

FRANCHISE DISCLOSURE DOCUMENT



Rebounderz Franchise and Development, Inc.
A Florida corporation
605 Hickman Circle, Sanford, Florida 32771
Phone: (321) 222-1300
Website: www.rebounderz.com
E-Mail: info@rebounderz.com

Rebounderz Franchise and Development, Inc. offers franchises for the operation of a family entertainment center(s), recreation and party facility that offers groups and individuals a large, fun environment featuring ~~an~~ ~~Ninja Warrior courses, laser tag, virtual reality, arcade, ziplines, zipflyers, human foosball,~~ our patented trampolines (3 patents with 59 claims protected), covering Combination ~~J~~jumpers, Super Dodgeball ~~J~~jumpers, Air ~~Pits, Pit jumpers and~~ Basketball Slam jumpers, Jump Xtreme ~~Tower, team leagues & healthy~~towers, elevated ninja warrior courses with additional ground level area, children's climbing / play structures, ziplines with crash walls, laser tag course, foosball course, video arcade games, virtual reality dark ride & simulators, rock climbing walls, aerial ropes courses, laser mazes, electric go-carts and tracks, café & restaurant dining with parents lounge / bar in WiFi ~~café, lounge~~area, team leagues, team building, corporate events, and related programs and services.

The total investment necessary to begin operation of a Rebounderz franchise ranges from ~~\$2,639,200~~\$3,772,150 to ~~\$5,411,700~~\$7,360,650. This includes ~~\$2,075,500~~\$390,950 to ~~\$4,143,500~~\$5,079,450 that must be paid to us and our affiliates.

If you sign an area development agreement to open multiple Rebounderz facilities, the total investment necessary to begin operating your Rebounderz franchise ranges from ~~\$2,639,200~~\$3,772,150 to ~~\$5,411,700~~\$7,360,650, plus an additional ~~\$2019,000~~ for each additional Rebounderz facility you commit to open under your area development agreement (other than your first facility). This includes ~~\$2,075,500~~\$390,950 to ~~\$4,143,500~~\$5,079,450, plus an additional ~~\$2019,000~~ for each additional Rebounderz facility you commit to open under your area development agreement, that must be paid to us.

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 government 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 the franchisor at 605 Hickman Circle, Sanford, Florida 32771 or by phone at (321) 222-1300.

The terms of your contract will govern your franchise relationship. Don't 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 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 (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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 17, 2017~~

June 4, 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 SETTLED BY MEDIATION, ARBITRATION OR LITIGATION IN FLORIDA. OUT-OF-STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN FLORIDA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA 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. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: ~~June 6, 2017~~ _____, 2018

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us” and “the Company” mean Rebounderz Franchise and Development, Inc. - the franchisor. “You” means the person who buys a Rebounderz franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Corporate Information

Rebounderz Franchise and Development, Inc. is a Florida corporation that was incorporated on January 2, 2009~~1, 2010~~. Our principal business address is located at 605 Hickman Circle, Sanford, Florida 32771 and our telephone number is (321) 222-1300. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than “Rebounderz Franchise and Development, Inc.” and “Rebounderz.”

Business History

We began offering Rebounderz franchises in February of 2010~~9~~. We are not engaged in any business other than offering Rebounderz franchises and administering the franchise system. We do not offer franchises in any other line of business. We have not operated a business like the Rebounderz business being offered under this franchise. However, our principals have operated Rebounderz facilities in various states since 2008 through affiliated entities. These affiliates do not provide any goods or services to our franchisees and have never offered franchises in this or any other line of business.

Parents, Affiliates and Predecessors

We do not have any predecessors. Our parent company is Rebounderz, LLC and its principal business address is 605 Hickman Circle, Sanford, Florida 32771. We do not have any affiliates that have offered franchises in this or any other line of business.

