other provisions of this Article 15, neither Franchisee nor any Guarantor shall in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of BounceU or any of its subsidiaries, affiliates or franchisees.

(2) Reasonableness of Restrictions. Franchisee and each Guarantor acknowledge and confirm that the length of the term and geographical restrictions contained in this Article 15 are fair and reasonable and not the result of overreaching, duress or coercion of any kind. Franchisee acknowledges and confirms that its, its Guarantors' and their principals', full, uninhibited and faithful observance of each of the covenants contained in this Article 15 will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Article 15 will not impair its, its Guarantors' or their principals' ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to them or otherwise to obtain income required for the comfortable support of such persons and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

(3) Enforcement. Franchisee acknowledges that any breach of any provision contained in Article 15 by any Guarantor shall be deemed a breach by Franchisee. Franchisee acknowledges that to disregard the provisions of this Article 15 would effectively foreclose BounceU from selling other franchises and Franchisee could be unjustly enriched and unfairly derive benefit from the goodwill of and training from BounceU. Moreover, BounceU's franchisees and the BounceU Units could be severely disadvantaged if Franchisee competes against them using the Proprietary Marks or other Confidential Information. Therefore, it is the manifest intent of Franchisee and BounceU that, in the event that any court shall finally hold that the time or territory or any other provision stated in this Article 15 constitutes an unreasonable restriction upon Franchisee or any of Franchisee's principals, then such unenforceable covenant shall be amended to relate to such lesser period or geographical area as shall be enforceable or, if deemed appropriate by such court, deemed eliminated from this Agreement for the purpose of those proceedings to the extent necessary to permit the remaining covenants to be enforced. In the event of Franchisee's actual or threatened breach or default of this Article 15, (1) BounceU shall be entitled to an ex parte injunction (without notice to or service of process upon Franchisee) restraining Franchisee from any such actual or threatened breach or default, (2) Franchisee agrees that BounceU's harm shall be irreparable and BounceU has no adequate remedy at law to prevent such harm, and (3) BounceU shall not be required to show any actual damage or to post any bond or other security before obtaining injunctive relief.

(4) Assignment. The provisions of the confidentiality, nondisclosure, noninterference, non-competition, non-solicitation and non-disturbance provisions in this Article 15 are assignable by BounceU and shall inure to the benefit of BounceU, as well as its successors and assigns. In the event of any assignment, sale, merger or change in ownership or structure of BounceU, the resulting entity shall step into the place of BounceU, without any additional consent of or notice to Franchisee, as if the term BounceU were defined in this Agreement to include such entity.

D. Modification of Covenants. Franchisee agrees, understands and acknowledges that BounceU shall have the right, in its sole and absolute discretion, to reduce the scope of any covenants set forth in this Article 15 without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof. Franchisee agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable to the extent permitted by applicable law.

E. Additional Parties. Franchisee shall require its officers, directors, shareholders, owners, members, partners, agents, representatives and managerial employees and each of the Guarantors to execute a Nondisclosure and Noninterference Agreement attached as Exhibit 3 to this Agreement and which contains restrictive language similar to this Article 15.

16. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. Independent Status of Franchisee. This Agreement does not create a fiduciary relationship between BounceU and Franchisee. Franchisee shall be an independent contractor and nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, affiliate or servant of the other party for any purpose whatsoever. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on BounceU's behalf or to incur any debt or other obligation in BounceU's name. Franchisee shall not take nor permit to be taken any action nor give nor permit to be given to any person any impression that Franchisee's authority exceeds that described in this Section 16.A.

B. BounceU has no Control over Franchisee's Employees. Other than as expressly provided to the contrary in this Agreement, BounceU shall have no control over the terms and conditions of employment of Franchisee's employees or of their activities.

C. Public Representation of Franchisee's Independence. During the Term, Franchisee shall in all dealings with customers, distributors, suppliers, public officials and others hold itself out as an independent contractor operating the Franchised BounceU Facility pursuant to a franchise granted from BounceU and as an authorized user of the Proprietary Marks which are licensed from BounceU. Franchisee agrees to take such affirmative action as BounceU deems necessary for Franchisee to comply with such requirement.

D. Indemnification. Franchisee shall defend, indemnify, and hold harmless BounceU and each of its affiliates and subsidiaries and each of their respective officers, directors, shareholders, members, owners, agents, representatives, attorneys, employees, affiliates, successors and assigns from and against any and all claims, counter-claims, suits, debts, demands, costs, liabilities, expenses (including, without limitation, attorneys' fees, expert witness fees, costs and other expenses incurred in the investigation or defense of such matters), setoffs, liens, attachments, judgments, actions and causes of action arising out of, related to or in connection with (A) any breach or default of any of the representations, warranties, or covenants made in this Agreement by Franchisee or any other agreement; (B) any intentional, willful, reckless or negligent acts or omissions by Franchisee or any of Franchisee's agents, representatives, contractors, owners, servants or employees; (C) the operation of the Franchised BounceU Facility or the premises on which it is located; (D) the conduct of business at the Franchised BounceU Facility (whether or not done in compliance with this Agreement); (E) Franchisee's ownership or possession of real or personal property; or (F) the breach by any of Franchisee's officers, directors, shareholders, owners, members, partners, agents, representatives or managerial employees or any of the Guarantors of any provision of the Nondisclosure and Noninterference Agreement. Franchisee's obligation to defend, indemnify, and hold harmless shall in no manner be affected by the existence or non-existence of insurance. BounceU's right to indemnity under this Agreement shall arise notwithstanding that joint or concurrent liability may be imposed on BounceU by statute, ordinance, regulation, or otherwise. Notwithstanding the foregoing, Franchisee shall have no liability for BounceU's or BounceU's directors', officers' or owners' own negligent or intentional wrongful acts.

17. REPRESENTATIONS AND WARRANTIES OF FRANCHISEE

A. Representations of Franchisee. Franchisee hereby makes the following representations and warranties to BounceU, which shall be true and correct upon the execution of this Agreement and throughout the Term:

(1) Due Organization of Franchisee. If Franchisee is a corporation, limited liability company or a general or limited partnership, Franchisee is duly organized, validly existing and in good standing under the laws of its state or jurisdiction of incorporation or organization. Franchisee has the corporate, limited liability company or partnership power to own its properties and conduct its business and is duly qualified to do business in the state in which the Franchised BounceU Facility is or will be located.

(2) Authorization. Franchisee has the power to execute, deliver, and carry out the terms and conditions of this Agreement. Franchisee has taken all necessary action with respect thereto. This Agreement has been duly authorized, executed and delivered by Franchisee and constitutes its valid, legal and binding agreement and obligation in accordance with the terms of this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally from time to time in effect.

(3) No Violation. Performance by Franchisee of its obligations under this Agreement will not result in (1) the breach of or constitute a default under, any term or condition of any contract, agreement, arrangement, or other commitment to which Franchisee is a party or by which it is bound, or constitute an event which, with notice, lapse of time or both, would result in such a breach or event of default nor (2) the violation by Franchisee of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree.

(4) True Copies. Copies of all documents required to be furnished by Franchisee to BounceU will be true and correct copies of such documents, including all amendments or modifications thereto and all written representations made by Franchisee, in any application, financial statement or other document submitted to BounceU, are true and correct and contain no misleading or incorrect statement or material omissions.

18. GENERAL PROVISIONS

A. Amendments. Except as otherwise provided with respect to the BounceU Confidential Operations Manuals, the provisions of this Agreement may not be modified, supplemented or waived orally, but may only be modified by a written document signed by the party as to whom enforcement of any such modification, supplement or waiver is sought and making specific reference to this Agreement. With respect to BounceU, only the President or Vice President of BounceU shall have the authority to execute any amendment on behalf of BounceU. No other officer, employee or agent of BounceU shall have authority to execute any amendment.

B. Binding Effect. All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective administrators, executors, legal representatives, heirs, successors and permitted assigns.

C. Notices. All notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be hand delivered by messenger or courier service, sent via facsimile, or mailed (airmail if international) by registered or certified mail, postage prepaid, return receipt requested, addressed to:

If to BounceU:

BounceU Holdings, LLC
Attn: Legal Department
17767 N. Perimeter Drive, Suite B-117
Scottsdale, AZ 85255
Email: legal@fun-brands.com
Facsimile: (480) 371-1201

If to Franchisee: **As Provided in Exhibit 4 to This Franchise Agreement** or to such other address as any party may designate by notice complying with the terms of this Section. Notices will be effective upon receipt (or first refusal of delivery) and may be: **(1)** delivered personally; **(2)** transmitted by facsimile or electronic mail to the e-mail address(es) or number(s) set forth above with electronic confirmation of receipt; **(3)** mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or **(4)** mailed via overnight courier.

D. Headings. The headings contained in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and shall not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

E. Severability

(1) If any provision of this Agreement or any other agreement entered into pursuant to this Agreement is contrary to, prohibited by or deemed invalid under applicable law or regulation, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder of this Agreement (or those agreements) shall not be invalidated thereby and shall be given full force and effect so far as possible. If any provision of this Agreement may be construed in two or more ways, one of which would render the provision invalid or otherwise voidable or unenforceable and another of which would render the provision valid and enforceable, such provision shall have the meaning which renders it valid and enforceable.

(2) In addition to and without limiting the provisions of the foregoing Subsection 18.E(1), if any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of the Term than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by BounceU is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions of this Agreement. BounceU shall have the right, in its sole and absolute discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement, or any specification, standard or operating procedure prescribed by BounceU, any portion or portions which a Court may hold to be unenforceable in a final decision to which BounceU is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

F. Waivers. The failure or delay of either party at any time to require performance by the other party of any provision of this Agreement, even if known, shall not affect the right of such party to require performance of that provision or to exercise any right, power or remedy hereunder. Any waiver by either party of any breach of any provision of this Agreement should not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right, power or remedy under this Agreement. No notice to or demand on any party in any circumstance shall, of itself, entitle such party to any other or further notice or demand in similar or other circumstances.

G. Enforcement Costs. If any civil action, arbitration or other legal proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, sales and use taxes, court costs and all expenses even if not taxable as court costs (including, without limitation, all such fees, taxes, costs and expenses incident to arbitration, appellate, bankruptcy and post-judgment proceedings), incurred in that civil action, arbitration or legal proceeding, in addition to any other relief to which such party or parties may be entitled. Attorneys' fees shall include, without limitation, paralegal fees, investigative fees, administrative costs, sales and use taxes and all other charges billed by the attorney to the prevailing party.

H. Specific Performance. Franchisee acknowledges that BounceU will be irreparably damaged (and damages at law would be an inadequate remedy) if this Agreement is not specifically enforced. Therefore, in the event of a breach or threatened breach by Franchisee of any provision of this Agreement, then BounceU shall be entitled, in addition to all other rights or remedies, to apply to any court of competent jurisdiction for an injunction restraining such breach, without being required to show any actual damage or to post an injunction bond, and/or to a decree for specific performance of the provisions of this Agreement.

I. Jurisdiction and Venue. Any action or proceeding arising out of or relating to this Agreement and required to be arbitrated pursuant to Section 18.X shall be arbitrated in the State of Arizona, County of Maricopa. For any action or proceeding permitted to be brought in court, Franchisee consents to the jurisdiction of the state and federal courts located in the State of Arizona, County of Maricopa and waives any objection to the laying of venue of any such action or proceeding in such courts. Service of any court paper may be affected by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws, rules of procedure or local rules.

J. Remedies Cumulative. Except as otherwise expressly provided in this Agreement, no remedy in this Agreement conferred upon any party is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy hereunder shall preclude any other or further exercise thereof.

K. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Confirmation of execution by electronic transmission of a facsimile signature page shall be binding upon any party so confirming.

L. Consents, Approvals and Satisfaction. All consents or approvals required of BounceU shall not be binding upon BounceU unless the consent or approval is in writing and signed by the President or Vice President of BounceU or some other officer of BounceU acting pursuant to the express written direction of BounceU's President or Vice President. No other officer, employee or agent of BounceU shall have the authority to execute any consent or approval on behalf of BounceU. BounceU's consent or approval, whenever required, may be withheld if any default by Franchisee exists under this Agreement, or unless this Agreement expressly states otherwise, for any other reason in BounceU's sole and absolute discretion. Anytime the satisfaction of BounceU is required pursuant to this Agreement, unless this Agreement expressly states otherwise, such satisfaction shall be determined in BounceU's sole and absolute discretion.

M. Governing Law. This Agreement and all transactions contemplated by this Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Arizona.

N. Preparation of Agreement. This Agreement shall not be construed more strongly against any party regardless of who is responsible for its preparation.

O. Survival. All covenants, agreements, representations and warranties made in this Agreement or otherwise made in writing by any party pursuant hereto shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

P. Third Parties. Unless expressly stated in this Agreement to the contrary, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties hereto and their respective legal representatives, successors and permitted assigns. Nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.

Q. Right of Performance. In the event that Franchisee shall default in performing any of its obligations under this Agreement, BounceU shall have the right (but not the obligation) to perform Franchisee's obligations and shall be reimbursed by Franchisee for the actual costs of performing Franchisee's obligations plus ten percent (10%) of such actual costs as an administrative fee.

R. Waiver of Warranties. BounceU makes no warranties, express or implied, and no other representations whatsoever other than as expressly set forth in this Agreement. Franchisee warrants and represents to BounceU that Franchisee and all its owners have the full right, ability and authorization to enter into this Agreement, and that no such person is a party to any agreement which might interfere with the performance of this Agreement, and that entering into this Agreement shall not in any way interfere with or constitute a breach or default of any prior existing contracts to which Franchisee or any of its owners is a party. The breach or default of any or all of these warranties shall be cause for immediate termination of the Term by BounceU. Franchisee further agrees to defend, indemnify and hold harmless BounceU, its officers, directors, owners, members, agents and employees from any and all claims, demands, suits, expenses, costs, attorneys' fees, judgments or other charges incurred by BounceU by reason of reliance on these warranties.