Our affiliate, Indoor Trampoline Arena, Inc. (“ITA”), provides various construction, build out and remodeling services for our franchisees. ITA is also the manufacturer of the Rebounderz arena style “Jumper”, Ninja Warrior courses, and several other products and apparatuses for the Rebounderz system. ITA may sell the Jumper and related equipment and services to our franchisees as well as other facilities that are not part of the Rebounderz system. However, Rebounderz franchisees receive more favorable pricing than the pricing available to non-franchisees. ITA’s principal business address is 605 Hickman Circle, Sanford, Florida 32771. ITA has never offered franchises in this or any other line of business. ITA has never operated a Rebounderz facility.

Our affiliate, Cherokee Gray Eagle IP, LLC (“Gray Eagle”), owns the intellectual property associated with the Rebounderz Jumper and is the licensor of the proprietary software utilized by our franchisees. Gray Eagle’s principal business address is 605 Hickman Circle, Sanford, Florida 32771. Gray Eagle has never offered franchises in this or any other line of business. Gray Eagle has never operated a Rebounderz facility.

Description of Franchised Business

If we award you a franchise, you will establish and operate a family entertainment center under the name “Rebounderz.” The franchised business you will operate is referred to in this Disclosure Document as your “Business” or “Rebounderz Facility”. Your Rebounderz Facility will feature:

(i) Rebounderz Air Pit jumper (with up to 6 lanes)

(ii) Combination Rebounderz App

~~(iii) Rebounderz Arcade (video arcade where participants may earn tickets that can be redeemed for prizes)~~

~~(iv) Rebounderz Basketball Slam Jumper (with up to 4 lanes)~~

~~ii.i. (v) Required (aka Rebounderz Birthday Rooms)~~

~~iii.i. (vi) Rebounderz Branding~~

~~(vii) Rebounderz Child's Play Area~~

~~iv.i. (viii) Rebounderz Combo Jumper (an arena-style jumping court, which may be used for games, general recreation and cardio aerobic fitness classes)~~

ii. Rebounderz Super Dodgeball Jumper – Required (2nd Dodgeball Jumper - optional)

iii. Rebounderz 4-Lane Air Pit Jumper – Required (multiple lanes with up to 6 lanes - optional)

iv. Rebounderz 4-Lane Basketball Slam Jumper – Required

v. Rebounderz Jump Xtreme Tower - Required

vi. Rebounderz 3-Lane Elevated Ninja Warrior Course with Additional Ground Level Area – Required (4 lane courses optional)

vii. Rebounderz Children's Climbing / Play Structure - Required (Blowups optional)

viii. Rebounderz Ziplines with Crash Walls - Required

ix. Rebounderz Laser Tag Course (optional)

x. Rebounderz Foosball Course (optional)

xi. Rebounderz 25 Video Arcade Games Minimum – Required (where participants may earn tickets that can be redeemed for prizes – Ownership of Games Optional – and 35 & 50 Games Optional)

xii. Rebounderz Virtual Reality Dark Rides & Simulator - Required (2nd Unit optional)

xiii. Rebounderz Rock Climbing Walls (optional)

xiv. Rebounderz Aerial Ropes Courses (optional)

xv. Rebounderz Laser Maze (optional)

xvi. Rebounderz Electric Go-Carts & Track (optional)

xvii. Rebounderz Jumper court Add-ons – Required (the “Jumper Package”)