S. Waiver of Jury Trial. FOR ANY ACTION NOT REQUIRED TO BE ARBITRATED BY THIS AGREEMENT, THE PARTIES HEREBY MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY. FRANCHISEE ADDITIONALLY AGREES THAT:

(1) IN NO EVENT WILL BounceU BE LIABLE TO FRANCHISEE FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR BOUNCEU'S RELATIONSHIP WITH FRANCHISEE (WHETHER ARISING OUT OF CONTRACT, NEGLIGENCE, STRICT LIABILITY, TORT, OR OTHERWISE).

(2) ANY DISAGREEMENT BETWEEN FRANCHISEE (AND ITS GUARANTORS AND OWNERS) AND BounceU (AND ITS AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND FRANCHISEE (AND ITS GUARANTORS AND OWNERS) WAIVE ANY RIGHT TO PROCEED AGAINST BounceU (AND ITS AFFILIATES, OWNERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

T. Exhibits. Each party shall deliver to the other copies of all relevant agreements, instruments and documents relating to the information on any exhibits to this Agreement upon proper notice, provided such copies are available to or in the possession of such party. Such attachments, however, will not take the place of information otherwise required on such exhibits. Each exhibit to this Agreement is made a part of this Agreement.

U. Acknowledgments of Franchisee

(1) BounceU Reserves Certain Rights. Franchisee acknowledges that BounceU and its subsidiaries and affiliates have certain rights reserved to them to (1) grant licenses and rights to others, which may or may not be similar to the license and rights conveyed under this Agreement, (2) to market BounceU approved products, and (3) to otherwise use BounceU's Proprietary Marks and System as set forth in this Agreement.

(2) Franchisee has had Opportunity to Conduct Due Diligence. Franchisee acknowledges that, prior to the execution of this Agreement, Franchisee has had the opportunity to contact existing Franchisees of BounceU and/or managers and employees of existing company-owned BounceU Units. Franchisee acknowledges that Franchisee also had the opportunity to independently investigate, analyze and construe both the business opportunity being offered hereunder and the terms and provisions of this Agreement itself, utilizing the services of such independent attorneys, accountants, or other advisers as Franchisee so elects.

(3) Receipt of Agreement and Franchise Disclosure Document. The undersigned acknowledges receipt of this Agreement with any amendments and exhibits at least fourteen (14) calendar-days prior to the execution of this Agreement or Franchisee's payment of any monies to BounceU, refundable or otherwise.

(4) ACKNOWLEDGMENTS BY FRANCHISEE.

(a) FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY OR ON BEHALF OF BOUNCEU WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS IN THE DEVELOPMENT OF A FRANCHISE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND THE CONTROL OR INFLUENCE OF BOUNCEU. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE

OR LESS SUCCESSFUL THAN OTHER FRANCHISEES, AND THAT BOUNCEU HAS MADE NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

(b) FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE AND EACH GUARANTOR HAS RECEIVED, READ AND UNDERSTANDS THIS AGREEMENT AND ITS ATTACHMENTS AND EXHIBITS; THAT FRANCHISEE AND EACH GUARANTOR HAS HAD AN OPPORTUNITY TO ASK BOUNCEU ALL QUESTIONS RELATING TO THIS AGREEMENT AND THE SYSTEM AND THAT BOUNCEU HAS ANSWERED ALL SUCH QUESTIONS TO FRANCHISEE'S AND EACH GUARANTOR'S COMPLETE SATISFACTION. FRANCHISEE ACKNOWLEDGES THAT BOTH IT AND ALL GUARANTORS HAVE READ, UNDERSTOOD AND COMPLETED THE QUESTIONNAIRE ATTACHED HERETO AS EXHIBIT 6. FRANCHISEE FURTHER ACKNOWLEDGES THAT FRANCHISEE HAS BEEN ADVISED TO MAKE AN INDEPENDENT INVESTIGATION OF BOUNCEU'S OPERATIONS AND FRANCHISEE HAS BEEN ADVISED TO OBTAIN INDEPENDENT PROFESSIONAL ADVICE REGARDING THIS FRANCHISE.

(c) FRANCHISEE UNDERSTANDS AND AGREES THAT BOUNCEU HAS NO OBLIGATION TO ACCEPT FRANCHISEE AS A FRANCHISEE AND MAY REFUSE TO GRANT A LICENSE TO FRANCHISEE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION.

(d) UNDER APPLICABLE U.S. LAW, INCLUDING, WITHOUT LIMITATION, EXECUTIVE ORDER 1224, SIGNED ON SEPTEMBER 23, 2001 (THE "ORDER"), BOUNCEU IS PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY PERSON ENGAGED IN, OR WITH A PERSON AIDING ANY PERSON ENGAGED IN ACTS OF TERRORISM AS DEFINED IN THE ORDER. FRANCHISEE AGREES THAT FRANCHISEE DOES NOT, AND HEREAFTER WILL NOT, ENGAGE IN ANY TERRORIST ACTIVITY. FRANCHISEE FURTHER AGREES THAT FRANCHISEE IS NOT AFFILIATED WITH AND DOES NOT SUPPORT ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY. AND, FRANCHISEE IS NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO PROVIDE TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FURTHER TERRORIST ACTIVITY.

V. MODIFICATION OF BOUNCEU CONFIDENTIAL OPERATIONS MANUALS. FRANCHISEE RECOGNIZES AND AGREES THAT, FROM TIME TO TIME, BOUNCEU MAY MAKE ADDITIONS, DELETIONS AND CHANGES TO THE BOUNCEU CONFIDENTIAL OPERATIONS MANUALS. FRANCHISEE AGREES TO ACCEPT AND BE BOUND BY ANY SUCH ADDITIONS, DELETIONS AND CHANGES AS IF THEY WERE PART OF THIS AGREEMENT AT THE TIME OF EXECUTION OF THIS AGREEMENT. FRANCHISEE WILL MAKE SUCH EXPENDITURES IN CONNECTION WITH SUCH ADDITIONS, DELETIONS AND CHANGES AS BOUNCEU MAY REQUIRE FROM TIME TO TIME. FRANCHISEE AGREES THAT SUCH REVISIONS MAY BE MATERIAL IN THAT THEY MAY HAVE AN EFFECT ON THE OPERATION OF FRANCHISEE'S BUSINESS.

W. **Entire Agreement.** The terms contained in this Agreement and all exhibits and documents referenced in this Agreement constitute the entire agreement between the parties regarding the subject matter herein and therein, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein; provided however, that nothing in this or any related agreement is intended to disclaim the representations BounceU made in the Franchise Disclosure Document that was furnished to Franchisee.

X. Arbitration. Except for any controversy or claim described in Section 18.H or as otherwise expressly permitted by this Agreement to be brought in court, any controversy or claim arising out of or relating to this Agreement or the breach or violation thereof, shall be finally settled by binding arbitration administered by the American Arbitration Association in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. In addition to the foregoing, the arbitrator shall have the right, in addition to other remedies and damages, to award injunctive relief. The award of the arbitrators shall be final and judgment upon the award may be enforced in any court having jurisdiction thereof pursuant to the Federal Arbitration Act. Any arbitration held under this clause shall be initiated and heard in Maricopa County, Arizona.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

FRANCHISEE:	BOUNCEU HOLDINGS, LLC
By: ____________________________________	By:______________________________________
Name:__________________________________	Title:_____________________________________
Date:___________________________________	Date:_____________________________________

By:____________________________________

Name:__________________________________

Date:___________________________________

By:____________________________________

Name:__________________________________

Date:___________________________________

EXHIBIT 1
FRANCHISE INFORMATION

The Premises (Sections 1.E. and 2.A.) The Premises will be located at: ___________________________

____

____

If the Premises have not been approved in writing by us as of the Effective Date, we will insert the address of the Premises after you execute a lease, or otherwise secure the approved site for the Franchised Business.

2. **The Protected Territory (Section 3.A.)**: If you have not been granted a Protected Territory by us as of the Effective Date, your Protected Territory will be determined by us after you execute a lease, or otherwise secure the location for the Premises, and at such time will be attached to and incorporated into Exhibit 1. Your rights in the Protected Territory are subject to the limitations described in Section 3. Any boundaries contained in the description of the Protected Territory will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries.

3. **The Site Selection Area (Section 5.A. (1)**): If the Premises has not been determined as of the Effective date, we will identify the Site Selection Area on a map attached to this Exhibit 1. Your rights in the Site Selection Area are subject to the limitations described in Section 5. Any boundaries contained in the description of the Site Selection Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries.

4. **The Initial Franchise Fee (Section 7.A.)**: $____

FRANCHISEE

____

By:______________________________________

Title:_____________________________________

Date: _____________________________________

PROTECTED TERRITORY

Your rights in the Protected Territory are subject to the limitations described in Section 3 of the Franchise Agreement. Any boundaries contained in the description of the Protected Territory will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries.

The Protected Territory is depicted in the map above and includes the following zip codes within its boundaries:

BounceU Holdings, LLC

Initials: __________________

SITE SELECTION AREA

Your rights in the Site Selection Area are subject to the limitations described in Section 5. Any boundaries contained in the description of the Site Selection Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries.

[TO BE LEFT BLANK IF THE PREMISES HAVE BEEN DETERMINED AS OF THE EFFECTIVE DATE]

The Site Selection Area is depicted in the map above and includes the following zip codes within its boundaries:

BounceU Holdings, LLC

Initials: _________________

EXHIBIT 2
FORM OF COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE ("Assignment") is entered on ______, 20___ between BounceU Holdings, LLC, ("Franchisor"), and __________________________ ("Franchisee") located at __________________________________, and __________________________ ("Landlord"), located at______________________________.

Subject to the provisions of this Assignment, Franchisee, to secure its obligations to Franchisor to affect various provisions of the Franchise Agreement between Franchisor and Franchisee ("Franchise Agreement"), and for other reasons, hereby assigns, transfers and sets over unto Franchisor [and/or such person(s)/entity(ies) as Franchisor may from time-to-time designate, all of Franchisee's right, title and interest, whether as tenant or otherwise, in, to, and under that certain lease dated _________, ___, ("Lease"), as attached to this Assignment for the Premises located at ____________________, between Franchisee and Landlord, respecting that property commonly known as the BounceU Family Entertainment Center ("BounceU Family Entertainment Center"). Franchisor shall have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease, or otherwise (including, but not limited to, any obligation to pay rent and/or other amounts) until and unless Franchisor, in its reasonable discretion, takes possession of the BounceU Family Entertainment Center pursuant to the terms hereof and expressly (and in writing) assumes the rights and obligations of Franchisee under the Lease, Franchisor only being responsible for those obligations accruing after the date of such assumption.

Franchisor will not take possession of the BounceU Family Entertainment Center until and unless Franchisee defaults, and/or receives notice of default, (and/or until there is a termination, cancellation or rescission of Franchisee's rights) under the Lease, any sublease, any other document or instrument, or otherwise. In such event, Franchisor (or its designee) shall have the right (but not the obligation) to take possession of the BounceU Family Entertainment Center, expel Franchisee from the BounceU Family Entertainment Center, and, in such event, Franchisee shall have no further right, title or interest in or under the Lease or to the BounceU Family Entertainment Center, all such rights thereby passing to Franchisor or its designee, in each case without Landlord's further consent. Franchisee agrees to do all acts necessary or appropriate to accomplish such assignment on Franchisor's request.

Franchisee agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Franchisor. Throughout the term of the Franchise Agreement, Franchisee agrees that it shall elect and exercise all options to extend the term of, or renew or assume in bankruptcy, the Lease not less than 30 days prior to the last day that any option must be exercised, unless Franchisor otherwise agrees in writing. If Franchisee fails to extend, renew, or assume the Lease, Franchisee hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise such options for the sole purpose of effecting any extension, renewal or assumption, in each case for the account of Franchisee and without any liability or obligation of Franchisor.

Franchisor's failure to exercise any remedy hereunder shall not be construed or deemed to be a waiver of any of its rights hereunder. The rights and remedies of Franchisor under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which Franchisor shall have under or by virtue of the Franchise Agreement or otherwise. The terms, covenants, and conditions contained herein shall bind Franchisee, and inure to the benefit of Franchisor, and their respective successors and assigns. In the event of any dispute between the parties regarding this Assignment, or any matter related in any way to it, the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement between Franchisor and Franchisee shall apply. If there is more than one Franchisee, their obligations hereunder will be joint and several.

This document may be recorded by, and at the expense of, Franchisor.

BounceU Holdings, LLC:

Signature: ________________________________

By:______________________________________

Its:______________________________________

Date:____________________________________

FRANCHISEE:__________________________

Signature: ________________________________

By:______________________________________

Its:______________________________________

Date:____________________________________

LANDLORD:____________________________

Signature: ________________________________

By:______________________________________

Its:______________________________________

Date:____________________________________

EXHIBIT 3
GUARANTY AND ASSUMPTION OF OBLIGATIONS AGREEMENT

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ___ day of ______, 20__ by ____________________________ ("Guarantor"). In consideration of, and as an inducement to, the execution of that certain BounceU Franchise Agreement ("Agreement") on this date by BOUNCEU HOLDINGS, LLC ("us," "we," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that ______________________________ ("Franchisee") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a judicial proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned will reimburse us for any of the above-listed costs and expenses we incur.

Each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in a state or federal court of competent jurisdiction in the state or judicial district in which we have our principal place of business at the time the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and judgment orders in the courts of the state or states in which he or she is domiciled.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP IN YOU**
____________________________________ Printed Name: __________________________ Address: ______________________________ ____________________________________ Date: _________________________________	____%
____________________________________ Printed Name: __________________________ Address: ______________________________ ____________________________________ Date: _________________________________	____%
____________________________________ Printed Name: __________________________ Address: ______________________________ ____________________________________ Date: _________________________________	____%
____________________________________ Printed Name: __________________________ Address: ______________________________ ____________________________________ Date: _________________________________	____%

CONSENT OF SPOUSE
(to be signed by spouse of every Guarantor)

The undersigned, ______________ is the spouse of the _____________________ identified in the Continuing Guaranty Agreement, dated as of ____________________, between his or her spouse and BounceU Holdings LLC (the "Continuing Guaranty Agreement"), to which this Consent of Spouse is attached.

The undersigned hereby declares that he/she has read the Performance Guarantee Agreement in its entirety and, being fully convinced of the wisdom and equity of the terms of the Continuing Guaranty Agreement, including each of the documents that are exhibits to or referenced in the Continuing Guaranty Agreement, and in consideration of the premises and of the provisions of the Continuing Guaranty Agreement, the undersigned hereby expresses his or her acceptance of the same and does agree to its provisions.

The undersigned further agrees that in the event of the death of his or her spouse, the provisions of this Continuing Guaranty Agreement, including each of the documents that are exhibits to or referenced in the Continuing Guaranty Agreement, will be binding upon him/her.

The undersigned further agrees that he/she will at any time make, execute and deliver such instruments and documents which may be necessary to carry out the provisions of the Continuing Guaranty Agreement, including each of the documents that are exhibits to or referenced in the Continuing Guaranty Agreement.

This instrument is not a present transfer or release of any rights which the undersigned may have in any of the community property of his or her marriage.

DATED ___________________________

____
(Signature of Spouse)

____
(Print Name of Spouse)

EXHIBIT 4
NONDISCLOSURE AND NONINTERFERENCE AGREEMENT
[TO BE SIGNED BY EACH OF YOUR PRINCIPALS AND EMPLOYEES]

THIS NONDISCLOSURE AND NONINTERFERENCE AGREEMENT ("**Agreement**") is made and given this _____ day of ___________, 20__, by ______________ ("**Recipient**") in favor of BounceU Holdings, LLC, an Arizona limited liability company ("**BounceU**") and each of the BounceU Related Parties (as hereinafter defined).

RECITALS

WHEREAS, ____ ("**Franchisee**") entered into that certain Franchise Agreement (the "**Franchise Agreement**") with BounceU dated ___________________, 20____; and

WHEREAS, Recipient receives benefits from Franchisee as a direct result of BounceU entering into the Franchise Agreement and granting a franchise to Franchisee;

WHEREAS, pursuant to Section 15.5 of the Franchise Agreement, Franchisee agreed to require Recipient to execute this Agreement.

NOW, THEREFORE, in consideration of the covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Recipient agrees as follows:

1. Confidentiality and Non-Disclosure.

(a) Recipient agrees that effective immediately and at all times thereafter, Recipient shall hold in the strictest confidence and shall not make personal use of, nor disclose to any person or entity, any Confidential Information relating to BounceU or any of its subsidiaries, affiliates or franchisees (collectively, the "**BounceU Related Parties**"), without the express written consent of BounceU.

(b) As used in this Agreement, "**Confidential Information**" includes, but is not limited to, the following: manuals, processes, methods, techniques, formulas, contracts, projected results, supplier lists (including existing and potential supplier information), pricing, marketing, computer programs, products and services information (including information regarding all existing products and services and any future or planned products or services), skills, performance specifications, technical and other data, designs, schematics, samples, financial information and results and other information and know-how relating to or useful in the business or operations of any of the BounceU Related Parties. "**Confidential Information**" does not include information which (i) becomes generally known to the public other than as a result of a disclosure by Franchisee or its directors, officers, owners, employees, agents, representatives or advisors (including without limitation Recipient), or (ii) is disclosed to Recipient on a non-confidential basis from a source other than any of the BounceU Related Parties; provided, that such source is not known by Recipient, after reasonable inquiry, to be bound by a confidentiality agreement with or other obligation of secrecy to any of the BounceU Related Parties.

(c) Recipient acknowledges that any and all Confidential Information of BounceU is proprietary, unique and commercially sensitive in nature and has been developed over time and reflects a substantial investment. Recipient further acknowledges that BounceU maintains substantial secrecy concerning the Confidential Information and that, absent disclosure by one of the BounceU Related Parties to Recipient, Recipient could not otherwise have readily ascertained by proper means, and/or have acquired knowledge of such Confidential Information.

(d) Recipient may only disclose the Confidential Information protected by this Agreement to the extent Recipient is required to make such disclosure by law and is ordered by a court or administrative agency of competent jurisdiction to make such disclosure; provided, however, Recipient shall give BounceU prompt written notice of same such that BounceU may apply to such court or other administrative agency for applicable protective orders in connection with same.

2. Non-Competition; Non-Solicitation.

(a) Recipient agrees that during the Restricted Period, he, she or it shall not directly or indirectly: (i) engage in Competition in the Restricted Area; (ii) induce or encourage or attempt to induce or encourage or aid others in inducing or encouraging any employee of any of the BounceU Related Parties to leave the employ of such BounceU Related Party or in any way interfere with the relationship between any of the BounceU Related Parties and any of their respective employees; (iii) induce or encourage any supplier, distributor, customer or other business contact of any of the BounceU Related Parties to change their relationship with any of the BounceU Related Parties; or (iv) interfere with, disturb, disrupt or decrease or otherwise jeopardize the business of any of the BounceU Related Parties.

(b) As used in this Agreement, "**Competition**" means the engagement by Recipient or Recipient's direct or indirect ownership, management, operation, control, consultation to, employment by or other participation in any Competitive Operation. "**Competitive Operation**" means any business that engages in, owns, invests in, manages or controls any indoor party business or any other business similar to the business of any of the BounceU Related Parties. "**Restricted Period**" commences on the date of this Agreement and continues throughout Recipient's employment, ownership, agency, contractor, or management relationship with Franchisee plus; two (2) years from the date the Recipient or Recipient's spouse is no longer is an officer, director, owner, agent, representative and/or managerial employee of Franchisee ("**Termination Date**") ; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the Termination Date; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the Termination Date. "**Restricted Area**" means anywhere within a twenty-five (25) mile radius of: (i) your BounceU Facility (including the location of your BounceU Facility); or (ii) any other franchised or company owned BounceU Facility then in operation, under construction, or for which a franchise agreement has been signed. Notwithstanding the foregoing, a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended, shall not be considered Competition.

3. Remedies. Recipient acknowledges and agrees that the restrictive covenants set forth in this Agreement are necessary to protect BounceU's legitimate business interest, including, without limitation, BounceU's strong interest in preserving and protecting the Confidential Information and its business relations. Recipient further acknowledges and agrees that the covenants are fair and reasonable in scope, area and duration. Recipient further acknowledges and agrees that BounceU will suffer irreparable harm from a breach by Recipient of any of the covenants contained in this Agreement and that BounceU has no adequate remedy at law to prevent such harm. Therefore, in the event of an actual or threatened breach by Recipient of any of the provisions of this Agreement, BounceU shall have the following rights and remedies, each of which shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to BounceU at law or in equity: (i) the right and remedy to obtain an *ex parte* injunction (without notice to or service of process upon Recipient) restraining Recipient from any actual or threatened breach and BounceU shall not be required to show any actual damage or to post any bond or other security prior to obtaining such injunction; (ii) the right and remedy to apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other equitable relief in order to enforce or prevent any violation of the provisions hereof; and (iii) the right and remedy to require Recipient to account for and pay over to BounceU all compensation, profit, monies, accruals, increments or other benefits derived or received by Recipient or by any other person as a result of, or in any way incident to, any conduct or transactions constituting such a breach.

4. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of BounceU, its parents, affiliates, subsidiaries, successors and assigns, and shall be binding upon Recipient and Recipient's legal representatives. BounceU may assign or transfer its rights hereunder. Recipient shall not have the right to transfer or assign any of its obligations hereunder.

5. **Severability.** Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited or invalid under such applicable law, then such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or terms or the remaining provisions or terms of this Agreement.

6. **Modification.** Recipient agrees, understands and acknowledges that BounceU shall have the right, in its sole and absolute discretion, to reduce the scope of any covenants set forth in this Agreement without Recipient's consent, effective immediately upon receipt by Recipient of written notice thereof. Recipient agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable to the extent permitted by applicable law.

7. **Representations and Warranties.** The Recipient represents and warrants to BounceU that (a) the execution, delivery and performance by such Recipient of this Agreement constitutes the legal, valid and binding obligation of such Recipient and is enforceable against such Recipient in accordance with its provisions; and (b) such Recipient has derived or will derive a benefit from the transactions contemplated by the Franchise Agreement.

8. **Controlling Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, without giving effect to the choice of laws principles thereof.

9. **Headings.** The section headings in this Agreement are inserted for convenience only and shall not affect in any way the meanings or interpretations of this Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the day and year first above written.

Recipient	**Recipient**
______________________	______________________
Name:__________________	Name:__________________
Date:__________________	Date:__________________
Recipient	**Recipient**
______________________	______________________
Name:__________________	Name:__________________
Date:__________________	Date:__________________

EXHIBIT 5
PERSONS HAVING OWNERSHIP OR CONTROL OF FRANCHISEE

The Franchisee represents and warrants that the following is a list of the names and addresses of all of the persons having an ownership or control interest in Franchisee, directly or through one or more intermediaries:

Effective Date: This Exhibit 4 is current and complete as of ____

1. Form of Ownership.

(a) Individual Proprietorship. Your owner(s) (is) (are) as follows:

____

____

(b) Corporation, Limited Liability Company, or Partnership. You were incorporated or formed on ______________________, under the laws of the State of _____________. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer	Position(s) Held
______________________	______________________
______________________	______________________
______________________	______________________
______________________	______________________

2. Owners. The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Owner's Name	Percentage/Description of Interest
______________________	______________________
______________________	______________________
______________________	______________________
______________________	______________________

3. Contact Information of Person to Receive Notice for You

Name:____

Address:____

Email Address:____

Fax Number: ____

Phone Number:____

4. Operating Principal. Your Operating Principal is ______________________________

5. Multi-Unit Manager. If applicable, your Multi-Unit Manager is ______________________

FRANCHISEE:

____

By:____

Title:____

Date: ______________________________

EXHIBIT 6
LISTING ASSIGNMENT AGREEMENT

In accordance with the terms of the Franchise Agreement ("Franchise Agreement") between BOUNCEU HOLDINGS, LLC ("BU") and ____________ ("you"), executed concurrently with this Listing Assignment Agreement, under which BU granted you the right to own and operate a franchised BounceU Facility ("BounceU Facility"), you, for value received, hereby assign to BU all of your right, title, and interest in and to those certain telephone numbers, facsimile numbers, regular, classified, or other telephone directory listings, URLs and domain names (collectively, the "Listings") associated with BU's trade and service marks and used from time to time in connection with the operation of the BounceU Facility.

This assignment is for collateral purposes only and, except as specified in this Agreement, BU will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless BU notifies the telephone company, domain name registries and internet service providers and all listing agencies (collectively, the "Listing Agencies") pursuant to the terms of this Agreement to effectuate the assignment.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), BU will have the right and is hereby empowered to effectuate the assignment of the Listings, and, in such event, you will have no further right, title, or interest in the Listings and will remain liable to the Listing Agencies for all past due fees owing to the Listing Agencies on or before the effective date of the assignment.

You agree and acknowledge that as between BU and you, upon termination or expiration of the Franchise Agreement, BU will have the sole right to and interest in the Listings, and you appoint BU as your true and lawful attorney-in-fact to direct the Listing Agencies to assign the same to BU, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, you will immediately notify the Listing Agencies to assign the Listings to BU; you also agree not to utilize any call forwarding messages referring to another number. If you fail to promptly direct the Listing Agencies to assign the Listings to BU, BU will direct the Listing Agencies to effectuate the assignment contemplated under this Agreement, to BU.

The parties agree that the Listing Agencies may accept written direction from BU, or this Assignment, as conclusive proof of BU's exclusive rights in and to the Listings upon such termination or expiration.

The parties further agree that if a Listing Agency requires that the parties execute the Listing Agency's assignment forms or other documentation at the time of termination or expiration, BU's execution of such forms or documentation will effectuate your consent and agreement to the assignment. The parties agree that at any time after the date of this Agreement, they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described in this Agreement upon termination or expiration of the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Franchise Agreement was executed.

BounceU Holdings, LLC:	**FRANCHISEE**:
Signature:________________________________	Signature:________________________________
By: ________________________________	By:________________________________
Its: ________________________________	Its:________________________________
Date:________________________________	Date:________________________________

EXHIBIT 7

EDTA FORM

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

____ (Name of Person or Legal Entity)

____ (ID Number)

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorizes BOUNCEU HOLDINGS, LLC ("**Franchisor**") 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**" or "**Bank**") to debit or credit such account(s) pursuant to Franchisor's instructions. A voided check to the Depositor's account must be included with this EDTA form.

_______________________	_______________________	
Depository	Branch	
_______________________	____________	____________
City	State	Zip Code
_______________________	_______________________	
Bank Transit/ABA Number	Account Number	

This authority is to remain in full and force and effect until 60 days after Franchisor has received written notification from Franchisee of its termination or expiration.

____

Depositor _____________________	**Depositor** _____________________
By:_____________________	By:_____________________
Name:_____________________	Name:_____________________
Title:_____________________	Title:_____________________
Date:_____________________	Date:_____________________

Attach a voided check to Depositor's account here.

EXHIBIT D
BOUNCEU CONFIDENTIAL OPERATIONS MANUALS TABLES OF CONTENTS

WELCOME MANUAL

TABLE OF CONTENTS

Section D: Operating Procedures

EXHIBIT E
GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (the "**General Release**") is made by the undersigned (hereinafter "**Releasor**") for the benefit of BounceU Holdings, LLC, an Arizona limited liability company (hereinafter, "**BounceU**"), on this ____ day of __________, 20____.

RECITALS

WHEREAS, Releasor is a BounceU franchisee and operates a BounceU Facility at __________________ pursuant to that certain franchise agreement (the "**Franchise Agreement**") dated _________________;

WHEREAS, Releasor desires to renew its franchise with BounceU or desires BounceU's consent to a transfer of the franchise to a third party; and

WHEREAS, certain states require certain changes be made to this General Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges BounceU and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys' fees, accounting fees or experts' fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor-franchisee relationship between Releasor and BounceU.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term "**Releasor**" shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of BounceU and any and all of BounceU's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by BounceU with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state of Arizona without regard to principles of conflicts of law.

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

8. A state specific addenda is attached hereto as Exhibit (1) and incorporated herein by this reference.

IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.

RELEASOR:

____

By: __________________________________

Name: _______________________________

Title: ________________________________

EXHIBIT (1)
General Release – State Addenda

GENERAL RELEASE ADDENDUM FOR MINNESOTA

Notwithstanding anything in this General Release to the contrary, this General Release does not release BounceU from any liability imposed by Minnesota Statutes 1973 Supplement, Sections 80C.01 to 80C.22.