xviii. Rebounderz App

xix. Rebounderz Birthday Rooms

xx. Rebounderz Branding

v. <u>xxi.</u>	(ix)	Rebounderz Front Desk / Waiver Station
vi. <u>xxii.</u>	(x)	Rebounderz Jump Sox
	(xi)	Rebounderz Jump Xtreme Tower
<u>xxiii.</u>	(xii)	<u>Rebounderz Kitchen - Café, Restaurant & WIFI Lounge (a lounge featuring a variety of food, beverage and bar items)</u>
vi. <u>xxiv.</u>		Rebounderz Major Rick O'Shay
	(xiii)	Rebounderz Multi-Lane Foam Pit Jumper
	(xiv)	Rebounderz Ninja Warrior Course
vii. <u>xxv.</u>	(xv)	Rebounderz Policies & Procedures
ix. <u>xxvi.</u>	(xvi)	Rebounderz Pro-Shop (including branded apparel, bracelets and grip socks)
x. <u>xxvii.</u>	(xvii)	Rebounderz Redemption Center
xi. <u>xxviii.</u>	(xviii)	Rebounderz Signage
xii. <u>xxix.</u>	(xix)	Rebounderz Site Layout
xiii. <u>xxx.</u>	(xx)	Rebounderz Social Media
	(xxi)	Rebounderz Super Dodgeball Jumper (2 dodgeball jumper courts)
xiv. <u>xxxi.</u>	(xxii)	Rebounderz Training & Compliance
xv. <u>xxxii.</u>	(xxiii)	Rebounderz Uniforms
xvi. <u>xxxiii.</u>	(xxiv)	Rebounderz Website
	(xxv)	Rebounderz WiFi Café & Lounge (a lounge featuring a variety of food and beverage items)
	(xxvi)	Rebounderz Ziplines & ZipFlyers

If you choose to do so, with our prior written approval, you may serve beer and wine at your café if you obtain all required licenses and permits. Your facility may also be used for special events, such as birthday parties, exercise classes, corporate retreats or office team building events. Your Rebounderz Facility will provide a fun environment for family entertainment and recreation. A Rebounderz facility generates revenue from a variety of sources, including from use of the family entertainment center, the sale of food & beverages, merchandise, arcade games, birthday parties, summer camp programs and special events.

We will grant you a license to use certain logos, service marks and trademarks, including the name “Rebounderz” and associated logos (collectively, the “Marks”) in the operation of your Business. The “Marks” also include our distinctive trade dress used to identify a Rebounderz facility, whether now in existence or created in the future. You must sign a franchise agreement (the “Franchise Agreement”) and operate your Business in accordance with the terms of the Franchise Agreement. The form of Franchise Agreement is attached to this Disclosure Document as EXHIBIT "C".

smoking tobacco products in public places such as restaurants.

There may be regulations in your state that require you to maintain a certain ratio between supervisory employees and the number of participants on the trampoline arena or in a party room. You may also be subject to certain licensing requirements relating to personal training, teaching and supervising children. There may be laws requiring you to have an employee at your facility who is certified in basic cardiopulmonary resuscitation and/or on the use of an automated external defibrillator.

Some states have recently adopted or are considering adopting laws that would establish a state inspection program for indoor trampoline parks, similar to inspection programs for other recreational facilities such as amusement parks and water parks. These laws may regulate the safety aspects of a family entertainment center and establish requirements for reporting injuries and employee training. Some of these laws may also mandate certain types or levels of insurance.

The International Association of Trampoline Parks has established voluntary guidelines to promote safety at trampoline parks. ASTM International has also established voluntary safety standards for certain industries, including indoor trampoline parks and family entertainment centers. We require that all Rebounderz facilities comply with these voluntary standards and guidelines, and we require all Rebounderz franchisees to comply to the ASTM standards as well as the stringent Rebounderz standards which in turn has helped provide favorable insurance rates to our franchisees.

There may be other local, state and/or federal laws or regulations pertaining to your Business with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Mark Gurley – ~~Chairman & Founder, & Director~~ & ~~Chief Executive Officer & Director~~

Mark Gurley is our Founder and has served as our ~~Chief Executive Officer~~ Chairman since February 2018 and our Chief Executive Officer from our inception in January 2009 through January 2018. He joined the board of Rebounderz Franchise and Development, Inc. in January 2009. From April 2010 through the present, he has also served as Chief Executive Officer of our affiliate, ITA, in Sanford, Florida. ~~From July 2002 through August 2012, Mr. Gurley owned and operated Highstepper's American Karate Studios, Inc. in Sanford, Florida.~~

Timothy Murphy – ~~President & Chief Financial~~ Executive Officer & Director

Tim Murphy has served as our ~~President & CFO since:~~ (i) Chief Executive Officer since February 2018; (ii) President and Chief Financial Officer from December 2016, until February 2018; and ~~served as our~~ (iii) Chief Financial Officer ~~since from~~ July 2016, to December 2016. He joined the board of Rebounderz Franchise and Development, Inc. in January 2016. From December 2002 to the present, Tim has served as President of CFL Investment Trusts, LLC, dba ~~C-Level Restaurant Consulting~~ CEO Strategic Leadership Management, in Orlando, Florida.

Josh Coates – ~~Vice President~~ & Director

Josh Coates has served as our: (i) President from February 2018 to present; (ii) Vice President from July 2016 through the ~~present;~~ (ii) January 2018; (iii) Chief Operating Officer from June 2014 through July 2016; and ~~(iii)~~ (iv) Operations Manager from January 2011 to June 2014. Josh Coates has been with Rebounderz since May

2008.

Rae LaRoche – ~~Franchise Development Manager~~ Director of Franchising

Rae LaRoche has served as our Director of Franchising (former referred to as Franchise Development Manager) since our inception in January 2009.

Michael Goldman – Director

Michael Goldman joined the board of Rebounderz Franchise and Development, Inc. since our inception in January 2009. From August 2008 through the present, he has served as Senior Production Director for Freeman XP in Chicago, Illinois.

ITEM 3 LITIGATION

Concluded Civil Actions

Leigh Tanya Silvano, Al Palacios and Tazs of Jacksonville, Inc. v. Rebounderz Planet Jump, Inc., Rebounderz Franchise and Development, Inc., Alfred Palladino and Marcus Gurley (Case no. 09-CA-8865-15-L)

On October 21, 2009, Leigh Tanya Silvano, Al Palacios and their entity, Tazs of Jacksonville, Inc. filed a civil action in the Circuit Court for the Eighteenth Judicial Circuit in Seminole County, Florida against us, our affiliate Rebounderz Planet Jump, Inc. and our Chief Executive Officer, Mark Gurley. The complaint alleged breach of contract, fraudulent misrepresentation, negligent misrepresentation and fraud in the inducement relating to a transaction with our affiliate, Rebounderz Planet Jump, Inc., for the development of a Rebounderz facility prior to the establishment of our franchise system and before we began offering franchises. The lawsuit was settled with prejudice on June 7, 2011.

Tom Carter and Adventure Forest, Ltd. v. Marcus Gurley a/k/a Mark E. Gurley and Rebounderz Franchise and Development, Inc. (Case no. 2014-CA-000887-15-G))

On April 7, 2014, Tom Carter and his entity, Adventure Forest, Ltd. filed a civil action in the Circuit Court for the Eighteenth Judicial Circuit in Seminole County, Florida, against us and our Chief Executive Officer, Mark Gurley, in his personal capacity and as the last known director of Rebounderz of Canada, LLC, an administratively dissolved Florida limited liability company. Plaintiff Adventure Forest, Ltd. and Rebounderz of Canada, LLC were in discussions to form a partnership for the development of Rebounderz facilities in Canada. The plaintiffs allege that they contributed \$100,000 to the partnership as the initial monetary expenditure required to fund the first facility in Canada; however, this facility was never developed. The plaintiff's complaint alleged failure to return money had and received, civil theft, and unjust enrichment and seeks an unspecified amount of compensatory damages and other relief. The case was settled on February 3, 2015. Under the terms of the settlement agreement, the defendants paid the plaintiffs \$50,000 as a partial refund of the \$100,000 capital contribution made by the plaintiffs towards the joint venture. In exchange for the payment and full releases of claims, the case was dismissed with prejudice.

Except for the 2 actions described above, no litigation is required to be disclosed in this Item. California law requires additional disclosures related to the information contained in Item 3. These additional disclosures appear in the California Addendum that attached to this Disclosure Document as EXHIBIT "J".