GENERAL RELEASE ADDENDUM FOR MARYLAND

Pursuant to Maryland law, the general release may not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXHIBIT F
LIST OF FRANCHISEES

EXHIBIT F-1
LIST OF CURRENT FRANCHISEES WHOSE BUSINESSES ARE OPEN AND OPERATING AS OF DECEMBER 31, 2017.

STATE	NAME OF FRANCHISEE	ADDRESS AND TELEPHONE #
ARIZONA	The Bounce Zone, LLC,	1166 S. Gilbert Road, Suite 110 Gilbert, AZ 85296, (480) 632-9663
CALIFORNIA	Sunrise Technology Solutions LLC	5445 Oceanus Drive, Ste. 114-115 Huntington Beach, CA, 92649, (714) 892-4842
CALIFORNIA	E & A Management, Inc.	448 West Katella Ave. Orange, CA, 92867, (714)744-5867
CALIFORNIA	JMAX Adventure, LLC	11280 Sanders Drive, Unit A, Rancho Cordova, CA, 95742
CALIFORNIA	JMAX Entertainment	7611 Galilee Road, Roseville, CA 95768, (916) 435-1896
CONNECTICUT	Simonelli, Brenda	712 Brook Street, Rocky Hill, CT, 06067, (860) 529-6500
GEORGIA	Rice, Lucas & Stephanie	1634 Cobb International Blvd. Kennesaw, GA 30152, (678) 687-1301
MARYLAND	Reap, Brian & Nicole	1632 East Gude Road, Rockville, MD, 20850, (301) 340-1311
MICHIGAN	Bounce 1, LLC	101 Rochester Road Troy, MI 48083, (248) 626-5867
MISSOURI	Air Entertainment, LLC	17365 Edison Chesterfield, MO 63005, (636) 532-5867
MISSOURI	Bounce Entertainment, LLC	4403 Meramac Bottom Road, Suite C St. Louis, MO 63129, (314) 845-7529
NEBRASKA	JL Rach LLC	11144 Q Street, Omaha, NE, 68137, (402) 884-9093
NEVADA	R6 Ventures, LLC	1000 Stephanie Place, Suite 16 Henderson, NV 89014, (702) 735-5867
NEW JERSEY	Bounce So High, LLC	1271 Little Gloucester Road, Blackwood, NJ 08012 (856) 229-2834
NEW JERSEY	Bounce So High, LLC	1205 Warren Ave. Cherry Hill, NJ 08002, (856) 429-6400
NEW JERSEY	Pepper, Steven & Stephanie	34 Industrial Way East Eatontown, NJ, 07724, (732) 935-0010
NEW JERSEY	Dougherty, Kevin, Dougherty, Michael and Flynn, Paul	1920 Swarthmore Ave. Lakewood, NJ, 08701, (732) 364-7769
NEW JERSEY	Pepper, Steven & Stephanie	165 Amboy Road (Marlboro location) Morganville, NJ 07751, (732) 972-6862
NEW JERSEY	Carjon Properties, LLC	70 Eisenhower Drive Paramus, NJ, 07652, (732) 469-2193
NEW JERSEY	Bupper's Bounce, Inc.	410 Princeton Highstown Rd. West Windsor, NJ 08550, (609) 443-5867
NEW YORK	I Have Light, Inc.	6722 Ft. Hamilton Parkway, Brooklyn, NY 11219, (718) 238-3288
NEW YORK	Barbosa Enterprises, LLC	132-25 14th Ave., College Point, NY, 11356, (718) 747-5867
NEW YORK	JACS Amusement, LLC	150 Clearbrook Road Elmsford, NY, 10523, (914) 874-5200
NEW YORK	J and J Family Entertainment, Inc.	101 Carolyn Blvd. Farmingdale, NY, 11735, (631) 777-5867
NEW YORK	Jon and Caroline Horwich	424 Market Street

STATE	NAME OF FRANCHISEE	ADDRESS AND TELEPHONE #
		Nanuet, NY, 10954, (845) 623-5400
NEW YORK	Andrew Reminick, Janice & Edward Carpenter	62 Lake Ave. Nesconset, NY, 11767, (631) 265-5867
NEW YORK	I BounceU Corp	3495B Lawson Blvd. Oceanside, NY, 11572, (516) 593-Jump (5867)
NORTH CAROLINA	Chang, Tony & Tam, Katy	3419 Apex Peakway, Apex, NC 27502, (919) 303-3368
NORTH CAROLINA	Hop Hop Hooray, LLC	10624 Metromont Parkway, Charlotte, NC 28269, (704) 921-8771
NORTH CAROLINA	Bouncetastic, LLC	9129 Monroe Road, Suite 145 and 150 Charlotte, NC 28270, (704) 921-8771
OKLAHOMA	Luvmytriplets Entertainment, LLC	8920 S. Memorial Drive, #A Tulsa, OK 74133, (918) 494-4707
PENNSYLVANIA	Prince Entertainment Group, Inc.	3241 Hamilton Blvd. Allentown, PA 18104, (610) 814-2779
PENNSYLVANIA	BIBA-PROSIC Group, Inc.	130 West Main Street, Trappe Center Collegeville, PA 19426 (610) 489-8888
PENNSYLVANIA	Prince Entertainment Group, Inc.	1800 Sullivan Trail, Easton, PA, 18040, (610) 258-4800
PENNSYLVANIA	Bouncing Birthdays LLC	82 Springdale Dr. Exton, PA 19341, (610) 363-6610
PENNSYLVANIA	Bop “N” Bear Horsham, LLC	420 Babylon Road Horsham, PA, 19044, (215) 654-8874
PENNSYLVANIA	Bop N Bear, LLC	2221 Cabot Blvd., Suite C, Langhorne, PA 19047, (215) 752-9728
PENNSYLVANIA	Kymoni, LLC	65 Warrendale-Bayne Road Warrendale, PA, 15086, (724) 935-8555
RHODE ISLAND	Brenda Simonelli	33 Lambert Lind Highway, Warwick, RI, 02886, (401) 217-0002
TENNESSEE	TNT Entertainment, LLC	1222 Park Ave. Murfreesboro, TN 37129, (615) 893-8386
TEXAS	Grow Ventures, Inc.	2532 Summit Ave, Ste 501, Plano, TX 75074, (817) 442-9462

EXHIBIT F-2
Franchisees Signed, But Not Opened

The following list identifies those franchisees that signed Franchise Agreements but have not yet opened their BounceU location as of December 31, 2017:

NONE.

EXHIBIT F-3

Franchisees Terminated, Cancelled or Not Renewed in Previous Fiscal Year and Franchisees who have not communicated with BounceU within 10 Weeks of the Issuance Date.

These terminations and cessations of operations all occurred between January 1, 2017 and December 31, 2017.

STATE	FRANCHISEE	ADDRESS AND TELEPHONE #
INDIANA	JC STILL, INC.	9715 Kincaid Dr. Suite 800, Fishers, Indiana 46037
TENNESSEE	MHR Management, LLC	2990 Sidco Drive, Nashville, TN 37204, (615) 255-1422

If you buy this franchise, your contact information may be disclosed in the future to other buyers when you leave the franchise system.

EXHIBIT G
FINANCIAL STATEMENTS

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

FB Holdings, LLC and Subsidiaries
Phoenix, Arizona

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

CliftonLarsonAllen LLP consents to the inclusion of our report dated April 10, 2018 on our audit of the consolidated financial statements of FB Holdings, LLC and Subsidiaries for the year ended December 31, 2017 and 2016, and to the inclusion of our audit report for the year ended December 31, 2016 and for the period from inception (June 5, 2015) through December 31, 2015, in the Franchise Disclosure Document of BounceU Holdings, LLC dated April 12, 2018, as it may be amended. This consent should not be regarded as in any way updating the aforementioned report or representing that we performed any procedures subsequent to the date of such report.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
April 12, 2018

FB HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

FB HOLDINGS, LLC AND SUBSIDIARIES
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
FB Holdings, LLC and Subsidiaries
Tempe, Arizona

We have audited the accompanying consolidated financial statements of FB Holdings, LLC and Subsidiaries (the Company), which comprises the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of income, member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
FB Holdings, LLC and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FB Holdings, LLC and Subsidiaries as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
April 10, 2018

FB HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 475,003	$ 1,064,200
Accounts Receivable, Net	586,436	462,092
Capitalized Franchise Costs	44,700	27,675
Inventories	56,814	25,834
Prepaid Expenses	360,654	215,699
Total Current Assets	1,523,607	1,795,500
PROPERTY AND EQUIPMENT, NET	4,637,990	4,926,172
OTHER ASSETS		
Due From Advertising Fund	540,544	-
Deposits	181,520	73,347
Goodwill, Net	3,634,945	3,639,599
Intangible Assets, Net	9,116,917	9,439,013
Total Other Assets	13,473,926	13,151,959
Total Assets	$ 19,635,523	$ 19,873,631
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Line of Credit	$ 250,000	$ -
Accounts Payable	262,652	135,747
Accrued Expenses	287,187	159,587
Notes Payable, Current Portion	1,322,144	1,182,144
Capital Lease, Current Portion	-	4,460
Deferred Franchise Fees and Other Deferred Revenue	185,787	174,474
Total Current Liabilities	2,307,770	1,656,412
LONG-TERM LIABILITIES		
Deferred Rent	220,251	247,385
Notes Payable, Net of Current Portion and Loan Costs	4,758,005	5,941,658
Total Long-Term Liabilities	4,978,256	6,189,043
Total Liabilities	7,286,026	7,845,455
MEMBER'S EQUITY	12,349,497	12,028,176
Total Liabilities and Member's Equity	$ 19,635,523	$ 19,873,631

See accompanying Notes to Consolidated Financial Statements.

FB HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
REVENUE		
Initial Franchise Fees	$ 152,187	$ 186,350
Equipment and Supplies	314,460	147,360
Royalties	7,525,591	7,470,148
Rebates	15,536	22,527
Corporate Store Sales	3,420,215	1,118,749
Carousel Revenue	2,492,552	2,791,637
Total Revenue	13,920,541	11,736,771
OPERATING EXPENSES		
Salaries and Related Benefits	3,793,629	3,375,600
Franchise Equipment and Supplies	649,550	197,618
Professional Fees	130,523	145,811
Advertising and Promotion	1,002,440	999,747
Office	1,189,080	885,459
Occupancy	2,520,972	1,498,247
Depreciation and Amortization	1,973,599	1,880,895
Other General and Administrative Expenses	1,738,511	1,174,610
Total Operating Expenses	12,998,304	10,157,987
INCOME FROM OPERATIONS	922,237	1,578,784
OTHER INCOME (EXPENSE)		
Other Income	(1,784)	61,999
Interest Expense	(360,626)	(370,063)
Total Other Income (Expense)	(362,410)	(308,064)
INCOME BEFORE INCOME TAXES	559,827	1,270,720
INCOME TAXES	44,955	31,939
NET INCOME	$ 514,872	$ 1,238,781

See accompanying Notes to Consolidated Financial Statements.

FB HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016

	Member's Contributions	Retained Earnings	Total
BALANCE - DECEMBER 31, 2015	$ 10,225,000	$ 620,844	$ 10,845,844
Distributions to Member	-	(56,449)	(56,449)
Net Income	-	1,238,781	1,238,781
BALANCE - DECEMBER 31, 2016	10,225,000	1,803,176	12,028,176
Contributions from Member	300,000	-	300,000
Distributions to Member	-	(493,551)	(493,551)
Net Income	-	514,872	514,872
BALANCE - DECEMBER 31, 2017	$ 10,525,000	$ 1,824,497	$ 12,349,497

See accompanying Notes to Consolidated Financial Statements.

FB HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 514,872	$ 1,238,781
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,973,599	1,880,895
Loss on Disposal of Assets	-	5,331
Changes in Operating Assets and Liabilities		
(Increase) Decrease in Assets:		
Accounts Receivable	(124,344)	65,212
Capitalized Franchise Costs	(17,025)	24,205
Inventories	(30,980)	(16,169)
Prepaid Expenses	(144,955)	21,904
Deposits	(108,173)	(27,541)
Increase (Decrease) in Liabilities:		
Accounts Payable	146,600	(28,425)
Accrued Expenses	(412,944)	(267,904)
Deferred Franchise Fees	11,313	(70,963)
Deferred Rent	(27,134)	75,710
Net Cash Provided by Operating Activities	1,780,829	2,901,036
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Property and Equipment	1,451	2,133
Payment of Contingent Consideration	-	(67,050)
Change in Restricted Cash	-	15,406
Investment in Goodwill	(84,377)	-
Acquisition of Property and Equipment	(910,741)	(1,189,668)
Net Cash Used by Investing Activities	(993,667)	(1,239,179)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	250,000	-
Payments on Notes Payable	(1,428,348)	(1,236,329)
Contributions from Member	300,000	-
Distributions to Member	(493,551)	(56,449)
Payments on Capital Lease	(4,460)	(4,427)
Net Cash Provided (Used) by Financing Activities	(1,376,359)	(1,297,205)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(589,197)	364,652
Cash and Cash Equivalents - Beginning of Year	1,064,200	699,548
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 475,003	$ 1,064,200

FB HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 360,626	$ 370,063
Cash Paid for Income Taxes	$ 44,955	$ 31,939
Noncash Property and Equipment Through Deferred Rent	$ -	$ 171,675
Noncash Increase in Notes Payable Through Property and Equipment	$ 365,000	$ -

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

FB Holdings, LLC and Subsidiaries (the Company), an Arizona limited liability company, was formed in September 2013 for the purpose of acquiring essentially all of the assets, including certain membership interests, and assuming certain liabilities of PIU Management, LLC and Subsidiaries. The Company is a franchisor of programs to operate private children's play and party facilities within specified geographic areas throughout the United States using the "Pump It Up" and "BounceU" trademarks and designs. The Company assists the franchisees in the start-up process and offers ongoing support. In addition, the Company owns and operates 17 carousels located in shopping malls throughout the United States through its subsidiary HQ Carousels, LLC (HQ). HQ does not participate in any franchising activities.

Franchises operate under "Pump It Up" and "BounceU." Active franchises at December 31, 2017 are as follows:

	Pump It Up	BounceU
Franchised Locations:		
Store Count as of December 31, 2016	117	43
Store Openings During 2017	3	1
Store Closings During 2017	6	5
Store Count as of December 31, 2017	114	39
Corporate Owned Locations:		
Store Count as of December 31, 2016	2	-
Store Openings During 2017	4	4
Store Closings During 2017	-	1
Store Count as of December 31, 2017	6	3
Total Store Count as of December 31, 2017	120	42

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements includes the operations of FB Holdings, LLC and its wholly owned subsidiaries, Pump It Up Holdings, LLC; BounceU Holdings, LLC; Fun Brands, LLC; Fun Brands Tempe, LLC; and HQ Carousels, LLC. All material intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations and Credit Risk

The Company maintains checking and savings accounts with quality financial institutions. At times, cash balances may exceed the amount insured by the Federal Deposit Insurance Corporation.

Accounts Receivable

Accounts receivable consists primarily of franchise royalty fees and receivables from franchised facilities. An allowance for doubtful accounts is determined based on management's evaluation of historical losses and the financial stability of its franchisees. At December 31, 2017 and 2016, the Company recorded an allowance of $-0- and $2,629, respectively.

Inventories

Inventories consist of purchased finished goods for resale to prospective franchisees and are stated at the lower of cost or net realizable value. Cost is determined using the average cost method. The Company does not maintain a reserve for inventory as items are purchased on an as needed basis as franchisees prepare for facility openings.

Property and Equipment

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Office Furniture and Equipment	5 – 7 Years
Computers and Software	3 – 5 Years
Leasehold Improvements	Lesser of Lease Term or Useful Life

Restricted Cash

The Company places cash in escrow accounts with certain states that require franchise fees to be held in escrow until the franchisee opens its location. At December 31, 2017 and 2016, the Company did not have restricted cash.

Capitalized Franchise Costs

The Company has representatives assigned to consult with franchisees during their preopening activities. These activities include the franchisees' search for suitable locations, ordering of equipment, and arranging training at the Company headquarters before the franchisees are allowed to open their location. Capitalized costs include commissions, wages paid to employees of the Company, costs for start-up kit items, legal costs incurred in relation to the franchisees, printing, and other miscellaneous costs. Capitalized costs are expensed once the Company has completed substantially all of their obligations to the franchisee. For the years ended December 31, 2017 and 2016, the Company had capitalized costs of $44,700 and $27,675, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill represents the excess of purchase price over fair value of the net assets acquired. The Company amortizes goodwill on a straight-line basis over a 10-year period. Goodwill is reviewed for potential impairment if a triggering event occurs that indicates the Company's fair value may be below its carrying value. When impairment is likely, the Company calculates goodwill impairment as the amount the Company's carrying value including goodwill exceeds its fair value. As of December 31, 2017 and 2016, management believes no triggering events occurred.

Intangible Assets

The Company evaluates identifiable intangible assets not subject to amortization for impairment on an annual basis, or more frequently when events or changes in circumstances indicate that it is more likely than not that an asset is impaired. Such circumstances could include, but are not limited to, a significant decrease in the market value of an asset or a significant adverse change in the extent or manner in which an asset is used or in its physical condition. The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized.

The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds the fair value of the asset. The fair value is measured based on various valuation techniques, including the discounted value of estimated future cash flows.

The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. At December 31, 2017 and 2016, there was no impairment of intangible assets. Intangibles that do not have indefinite lives are amortized on a straight-line basis over the estimated useful life of the asset.

Impairment of Long-Lived Assets

The company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Management does not believe impairment indicators were present at December 31, 2017 and 2016.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Marketing Fees and Due from Advertising Fund

The Company collects fees from franchisees which are used for advertising, marketing, research, and public relations programs. In accordance with the franchise agreements, all fees collected, less an administration fee payable to the Company, must be used for these programs. Accumulated fees collected in excess of program costs and the administrative fees are classified as accrued expenses on the balance sheet. At times, the Company may spend amounts in excess of the funds collected in which case the Company recognizes an amount due from the advertising fund on the balance sheet.

Deferred Franchise Fees and Revenue Recognition

Franchise and Development Fees

Upon execution of a franchise agreement, the franchisee is required to pay a predetermined fee to the Company. Recognition of the revenue associated with the franchise fee is deferred until the franchisee has obtained a facility lease for their franchise and has completed the initial training program. Franchisees can elect to purchase exclusive rights to additional areas with the option to open additional facilities by entering into a development agreement and paying a development fee. Franchise fees are either nonrefundable or partially nonrefundable depending on the specific form of franchise agreement signed.

Development fees and franchisee deposits are nonrefundable and recognized when the franchisee has obtained a facility lease and attended training, or at the expiration for the term of the development agreement, whichever is earlier. The franchise fees range from $8,500 to $40,000.

At December 31, 2017 and 2016, the Company has deferred franchise fees of $185,787 and $174,474, respectively.

Start-Up Package and Supplies

The Company sells equipment and supplies to franchisees for their initial opening. Revenue for all components of the start-up package is recognized at the opening date of the new franchise. The start-up kit includes operating supplies, computer hardware and software, and management and supervisory services. The Company's obligation to provide such services ceases with the opening of the location.

Carousels

Revenue earned by the Company's carousel operations is considered earned when services are rendered.

Royalties

The Company earns royalties from franchisees based on a percentage of the franchisee's monthly sales. The royalty percentage is stated in the franchise agreement and ranges from 4% to 6%. Revenue from royalties is recognized in the month in which it is earned.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Franchise Fees and Revenue Recognition (Continued)

Rebate Fees

In certain cases, the Company received rebates for cross-promotional agreements. All rebates are included in the specific brand's marketing fund.

Corporate Store Sales

The Company operates two corporate stores that were formally operated by franchisees. The Company recognizes revenue from the stores' nonmerchandise sales when all obligations to the customer have been completed.

Debt Issuance Costs

The Company follows the accounting guidance in FASB Accounting Standards Update (ASU) No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-330): Simplifying the Presentation of Debt Issuance Costs.* ASU 2015-03 requires companies to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable, or provided for, by the Company. Members are taxed individually on their share of the Company's earnings. The Company's income or loss is allocated among the members in accordance with the Company's operating agreement. The Company pays income and other taxes to various states based on gross revenue.

The Company follows the income tax standard for uncertain tax positions. The Company recognized no liability for uncertain tax positions as of December 31, 2017 and 2016.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the entity for annual periods beginning after December 15, 2018. Early adoption is permitted beginning for periods beginning after December 15, 2016. Management is evaluating the impact of the amended revenue recognition guidance on the Company's financial statements.

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The accounting for lessors will remain relatively unchanged.

The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Company's financial statements.

Advertising
The Company expenses advertising costs as incurred. For the years ended December 31, 2017 and 2016, advertising expense was $1,542,984 and $999,747, respectively.

Reclassification
Certain amounts in 2016 have been reclassified for comparative purposes to conform with the 2017 presentation. The reclassifications have no effect on the previously reported net income or equity.

Subsequent Events
In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 10, 2018, the date the consolidated financial statements were available to be issued.

NOTE 2 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are stated at acquisition cost and are as follows at December 31:

	2017	2016
Office Furniture and Equipment	$ 6,565,241	$ 5,351,375
Computers and Software	288,407	193,300
Leasehold Improvements	623,201	1,024,507
Total	7,476,849	6,569,182
Less: Accumulated Depreciation	(2,838,859)	(1,643,010)
Total	$ 4,637,990	$ 4,926,172

NOTE 3 ACQUISITIONS

The Company follows Accounting Standards Update 2014-18, *Accounting for Identifiable Intangible Asset in a Business Combination*, which permits private companies to forgo allocating purchase price in a business combination to certain customer-related intangible assets such as noncompetition agreements and customer lists under certain circumstances.

During the year ended December 31, 2017, the Company acquired the assets, and assumed certain lease obligations for four Pump It Up and three BounceU locations from franchisees. The Company entered into these transactions to maintain and expand their presence in these geographic locations. These acquisitions were accounted for as business combination transactions whereby the consideration has been allocated to the tangible and intangible assets acquired and liabilities assumed, if any, based on their estimated fair values. Fair value measurements have been applied based on assumptions that market participants would use in the pricing of the asset or liability. The total fair value of fixed assets and other assets acquired amounted to $344,308. Total consideration paid for these locations was $793,685, which was financed with cash and notes payable totaling $365,000. The Company recognized goodwill of $449,377 related to these transactions during the year ended December 31, 2017. The goodwill arising from the transactions consists of access to new markets and synergy among assets used by the business to produce income.

NOTE 4 GOODWILL AND INTANGIBLE ASSETS

Goodwill as of, and changes in the carrying amount of goodwill during the years ended, December 31, 2017 and 2016 are as follows:

	Gross Amount	Accumulated Amortization	Net Amount
Balance - December 31, 2015	$ 4,324,277	$ (252,250)	$ 4,072,027
Current Year Amortization		(432,428)	(432,428)
Balance - December 31, 2016	4,324,277	(684,678)	3,639,599
Current Year Additions	449,377	-	449,377
Current Year Amortization	-	(454,031)	(454,031)
Balance - December 31, 2017	$ 4,773,654	$ (1,138,709)	$ 3,634,945

Intangible assets and estimated remaining useful lives of intangible assets at December 31, 2017 and 2016 are as follows:

	Amount	Estimated Useful Life
Trademarks and Trade Names	$ 5,783,000	Indefinite
Franchise Contracts	4,166,000	11-14 Years
Total	$ 9,949,000	

NOTE 4 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

	2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks and Trade Names	$ 5,783,000	$ -	$ 5,783,000
Franchise Contract	4,166,000	(832,083)	3,333,917
Intangible Assets	$ 9,949,000	$ (832,083)	$ 9,116,917

	2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks and Trade Names	$ 5,783,000	$ -	$ 5,783,000
Franchise Contract	4,166,000	(509,987)	3,656,013
Intangible Assets	$ 9,949,000	$ (509,987)	$ 9,439,013

Amortization expense for the years ended December 31, 2017 and 2016 was $776,127 and $754,525, respectively.

Future amortization expense as of December 31, 2017 is as follows:

Year Ending December 31,	Amount
2018	$ 322,097
2019	322,097
2020	322,097
2021	322,097
2022	322,097
Thereafter	1,723,432
Total	$ 3,333,917

NOTE 5 NOTES PAYABLE

Notes payable at December 31 consisted of the following:

Description	2017	2016
Note payable with financial institution, variable interest based on LIBOR plus 3.5% to 4.0% based on Company's EBITA. Payment are due monthly for accrued interest and $98,500 for principal; the note matures June 2020. The company is required to calculate excess cash flows for the preceding calendar year and must make additional principle payments if excess cash, under the note, exists.	$ 5,017,348	$ 6,447,600
Note payable with financial institution, interest accrues at 8% per annum. Monthly payments are required for interest only; principal due June 2020.	750,000	750,000

NOTE 5 NOTES PAYABLE (CONTINUED)

Description	2017	2016
Note payable requiring payments of $50,000 annually and matures in June of 2021.	$ 200,000	$ -
Note payable, interest accrues at 1.22% and requires annual payments of $75,000 and matures in July of 2019.	150,000	-
Note payable requiring principal payment of $15,000 or before December 2018.	15,000	-
Total Notes Payable	6,132,348	7,197,600
Less: Unamortized Debt Issuance Costs	(52,199)	(73,798)
Total Notes Payable, Net Unamortized Debt Issuance Costs	6,080,149	7,123,802
Less: Current Portion	(1,322,144)	(1,182,144)
Long-Term Debt, Net of Current Portion	$ 4,758,005	$ 5,941,658

Future maturities at December 31, 2017 are as follows:

Year Ending December 31,	Amount
2018	$ 1,322,144
2019	1,307,144
2020	1,982,144
2021	1,520,916
Total	6,132,348
Less: Unamortized Debt Issuance Costs	(52,199)
Total	$ 6,080,149

The notes payable are subject to certain financial covenants. Management believes the Company was in compliance with these covenants as of December 31, 2017.

NOTE 6 LINE OF CREDIT

The Company has a revolving line of credit with a maximum amount of $250,000. Balances on the line of credit accrued interest at a variable rate based on the LIBOR rate plus 4.0%. Payments of interest only are due monthly. The line of credit had an original expiration date of and was amended to expire on extended to May 31, 2018. At December 31, 2017 and 2016, the balance of the line of credit was $250,000 and $-0-, respectively.

The line of credit is subject to certain financial covenants. Management believes it was in compliance with these covenants at December 31, 2017.

NOTE 7 MEMBER'S EQUITY

The Company has one class of membership interests and is 100% owned by a single member.

NOTE 8 OPERATING LEASES

The Company leases space for its corporate headquarters; this lease expires at the end of March 2021. The Company leases space for two of its corporate stores which expire in March 2018 and 2019, respectively. The Company lease space in shopping malls for the operations of carousels; these leases expire at various dates from 2017 through 2023.

Future minimum lease payments under noncancelable operating leases are as follows:

Year Ending December 31,	Amount
2018	$ 1,749,006
2019	1,508,185
2020	1,362,235
2021	486,914
Thereafter	65,015
	$ 5,171,355

NOTE 9 RELATED PARTY TRANSACTIONS

The Company pays management fees to a company owned by the member. For the years ended December 31, 2017 and 2016, the Company recorded management fee expense of $262,500 and $350,000, respectively.

At December 31, 2017, the Company had accounts receivable due from affiliates of the Company's member of $40,449. These amounts are included in accounts receivable on the accompanying balance sheet.

NOTE 10 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is involved in various legal proceedings and tax matters. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties, and governmental factors. The Company records accruals for contingencies when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated based on historical claim activity and loss development factors. There can be no assurance there will not be an increase in the scope of these matters or that any future or pending lawsuits, claims, proceedings, or investigations will not be material.

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Employee Benefit Plans

The Company sponsors a retirement plan under the provisions of Section 401(k) of the Internal Revenue Code. The plan is available to all eligible employees meeting certain age and service requirements. Under the plan, the Company can elect to make discretionary contributions. During the years ended December 31, 2017 and 2016, the Company contributed $21,481 and $28,531 to the plan, respectively.