ITEM 4 BANKRUPTCY

Timothy Patrick Murphy & Tracy Lynn Murphy (Case No. 6:13-bk-13392-KSJ)

Our ~~President and~~ Chief ~~Financial~~Executive Officer, Timothy Murphy, filed a Chapter 7 voluntary petition in the United States Bankruptcy Court for the Middle District of Florida – Orlando division on October 31, 2013. The debtor's principal address is 1049 Winding Waters Circle, Winter Springs, Florida 32708. The court discharged the debts on February 11, 2014.

The bankruptcy arose from a business partnership for a food concept between Mr. Murphy and a partner. Unbeknownst to Mr. Murphy, the partner had served time in jail for failure to pay taxes. As a result of this fact, the partnership was unable to raise the necessary capital via securities offering to fund the business and pay for the debts of the partnership. Mr. Murphy had converted certain partnership debts to personal debts to satisfy all liabilities. However, based on advice of counsel, Mr. Murphy subsequently decided to file for bankruptcy protection.

Jeffrey Alan LaRoche & Rae Lynn LaRoche (Case No. 6:11-bk-08300-CCJ)

Our ~~Franchise Development Manager~~Director of Franchising, Rae LaRoche, filed a Chapter 7 voluntary petition in the United States Bankruptcy Court for the Middle District of Florida on May 31, 2011. The debtor's principal address is 1080 Bloomsbury Run, Lake Mary, Florida 32746. The court discharged the debts on September 16, 2011.

Other than the 2 bankruptcies listed above, no bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You will pay a ~~\$60,000~~49,950 initial franchise fee for your franchise including territory rights for the first location. The entire initial franchise fee is payable in full at the time you sign the Franchise Agreement. We will refund \$25,20,000 of the initial franchise fee if: (i) we terminate the Franchise Agreement in accordance with

Section 21.2(i) for failure to successfully complete initial training in a timely manner; and (ii) you and your owners sign a General Release. The initial franchise fee is not refundable under any other circumstances.

As an incentive for a limited time through June 30, 2018⁹, we are offering the next 15 new franchisees an initial discounted franchise fee of \$~~42,490~~9,950 if the new Rebounderz location is in one of the following Preferred Rebounderz Markets (see below). In addition, each of these “new” franchisees will be offered a discount on unit 2 through unit 4 if they sign up at the same time and pay in advance the “full” franchise fee of \$~~29,950~~38,000 for each of those additional units in the same Preferred Rebounderz Markets.

Preferred Rebounderz Markets:

Tampa / St. Petersburg, FL Raleigh, NC	Raleigh Charlotte , NC	Charlotte, NC Atlanta, GA	Coral Gables / Ft. Myers Atlanta, GA, FL
Orlando / Kissimmee Coral Gables / Ft. Myers, FL	Miami, FL	Washington DC	Denver / Aurora, CO
Phoenix, AZ Orlando / Kissimmee, FL	Memphis, TN Phoenix, AZ	Nashville / Davidson, TN Los Angeles, CA	San Diego / Carlsbad, CA
Riverside/San Bernardino, CA	Tucson, AZ	Oklahoma City, OK	Oxnard/Ventura, CA
San Jose / Santa Clara, CA	Boise City, ID	Dallas, TX	Baltimore / Columbia, MD
Las Vegas / Hendersonville, NV	Tulsa, OK	Houston, TX	Austin / Round Rock, TX
Greensboro / High Point, NC	Columbia, SC	New Orleans, LA	McAllen-Mission, TX
San Antonio / New Braunfels, TX	Albuquerque, NM	Salt Lake City, UT	Portland / Vancouver, OR
Virginia Beach / Norfolk, VA	Richmond, VA	Kansas City, MO	Birmingham / Hoover, AL
Louisville / Jefferson City, KY	St. Louis, MO	Memphis, TN	Nashville / Davidson, TN

Except as disclosed above, all initial franchise fees are uniform and fully earned.

Initial Training Fee

You will pay us an initial training fee of \$17,500. This fee covers 14 days of on-site training provided at your Rebounderz Facility as well as our manager training program. The training fee is uniformly imposed and nonrefundable. The training fee is due before you begin training.