FB HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016 AND PERIOD FROM INCEPTION (JUNE 5, 2015) THROUGH DECEMBER 31, 2015

FB HOLDINGS, LLC AND SUBSIDIARIES
TABLE OF CONTENTS
DECEMBER 31, 2016 AND 2015

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
FB Holdings, LLC and Subsidiaries
Tempe, Arizona

We have audited the accompanying consolidated financial statements of FB Holdings, LLC and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of income, member's equity, and cash flows for the year ended December 31, 2016 and the period from inception (June 5, 2015) through December 31, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
FB Holdings, LLC and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above presents fairly, in all material respects, the financial position of FB Holdings, LLC and Subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the year ended December 31, 2016 and the period from inception (June 5, 2015) through December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Company adopted a recently issued accounting standard related to the accounting for debt issuance costs. The new standard requires entities to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
March 22, 2017

FB HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

ASSETS

		2016		2015
CURRENT ASSETS				
Cash and Cash Equivalents	$	1,064,200	$	699,548
Accounts Receivable, Net		462,092		552,304
Capitalized Franchise Costs		27,675		26,880
Inventories		25,834		9,665
Prepaid Expenses		215,699		237,603
Total Current Assets		1,795,500		1,526,000
PROPERTY AND EQUIPMENT, NET		4,926,172		4,678,968
OTHER ASSETS				
Deposits		73,347		61,212
Goodwill, Net		3,639,599		4,072,027
Intangible Assets, Net		9,439,013		9,761,110
Total Other Assets		13,151,959		13,894,349
Total Assets	$	19,873,631	$	20,099,317

LIABILITIES AND MEMBER'S EQUITY

		2016		2015
CURRENT LIABILITIES				
Accounts Payable	$	135,747	$	164,172
Accrued Expenses		159,587		427,491
Notes Payable, Current Portion		1,182,144		1,182,144
Capital Lease, Current Portion		4,460		4,427
Deferred Franchise Fees and Other Deferred Revenue		174,474		245,437
Contingent Consideration		-		67,050
Total Current Liabilities		1,656,412		2,090,721
LONG-TERM LIABILITIES				
Capital Lease, Net of Current Portion		-		4,460
Deferred Rent		247,385		-
Notes Payable, Net of Current Portion and Loan Costs		5,941,658		7,158,292
Total Long-Term Liabilities		6,189,043		7,162,752
Total Liabilities		7,845,455		9,253,473
MEMBER'S EQUITY		12,028,176		10,845,844
Total Liabilities and Member's Equity	$	19,873,631	$	20,099,317

See accompanying Notes to Consolidated Financial Statements.

FB HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEAR ENDED DECEMBER 31, 2016
AND PERIOD FROM INCEPTION (JUNE 5, 2015)
THROUGH DECEMBER 31, 2015

	2016	2015
REVENUE		
Initial Franchise Fees	$ 186,350	$ 271,163
Equipment and Supplies	147,360	173,915
Royalties	7,470,148	4,244,366
Rebates	22,527	50,983
Corporate Store Sales	1,118,749	530,710
Carousel Revenue	2,791,637	1,845,898
Total Revenue	11,736,771	7,117,035
OPERATING EXPENSES		
Salaries and Related Benefits	3,375,600	2,385,273
Franchise Equipment and Supplies	197,618	138,548
Commissions	-	32,067
Professional Fees	145,811	65,037
Advertising and Promotion	999,747	949,592
Office	885,459	402,861
Occupancy	1,498,247	853,193
Depreciation and Amortization	1,880,895	1,026,047
Other General and Administrative Expenses	1,174,610	571,180
Total Operating Expenses	10,157,987	6,423,798
INCOME FROM OPERATIONS	1,578,784	693,237
OTHER INCOME (EXPENSE)		
Gain on Contingent Consideration	-	432,950
Other Income	61,999	-
Interest Expense	(370,063)	(246,085)
Total Other Income (Expense)	(308,064)	186,865
INCOME BEFORE INCOME TAXES	1,270,720	880,102
INCOME TAXES	31,939	4,258
NET INCOME	$ 1,238,781	$ 875,844

See accompanying Notes to Consolidated Financial Statements.

FB HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF MEMBER'S EQUITY
YEAR ENDED DECEMBER 31, 2016
AND PERIOD FROM INCEPTION (JUNE 5, 2015)
THROUGH DECEMBER 31, 2015

	Member's Contributions	Retained Earnings	Total
BALANCE - JUNE 5, 2015	$ 10,225,000	$ -	$ 10,225,000
Distributions to Member		(255,000)	(255,000)
Net Income		875,844	875,844
BALANCE - DECEMBER 31, 2015	10,225,000	620,844	10,845,844
Distributions to Member	-	(56,449)	(56,449)
Net Income	-	1,238,781	1,238,781
BALANCE - DECEMBER 31, 2016	$ 10,225,000	$ 1,803,176	$ 12,028,176

See accompanying Notes to Consolidated Financial Statements.

FB HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
AND PERIOD FROM INCEPTION (JUNE 5, 2015)
THROUGH DECEMBER 31, 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 1,238,781	$ 875,844
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,880,895	1,026,047
Gain on Contingent Consideration	-	(432,950)
Loss on Disposal of Assets	5,331	-
Loss on Disposal of Corporate Store	-	791
Changes in Operating Assets and Liabilities		
(Increase) Decrease in Assets:		
Accounts Receivable	65,212	72,626
Capitalized Franchise Costs	24,205	(26,880)
Inventories	(16,169)	2,212
Prepaid Expenses	21,904	(139,111)
Deposits	(27,541)	(22,604)
Increase (Decrease) in Liabilities:		
Accounts Payable	(28,425)	19,936
Accrued Expenses	(267,904)	198,634
Deferred Franchise Fees	(70,963)	(92,589)
Deferred Rent	75,710	-
Due to Sellers	-	(107,628)
Franchisee Deposits	-	(121,110)
Net Cash Provided by Operating Activities	2,901,036	1,253,218
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Property and Equipment	2,133	45,727
Payment of Contingent Consideration	(67,050)	-
Change in Restricted Cash	15,406	58,554
Acquisition of Property and Equipment	(1,189,668)	(80,570)
Net Cash Provided (Used) by Investing Activities	(1,239,179)	23,711
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	(1,236,329)	(591,071)
Distributions to Member	(56,449)	(255,000)
Payments on Capital Lease	(4,427)	(2,068)
Net Cash Used by Financing Activities	(1,297,205)	(848,139)
INCREASE IN CASH AND CASH EQUIVALENTS	364,652	428,790
Cash and Cash Equivalents - Beginning of Year	699,548	270,758
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,064,200	$ 699,548
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 370,063	$ 246,085
Cash Paid for Income Taxes	$ 31,939	$ 4,258
Non-cash Property and Equipment through Deferred Rent	$ 171,675	$ -

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

FB Holdings, LLC and Subsidiaries (the Company), an Arizona limited liability company which was formed in September 2013 for the purpose of acquiring essentially all of the assets, including certain membership interests, and assuming certain liabilities of PIU Management, LLC and Subsidiaries. The Company is a franchisor of programs to operate private children's play and party facilities within specified geographic areas throughout the United States using the "Pump It Up" and "BounceU" trademarks and designs. The Company assists the franchisees in the start-up process and offers ongoing support. In addition, the Company owns and operates 17 carousels located in shopping malls throughout the United States through its subsidiary HQ Carousels, LLC (HQ). HQ does not participate in any franchising activities.

On June 5, 2015, members of the Company entered into an agreement to purchase essentially all of the assets and assume certain liabilities of PIU Management, LLC and Subsidiaries. Certain members of PIU Management, LLC and Subsidiaries retained membership interests in an entity that is the Company's sole member.

Franchises operate under "Pump It Up" and "BounceU." Active franchises at December 31, 2016 are as follows:

Franchised Locations:	Pump It Up	BounceU
Store Count as of December 31, 2015	121	46
Store Openings During 2016	-	-
Store Closings During 2016	4	4
Store Count as of December 31, 2016	117	42
Corporate Owned Locations:	**Pump It Up**	**BounceU**
Store Count as of December 31, 2015	1	-
Store Openings During 2016	1	1
Store Closings During 2016	-	-
Store Count as of December 31, 2016	2	1
Total Store Count as of December 31, 2016	119	43

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The consolidated financial statements includes the operations of FB Holdings, LLC and its wholly owned subsidiaries, Pump It Up Holdings, LLC; BounceU Holdings, LLC; Fun Brands, LLC; Fun Brands Tempe, LLC; and HQ Carousels, LLC. All material intercompany accounts and transactions have been eliminated in consolidation.

Change in Accounting Principle

The Organization/Company has adopted the accounting guidance in FASB Accounting Standards Update (ASU) No. 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.* ASU 2015-03 requires organizations to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense. The effect of adopting the new standard decreased the debt issuance costs asset to zero and decreased the debt liability by $73,798 as of January 1, 2015. The adoption of the standard had no effect on previously reported net assets/equity. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The ASU is retrospectively applied.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents.

Concentrations and Credit Risk

The Company maintains checking and savings accounts with quality financial institutions. At times, cash balances may exceed the amount insured by the Federal Deposit Insurance Corporation.

Accounts Receivable

Accounts receivable consists primarily of franchise royalty fees and receivables from franchised facilities. An allowance for doubtful accounts is determined based on management's evaluation of historical losses and the financial stability of its franchisees. At December 31, 2016 and 2015, the Company recorded an allowance of $2,629 and $17,502, respectively.

Inventories

Inventories consist of purchased finished goods for resale to prospective franchisees and are stated at the lower of cost or market. Cost is determined using the average cost method. The Company does not maintain a reserve for inventory as items are purchased on an as needed basis as franchisees prepare for facility openings.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Office Furniture and Equipment	5 – 7 Years
Computers and Software	3 – 5 Years
Leasehold Improvements	Lesser of Lease Term or Useful Life

Restricted Cash

The Company places cash in escrow accounts with certain states that require franchise fees to be held in escrow until the franchisee opens its location. At December 31, 2016 and 2015, the Company had restricted cash of $-0- and $15,406, respectively.

Capitalized Franchise Costs

The Company has representatives assigned to consult with franchisees during their preopening activities. These activities include the franchisees' search for suitable locations, ordering of equipment, and arranging training at the Company headquarters before the franchisees are allowed to open their location. Capitalized costs include commissions, wages paid to employees of the Company, costs for start-up kit items, legal costs incurred in relation to the franchisees, printing, and other miscellaneous costs. Capitalized costs are expensed once the Company has completed substantially all of their obligations to the franchisee. For the period ended December 31, 2016 and 2015, the Company had capitalized costs of $27,675 and $26,880, respectively.

Goodwill

Goodwill represents the excess of purchase price over fair value of the net assets acquired. The Company amortizes goodwill on a straight-line basis over a 10-year period. Goodwill is reviewed for potential impairment if a triggering event occurs that indicates the Company's fair value may be below its carrying value. When impairment is likely, the Company calculates goodwill impairment as the amount the Company's carrying value including goodwill exceeds its fair value. As of December 31, 2016 and 2015, management believes no triggering events occurred.

Intangible Assets

The Company evaluates identifiable intangible assets not subject to amortization for impairment on an annual basis, or more frequently when events or changes in circumstances indicate that it is more likely than not that an asset is impaired. Such circumstances could include, but are not limited to, a significant decrease in the market value of an asset or a significant adverse change in the extent or manner in which an asset is used or in its physical condition. The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds the fair value of the asset. The fair value is measured based on various valuation techniques, including the discounted value of estimated future cash flows.

The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. At December 31, 2016, there was no impairment of intangible assets. Intangibles that do not have indefinite lives are amortized on a straight-line basis over the estimated useful life of the asset.

Accrued Marketing Fees

The Company collects fees from franchisees which are used for advertising, marketing, research, and public relations programs. In accordance with the franchise agreements, all fees collected, less an administration fee payable to the Company, must be used for these programs. Accumulated fees collected in excess of program costs and the administrative fee are classified as accrued expenses on the balance sheet.

Deferred Franchise Fees and Revenue Recognition

Franchise and Development Fees

Upon execution of a franchise agreement, the franchisee is required to pay a predetermined fee to the Company. Recognition of the revenue associated with the franchise fee is deferred until the franchisee has obtained a facility lease for their franchise and has completed the initial training program. Franchisees can elect to purchase exclusive rights to additional areas with the option to open additional facilities by entering into a development agreement and paying a development fee. Franchise fees are either non-refundable or partially non-refundable depending on the specific form of franchise agreement signed.

Development fees and franchisee deposits are non-refundable and recognized when the franchisee has obtained a facility lease and attended training, or at the expiration for the term of the development agreement, whichever is earlier. The franchise fees range from $8,500 to $40,000.

At December 31, 2016 and 2015, the Company has deferred franchise fees of $174,474 and $245,437, respectively.

Start-Up Package and Supplies

The Company sells equipment and supplies to franchisees for their initial opening. Revenue for all components of the start-up package is recognized at the opening date of the new franchise. The start-up kit includes operating supplies, computer hardware and software, and management and supervisory services. The Company's obligation to provide such services ceases with the opening of the location.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Franchise Fees and Revenue Recognition (Continued)

Royalties

The Company earns royalties from franchisees based on a percentage of the franchisee's monthly sales. The royalty percentage is stated in the franchise agreement and ranges from 4% to 6%. Revenue from royalties is recognized in the month in which it is earned.

Rebate Fees

In certain cases, the Company received rebates for cross-promotional agreements. All rebates are included in the specific brand's marketing fund.

Corporate Store Sales

The Company operates two corporate stores that were formally operated by franchisees. The Company recognizes revenue from the stores' non-merchandise sales when all obligations to the customer have been completed.

Carousels

Revenue earned by the Company's carousel operations is considered earned when services are rendered.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable, or provided for, by the Company. Members are taxed individually on their share of the Company's earnings. The Company's income or loss is allocated among the members in accordance with the Company's operating agreement. The Company pays income and other taxes to various states based on gross revenue.

The Company follows the income tax standard for uncertain tax positions. The Company recognized no liability for uncertain tax positions as of December 31, 2016 and 2015.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Adoption of New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the entity for annual periods beginning after December 15, 2018.Early adoption is permitted beginning for periods beginning after December 15, 2016. Management is evaluating the impact of the amended revenue recognition guidance on the Company's financial statements.

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The accounting for lessors will remain relatively unchanged.

The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Company's financial statements.

Advertising

The Company expenses advertising costs as incurred. For the periods ended December 31, 2016 and 2015, advertising expense was $999,747 and $949,592, respectively.

Subsequent Events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 22, 2017, the date the consolidated financial statements were available to be issued.

NOTE 2 ACQUISITION

On June 5, 2015, the Company acquired essentially all of the assets and assumed certain liabilities of PIU Holdings, LLC and BU Holdings, LLC along with the membership interests of PIU Management, LLC, HQ Carousels, LLC, Fun Brand Centers, LLC, and Fun-Brands of Tempe, LLC (collectively PIU).

The initial consideration was $19,000,000, adjusted for certain items at the time of close as follows:

Cash Paid	$ 17,305,000
Cash in Escrow	1,295,000
Units Issued by Parent Company	525,000
Contingent Consideration	500,000
Working Capital True Up	107,628
Total	$ 19,732,628

NOTE 2 ACQUISITION (CONTINUED)

The acquisition of PIU has been accounted for as a business combination transaction, whereby the consideration has been allocated to tangible and intangible assets acquired and liabilities assumed, based on their estimated fair values. Fair value measurements have been applied based on assumptions that market participants would use in the pricing of the asset or liability.

The Company adopted Accounting Standards, Update 2014-18, *Accounting for Identifiable Intangible Assets in a Business Combination,* which permits private companies to forego allocating purchase price in a business combination to certain customer-related intangible assets such as non-competition agreements and customer lists under certain circumstances.

The following table summarizes the fair values assigned to the net assets acquired as of the June 5, 2015 acquisition date:

Cash and Cash Equivalents	$ 256,746
Accounts Receivable	624,930
Inventories	11,877
Prepaid Expenses and Deposits	121,694
Restricted Cash	73,960
Property, Plant, and Equipment	5,184,923
Intangible Assets	9,949,000
Total	16,223,130
Accounts Payable and Accrued Expenses	344,688
Capital Lease	10,955
Deferred Franchise Fees and Deferred Revenue	338,026
Franchisee Deposits	121,110
Total	814,779
Net Assets Acquired	15,408,351
Consideration	19,732,628
Net Assets Acquired in Excess of Purchase Price (Goodwill)	$ 4,324,277

In connection with the acquisition, the Company incurred transaction costs of approximately $125,000.

NOTE 3 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment is stated at acquisition cost and is as follows at December 31:

	2016	2015
Office Furniture and Equipment	$ 5,351,375	$ 4,975,774
Computers and Software	193,300	138,510
Leasehold Improvements	1,024,507	109,527
Total	6,569,182	5,223,811
Less: Accumulated Depreciation	(1,643,010)	(544,843)
Total	$ 4,926,172	$ 4,678,968

NOTE 4 GOODWILL AND INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill during the periods ended December 31, 2016 and 2015 are as follows:

	Gross Amount	Accumulated Amortization	Net Amount
Balance - June 5, 2015	$ 4,324,277	$ -	$ 4,324,277
Current Year Amortization	-	(252,250)	(252,250)
Balance - December 31, 2015	4,324,277	(252,250)	4,072,027
Current Year Amortization	-	(432,428)	(432,428)
Balance - December 31, 2016	$ 4,324,277	$ (684,678)	$ 3,639,599

Intangible assets and estimated remaining useful lives of intangible assets at December 31 are as follows:

	Amount	Estimated Useful Life
Trademarks and Trade Names	$ 5,783,000	Indefinite
Franchise Contracts	4,166,000	11-14 Years
Total	$ 9,949,000	

	2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks and Trade Names	$ 5,783,000	$ -	$ 5,783,000
Franchise Contract	4,166,000	(509,987)	3,656,013
Intangible Assets	$ 9,949,000	$ (509,987)	$ 9,439,013

NOTE 4 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

	2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks and Trade Names	$ 5,783,000	$ -	$ 5,783,000
Franchise Contract	4,166,000	(187,890)	3,978,110
Intangible Assets	$ 9,949,000	$ (187,890)	$ 9,761,110

Future amortization expense as of December 31, 2016 is as follows:

Year Ending December 31,	Amount
2017	$ 322,098
2018	322,098
2019	322,098
2020	322,098
2021	322,098
Thereafter	2,045,523
Total	$ 3,656,013

NOTE 5 NOTES PAYABLE

Notes payable at December 31 consisted of the following:

Description	2016	2015
Note payable to a bank, interest accrues at a variable rate based on the LIBOR rate plus a percentage (3.50 - 4.00%) that can vary based on the Company's EBITDA. In addition to accrued interest, payments of principal of $98,512 are due monthly, with all outstanding principal and interest being due June 5, 2020. Beginning April 30, 2016 through April 30, 2020, the Company is required to calculate excess cash flow for the preceding calendar year and make additional principal payments based on an excess cash flow calculation as outlined in the note agreement.	$ 6,447,600	$ 7,683,929

NOTE 5 NOTES PAYABLE (CONTINUED)

Description	2016	2015
Note payable to a bank, interest accrues at a fixed rate of 8.00% per annum. Payments of interest only are due monthly with all outstanding principal and interest being due June 5, 2020.	$ 750,000	$ 750,000
Total Notes Payable	7,197,600	8,433,929
Less: Unamortized Debt Issuance Costs	(73,798)	(93,493)
Total Notes Payable, Net Unamortized Debt Issuance Costs	7,123,802	8,340,436
Less: Current Portion	(1,182,144)	(1,182,144)
Long-Term Debt, Net of Current Portion	$ 5,941,658	$ 7,158,292

Future maturities at December 31, 2016 are as follows:

Year Ending December 31,	Amount
2017	$ 1,182,144
2018	1,182,144
2019	1,182,144
2020	1,932,144
2021	1,719,024
Total	7,197,600
Less: Unamortized Debt Issuance Costs	(73,798)
Total	$ 7,123,802

The notes payable are subject to certain financial covenants. Management is aware they were not in compliance with one covenant as of December 31, 2016 and has subsequently received a bank waiver from the lender.

NOTE 6 LINE OF CREDIT

The Company has a revolving line of credit with a maximum amount of $250,000. Balances on the line of credit accrued interest at a variable rate based on the LIBOR rate plus 4.0%. Payments of interest only are due monthly. The line of credit expired June 5, 2016, and subsequent to year end, was extended to May 31, 2018. At December 31, 2016, the line of credit did not have a balance.

The line of credit is subject to certain financial covenants. Management believes it was in compliance with these covenants at December 31, 2016.

NOTE 7 CONTINGENT CONSIDERATION

In connection with the acquisition (Note 2), if the Company met certain revenue targets for the calendar year 2015, the Company was obligated to pay the sellers a maximum of $500,000.

At the time of the acquisition, management considered the probability of the outcomes of the contingencies in determining the estimated fair value of the contingent consideration. During the year ended December 31, 2016, the Company paid $67,050 to settle the contingent consideration.

NOTE 8 MEMBER'S EQUITY

The Company has one class of membership interests and is 100% owned by a single member.

NOTE 9 OPERATING LEASES

The Company leases space for its corporate headquarters. The lease expires at the end of March 2021. The Company leases space for two of its corporate stores which expire in March 2018 and 2019, respectively.

The Company lease space in shopping malls for the operations of carousels. The leases expire at various dates from 2016 through 2023.

Future minimum lease payments under noncancelable operating leases are as follows:

Year Ending December 31,	Amount
2017	$ 1,149,799
2018	700,364
2019	542,725
2020	521,361
2021	254,525
Thereafter	102,470
Total	$ 3,271,244

NOTE 10 RELATED PARTY TRANSACTIONS

The Company pays management fees to the majority member. For the periods ended December 31, 2016 and 2015, the Company recorded management fee expense of $350,000 and $199,306, respectively.

NOTE 11 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is involved in various legal proceedings and tax matters. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to court rulings, negotiations between affected parties and governmental factors. The Company records accruals for contingencies when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated based on historical claim activity and loss development factors. There can be no assurance there will not be an increase in the scope of these matters or that any future or pending lawsuits, claims, proceedings, or investigations will not be material.

Employee Benefit Plans

The Company sponsors a retirement plan under the provisions of Section 401(k) of the Internal Revenue Code. The plan is available to all eligible employees meeting certain age and service requirements. Under the plan, the Company can elect to make discretionary contributions. During the periods ended December 31, 2016 and 2015, the Company contributed and $28,531 and $7,307 to the plan, respectively.

GUARANTEE OF PERFORMANCE

For value received, FB HOLDINGS, LLC, an Arizona limited liability company (the "Guarantor"), located at 17767 N. Perimeter Dr., Suite B-117, Scottsdale, AZ 85255, absolutely and unconditionally guarantees to assume the duties and obligations of PUMP IT UP HOLDINGS, LLC, an Arizona Limited Liability Company, located at 17767 N. Perimeter Dr., Suite B-117, Scottsdale, AZ 85255 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2018 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns

The Guarantor executes this guarantee at Scottsdale, Arizona on this 12 day of April, 2018.

Guarantor: FB HOLDINGS, LLC

By: ____________________

Title: Lindsey Corbin, Vice President of Franchising

EXHIBIT H
ADDITIONAL DISCLOSURES AND ADDENDA
TO FRANCHISE AGREEMENTS REQUIRED BY CERTAIN STATES

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF CALIFORNIA

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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 DISCLOSURE DOCUMENT.

See the cover page of the disclosure document for BU'S URL address. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT WWW.CORP.CA.GOV.

2. **Item 3, Litigation.** The following statement is added to Item 3:

Neither BU nor any person listed in Item 2 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 parties from membership in such association or exchange.

3. **Item 5, Initial Fees.** The following statement is added to Item 5:

The California Department of Business Oversight has required us, as a condition of registration in the State of California, to defer the payment of initial franchise fees until we have reasonably performed our initial obligations under the terms of the Franchise Agreement. All initial fees and payments shall be deferred until such time as the Franchisor completes its initial obligations under the Franchise Agreement.

Item 17, Additional Disclosures. The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of the BounceU Facility. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.

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

You must sign a general release if you transfer or renew your franchise. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement requires that any action you bring be commenced in the jurisdiction where our principal business address is located, which currently is California. This provision may not be enforceable under California law.

AMENDMENT TO FRANCHISE AGREEMENT FOR CALIFORNIA RESIDENTS

The following information shall be added to the franchise agreement:

(1) California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

(2) 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.).

(3) The Franchise Agreement is amended for California residents to include the following sentence at the end of Section 3.1.A (1):

"All initial fees and payments shall be deferred until such time as the Franchisor completes its initial obligations under the Franchise Agreement."

(4) 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.

(5) The franchise agreement requires application of the laws of Arizona. This provision may not be enforceable under California law.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

BOUNCEU HOLDINGS, LLC, an Arizona limited liability company.	**FRANCHISEE**
By:__________________________________	By:__________________________________
Title:________________________________	Title:________________________________
Date:________________________________	Date:________________________________

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF HAWAII

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENTS. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF ILLINOIS

1. Cover Page, Risk Factors. The following statement is added at the end of the first Risk Factor:

SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT PROVIDES THAT ANY PROVISION IN A FRANCHISE AGREEMENT WHICH DESIGNATES JURISDICTION OR VENUE IN A FORUM OUTSIDE OF ILLINOIS IS VOID WITH RESPECT TO ANY CAUSE OF ACTION WHICH OTHERWISE IS ENFORCEABLE IN ILLINOIS.

The following statement is added at the end of the second Risk Factor:

NOTWITHSTANDING THE FOREGOING, ILLINOIS LAW SHALL GOVERN THE FRANCHISE AGREEMENTS.

2. Item 5, Initial Fees. The following statement is added to Item 5:

As a condition of registration in the State of Illinois, all initial fees paid by you to us prior to opening shall be placed in an escrow account to be released following the opening of the BounceU Facility.

3. Item 17, Additional Disclosures. The following statements are added to Item 17:

The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois.

The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO BOUNCEU FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the BounceU Franchise Agreement dated __________ ("Franchise Agreement") between BounceU Holdings, LLC ("BU") and _______________________ ("You") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of the franchise to you was made in the State of Illinois; (B) you are a resident of the State of Illinois; and/or (C) the BounceU Facility will be located or operated in the State of Illinois.

2. The following sentence is added at the end of Section 18.13:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.

3. The following sentence is added to the end of Section 18.9:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

4. The following sentence is added at the end of Section 18.9:

Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: 3 years of the violation, 1 year after the franchisee becomes aware of the underlying facts or circumstances or 90 days after delivery to the franchisee of a written notice disclosing the violation.

5. The following sentence is added to the end of Section 18.21:

Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act is void.

6. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

BOUNCEU HOLDINGS, LLC, an Arizona Limited Liability Company	**FRANCHISEE**
________________________________	________________________________
By:______________________________	By:______________________________
Title:____________________________	Title:____________________________
Date:____________________________	Date:____________________________

ADDITIONAL DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND

1. **Item 5, Initial Fees.** The following sentences are added at the end of Item 5:

Based upon our financial condition, the Maryland Securities Commissioner has imposed a fee deferral requirement. Therefore, you will not be required to pay the initial fees and other payments due to us and /or our affiliates for services provided and goods delivered prior to the opening of the Franchised Business(es), including the Initial Franchise Fee and the cost of the Start Up Package, until we have completed all our pre-opening obligations to you and you begin operating your franchise business.

The general release we require you to execute to obtain a refund of 50% of the Initial Franchise Fee shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. **Item 10, Financing.** The following sentence is added to Item 10:

The General Release that must be granted in conjunction with the Loan Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

Any provision requiring you to sign a general release of claims against BU, including upon signing the franchise and renewal or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

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

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any provision of the franchise agreement which provides for termination of the franchise agreement upon the franchisee filing for bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101. et seq.)

ADDENDUM TO BOUNCEU FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES

This Addendum to BounceU Franchise Agreement dated __________ ("Franchise Agreement") between BounceU Holdings, LLC ("BU") and _______________________ ("You") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of Maryland; **(B)** you are a resident of the State of Maryland; **(C)** part or all of the Protected Territory is located in the State of Maryland; and/or **(D)** the BounceU Facility will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Sections 2.2(F) Renewal-Execute General Release and 12.3(C) Conditions for BounceU's Approval for Transfer of the Franchise Agreement:

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The following sentence is added at the end of Sections 3.1:

All Initial Fees outlined in Section 3.1 of this Agreement and/or Item 5 of the Franchise Disclosure Document, payable to Franchisor, shall be deferred until Franchisor has complied with its pre-opening obligations as outlined in the Franchise Agreement (Exhibit C).

Based upon our financial condition, the Maryland Securities Commissioner has imposed a fee deferral requirement. Therefore, you will not be required to pay the initial fees and other payments due to us and /or our affiliates for services provided and goods delivered prior to the opening of the Franchised Business(es), including the Initial franchise fee and the cost of the Start Up Package, until we have completed all our pre-opening obligations to you and you begin operating your franchise business.

4. The following sentence is added to the end of Section 3.1(A):

The general release required to obtain a refund of 50% of the Initial Franchise Fee shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. The following sentence is added to the end of Section 18.24:

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The following sentence is added to the end of Section 18.19

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

BOUNCEU HOLDINGS, LLC, an Arizona limited liability company.	**FRANCHISEE**
By:______________________________	By:______________________________
Title:______________________________	Title:______________________________
Date:______________________________	Date:______________________________

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF 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:

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

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

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

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

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

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

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

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

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

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

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

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

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

THE FACT 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 these Additional Disclosures shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MINNESOTA

1. **Cover Page and Item 17, Choice of Forum and Law.** The following statement is added to the cover page and Item 17:

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

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the relevant Minnesota statute are met independently without reference to the Additional Disclosures.

2. **Item 17, Termination.** The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

3. **Item 17, General Release.** The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the relevant Minnesota statute are met independently without reference to the Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

AMENDMENT TO FRANCHISE AGREEMENT FOR MINNESOTA RESIDENTS AND OR FRANCHISEES

The following shall be added to the end of **Section 2.2** **Renewal of the Term** and **Section 13.3** **Notice as Required by Law**:

With respect to franchises governed by Minnesota law, BounceU will comply with Minn. Stat. §80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of this Agreement.

The following shall be added to the end of **Sections 2.2(F) and 12.3(C)** of the Franchise Agreement:

"Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to asset to a general release. If Franchisee or a transferee is required to execute a General Release under Section 2.2(F) or 12.3(C), such General Release shall be amended to exclude all claims that may not be released under the Minnesota Franchise Law."

The following shall be added to the end of **Section 18.9** **Jurisdiction and Venue**, **Section 18.13 Governing Law** and **Section 18.24** **Arbitration.**

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) 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 by the laws of the jurisdiction.

Section 18.19 **Waiver of Jury Trial** shall be deleted in its entirety.

Section 18.8 **Specific Performance** shall be deleted and replaced with the following:

"**Section 18.8** **Specific Performance.** Franchisee acknowledges that BounceU will be irreparably damaged (and damages at law would be an inadequate remedy) if this Agreement is not specifically enforced. Therefore, in the event of a breach or threatened breach by Franchisee of any provision of this Agreement, then BounceU may, in addition to all other rights or remedies, apply to any court of competent jurisdiction for an injunction restraining such breach and/or a decree for specific performance. The trial court will determine whether a bond is required in conjunction with Franchisor's exercise of rights pursuant to this Section 18.8"

Anything in this Agreement to the contrary notwithstanding:

If Franchisee has used the Proprietary Marks solely in accordance with this Agreement, the BounceU Confidential Operations Manuals and all other instructions or directions from BounceU, then BounceU shall use reasonable efforts to defend Franchisee against third party claims, actions or demands involving the ownership or validity of the Proprietary Marks arising out of Franchisee's use thereof. If Franchisee has not used the Proprietary Marks solely in accordance with this Agreement, the BounceU Confidential Operations Manuals and all other instructions or directions from BounceU, then any defense that BounceU may choose to provide to Franchisee shall be at Franchisee's sole cost and expense.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

BOUNCEU HOLDINGS, LLC, an Arizona limited liability company.	**FRANCHISEE**
By:_________________________________	By:_________________________________
Title:_______________________________	Title:_______________________________
Date:_______________________________	Date:_______________________________

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES FOR NEW YORK FRANCHISEES AND/OR RESIDENTS

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

> **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of 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; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

> Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

> The Initial Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

> However, to the extent required by applicable law, all rights you enjoy 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 non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

> You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

> However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently without reference to these Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

AMENDMENT TO BOUNCEU FRANCHISE AGREEMENT
FOR NEW YORK FRANCHISEES AND/OR RESIDENTS

This Addendum to BounceU Franchise Agreement dated _________ ("Franchise Agreement") between BounceU Holdings, LLC ("BU") and ____ ("You") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of New York; **(B)** you are a resident of the State of New York; and/or **(C)** the BounceU Facility will be located or operated in the State of New York.

2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 - 695 may not be enforceable

3. The following sentence is added to the end of Sections 2.2(F) and 12.3(C):

Any provision in this Agreement requiring you to sign a general release of claims against us does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.

The following sentence is added to Section 12.1:

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

4. The following sentence is added to the end of Section 18.13:

Notwithstanding the foregoing, the choice of law should not be considered a waiver of any rights conferred upon the franchisor or upon the franchisee by Article 33 of the General Business law of the State of New York.

5. The following sentence is added to the end of Section 18.24:

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

BOUNCEU HOLDINGS, LLC, an Arizona limited liability company.	**FRANCHISEE**
By:_________________________________	By:_________________________________
Title:_______________________________	Title:_______________________________
Date:_______________________________	Date:_______________________________

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES FOR RHODE ISLAND FRANCHISEES AND/OR RESIDENTS

The following disclosure should be added to Item 17 for Rhode Island:

§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"

AMENDMENT TO FRANCHISE AGREEMENT FOR RHODE ISLAND FRANCHISEES AND/OR RESIDENTS

Section 18.13 is deleted in its entirety and replaced with the following:

Section 18.13 Governing Law. This Agreement and all transactions contemplated by this Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Rhode Island.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

BOUNCEU HOLDINGS, LLC, an Arizona limited liability company.

By:__________________________________

Title:________________________________

Date:________________________________

FRANCHISEE

By:__________________________________

Title:________________________________

Date:________________________________

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
FOR VIRGINIA FRANCHISEES AND/OR RESIDENTS

The following modifies and supersedes the Franchise Disclosure Document with respect to franchises offered for sale or sold in the State of Virginia, as follows:

The following statements are added to Item 17.h.

Under 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 does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES FOR WASHINGTON FRANCHISEES AND/OR RESIDENTS

The following modifies and supersedes the Franchise Disclosure Document with respect to franchises offered for sale or sold in the State of Washington, as follows:

The State of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your 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 Revised Code of Washington shall prevail.

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, 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 our reasonable estimated or actual costs in effecting a transfer

AMENDMENT TO FRANCHISE AGREEMENT FOR WASHINGTON FRANCHISEES AND/OR RESIDENTS

The following modifies and supersedes the Franchise Agreement with respect to franchises offered for sale or sold in the State of Washington, as followings:

The State of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your 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 Revised Code of Washington shall prevail.

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, 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 our reasonable estimated or actual costs in effecting a transfer

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

BOUNCEU HOLDINGS, LLC, an Arizona limited liability company.	**FRANCHISEE**
______________________________	______________________________
By:	By:
Title:__________________________	Title: __________________________
Date**:** __________________________	Date**:**__________________________

EXHIBIT I
COMPLIANCE QUESTIONNAIRE

As you know, BOUNCEU HOLDINGS, LLC, ("**Franchisor**" or “**BounceU”**) and you are preparing to enter into a Franchise Agreement for the operation of a BounceU Facility. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and provide honest and complete responses to each question.

1. When and where did you have your first face-to-face meeting with a BounceU representative?

Approximate date of first meeting:____

Place of meeting:____

2. Which representative(s) have you been dealing with?

Name(s):____

3. Have you received the BounceU Franchise Disclosure Document (FDD)?

Yes _____ No _____

4. Did you give us a signed receipt for the copy of the FDD that we furnished to you?

Yes _____ No _____

If yes, on what date?____

5. Have you personally reviewed the FDD?

Yes _____ No _____

6. Do you understand all of the information contained in the FDD and any state-specific Additional Disclosures to the FDD?

Yes _____ No _____

If No, what parts of the FDD and/or Additional Disclosures do you not understand? (Attach additional pages, as needed.)

____
____
____
____

7 Have you personally reviewed the Franchise Agreement any addenda and any related agreement provided to you?

Yes _____ No _____

8. Do you understand all of the information contained in the Franchise Agreement each addendum and related agreement provided to you?

Yes _____ No _____

If No, what parts of the Franchise Agreement any addenda, and/or any related agreement do you not understand? (Attach additional pages, as needed.)

____
____
____
____

9. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of developing multiple BounceU Units as a developer of Franchisor and/or establishing and operating a BounceU Facility as a franchisee of BounceU?

Yes _____ No _____

If Yes, name and profession of advisor____

If No, do you wish to have more time to do so? Yes _____ No _____

10. Do you understand that the success or failure of your BounceU Facility will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____

11. Has any employee or other person speaking on behalf of BounceU made any statement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity or your behalf) concerning:

A. The actual or possible revenues, profits or operating costs of a BounceU Center operated by Franchisor or any of its franchisees, that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

B. The amount of money you may earn in operating a BounceU Facility that is contrary to or different from, the information contained in the FDD?

Yes _____ No _____

C. The total amount of revenue a BounceU Facility will or may generate that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

D. The costs you may incur in developing the BounceU Units or in operating a BounceU Facility that is contrary to or different from, the information contained in the FDD?

Yes _____ No _____

E. The likelihood of success that you should or might expect to achieve from operating a BounceU Facility?

Yes _____ No _____

If your answer to any part of Question 11 is Yes, who made the statement or representation, when, and where? Please provide full details in the following space. (Attach additional pages, as needed.)

____
____
____
____

12. Has any employee or other person speaking on behalf of BounceU made any statement, agreement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity or your behalf) concerning the advertising, marketing, training, support, service or assistance that Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

13. Have you entered into any binding agreement with BounceU concerning your investment in this franchise prior to today?

Yes _____ No _____

14. Have you paid any money to BounceU concerning your investment in this franchise prior to today?

Yes _____ No _____

If you have answered Yes to any of questions 12-14, please provide a full explanation of each Yes answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered No to each of questions 13-15, then please leave the following lines blank.

____
____
____
____

15. Do you understand that the territorial rights you have been granted are subject to limitations and exceptions?

Yes _____ No _____

16. Do you understand that BounceU retains the right, directly or through others, to develop and franchise other similar franchises or different franchise systems inside or outside of your territory?

Yes _____ No _____

17. Do you understand that the Franchise Agreement contain the entire agreement between you and BounceU concerning the franchise rights for the BounceU Facility meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding?

Yes _____ No _____

If you have answered No to any of questions 15-17, please provide a full explanation of each No answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered Yes to each of questions 15-17, then please leave the following lines blank.

____
____
____
____

I signed the Franchise Agreement and any applicable addenda on ____________, 20___, and acknowledge that no agreement or addendum is effective until signed and dated by BounceU.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION AND STATEMENT CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS AND STATEMENTS.

FRANCHISE APPLICANT

Signed:_________________________________

____
Printed Name

________________________________, 20___
Date

ATTACHMENT (1)
STATE ADDENDA TO FRANCHISEE DISCLOSURE QUESTIONNAIRE

ADDENDUM TO FRANCHISEE DISCLOSURE QUESTIONNAIRE FOR MARYLAND

All representations in the Franchisee Disclosure Questionnaire requiring a Franchisee or its owners to assent to any release, estoppel or waiver of liability on behalf of Franchisor are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXHIBIT J
RECEIPT

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 BounceU Holdings, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make payment to, BounceU Holdings, LLC or its affiliates in connection with the proposed sale or sooner if required by applicable state law.

New York and Rhode Island require that BounceU Holdings, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that BounceU Holdings, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If BounceU does 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, D.C. 20580 and the appropriate state agency identified on Exhibit A.

Issuance date: **April 12, 2018**

The name, principal business address and telephone number of each franchise seller for this offering are ____________________ and/or ____, 17767 N Perimeter Drive, Suite B-117, Scottsdale, AZ 85255.

I have received a disclosure document dated **April 12, 2018** that included the following Exhibits:

A. List of State Administrators
B. List of Agents for Service of Process
C. Franchise Agreement
D. BounceU Manuals Table of Contents
E. General Release
F. List of Franchisees
G. Financial Statements
H. Addenda Required by Certain States
I. Compliance Questionnaire
J. Receipts (2 Copies)

______________________________	______________________________
Prospective Franchisee (Print Name)	Prospective Franchisee (Print Name)
______________________________	______________________________
Signature	Signature
______________________________	______________________________
Date	Date

(PLEASE RETAIN THIS COPY FOR YOUR RECORDS)

EXHIBIT J
RECEIPT

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 BounceU Holdings, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make payment to, BounceU Holdings, LLC or its affiliates in connection with the proposed sale or sooner if required by applicable state law.

New York and Rhode Island require that BounceU Holdings, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that BounceU Holdings, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If BounceU does 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, D.C. 20580 and the appropriate state agency identified on Exhibit A.

Issuance date: **April 12, 2018**

The name, principal business address and telephone number of each franchise seller for this offering are ____________________ and/or ____, 17767 N Perimeter Drive, Suite B-117, Scottsdale, AZ 85255.

I have received a disclosure document dated **April 12, 2018** that included the following Exhibits:

A. List of State Administrators
B. List of Agents for Service of Process
C. Franchise Agreement
D. BounceU Manuals Table of Contents
E. General Release
F. List of Franchisees
G. Financial Statements
H. Addenda Required by Certain States
I. Compliance Questionnaire
J. Receipts (2 Copies)

______________________________	______________________________
Prospective Franchisee (Print Name)	Prospective Franchisee (Print Name)
______________________________	______________________________
Signature	Signature
______________________________	______________________________
Date	Date

(SIGN AND RETURN TO BU)