Pre-opening Purchases from Us

Before opening, you must purchase certain items from us (collectively referred to as your “Rebounderz Startup Package”), including:

- (i) Rebounderz Initial Employee Uniforms (estimated cost of \$6,000 to \$8,500);
- (ii) Rebounderz Proprietary Applications, including Installation, Setup and Licensing (estimated cost of \$15,000 to \$25,000);
- (iii) Rebounderz Point of Sale System (estimated cost of ~~30~~\$20,000 to ~~60~~30,000);
- (iv) Rebounderz Corporate Branding, Signs, Wall Vinyls and Rebounderz Major Rick O’Shay Mascot Costume (estimated cost of \$~~45~~50,000 to ~~60~~70,000);

- (v) Rebounderz Pro-Shop Apparel and Grip Socks (estimated cost of \$~~25~~15,000 to \$~~40~~30,000);
- ~~(vi) Rebounderz Vehicle Wrap Package (estimated cost of \$3,000 to \$5,000 per vehicle);~~
- ~~(vi)~~ (vii) Rebounderz Location Website Start-Up, SEO, Ad Package, and Social Media Sites (Facebook, Instagram, and Twitter (estimated cost of \$10,000 to \$~~20~~15,000);
- (viii) Rebounderz Initial Supply of Marketing Material Handouts (estimated cost of \$3,000 to \$~~6~~5,000); and
- (ix) Rebounderz Party and office supply inventory (estimated costs of \$3,000 to \$6,000).

The total cost of the Rebounderz Startup Package will range from \$~~140~~122,000 to \$~~230~~189,500. The purchase price is uniformly imposed and nonrefundable. The price of the Rebounderz Startup Package is generally invoiced within 30 days after site approval. The payment is then due at the time you receive funding for the development of your Rebounderz Facility or as otherwise agreed upon by you and us.

Pre-opening Purchases from our Affiliates

Attractions Equipment Package

Before opening, you must purchase your Rebounderz Jumper and related equipment (the “Attractions Equipment Package”) from our affiliate ITA, including:

- (i) A Combination Jumper - Required (aka Combo Jumper);
- (ii) A Super Dodgeball Jumper - Required (2nd Super Dodgeball Jumper optional);
- (iii) A ~~6~~4-Lane Air Pit Jumper; - Required (5-Lane & 6-Lanes optional);
- (iv) A 4-Lane Basketball Slam Jumper - Required;
- (v) A JumpXtreme Tower - Required;
- (vi) A 3-Lane Elevated Ninja Warrior Course;
- ~~(vii) Toddler with Additional Ground Level Area & Blow-up(s) - Required (4-Lane course optional);~~
- ~~(vii)~~ Children’s Climbing / Paly Structure - Required (Blowups optional);
- (viii) Zipline with Crash Walls - Required;
- (ix) ~~ZipFlyer Roller Coaster (optional);~~
- ~~(x) Laser Tag Course with 40 Guns (optional);~~
- ~~(xi)~~ Foosball Course (optional);
- ~~(xii) — xi~~ 25 Video Arcade Games (25-30 Arcade Minimum – Required (Ownership optional, and 35 & 50 Games – rented/joint venture required – ownership optional);
- (xiii) Virtual Reality ~~Games (Dark Ride & Simulator – Required (2nd unit optional); and~~

(xiii) [Rock Climbing Walls \(optional\)](#)

(xiv) [Aerial Ropes Courses \(optional\)](#)

(xv) [Laser Maze \(optional\)](#)

(xvi) [Electric Go-Carts & Track \(optional\)](#)

(xvii) [Jumper Court Add-ons – Required](#) (the “Jumper Package”).

*Note that the size and dimensions of your Jumpers can be modified at an additional cost.

You must open with a minimum of ~~8~~[10](#) Jumper devices and attractions although we highly recommend that you open with between 10 and ~~15~~[16](#) Jumper devices and attractions. The cost to purchase these attractions, including shipping and installation, ranges from \$1,~~483~~[789](#),000 to \$~~3,331,500~~[4,240,000](#).

Exterior Signage

You must also purchase your exterior signage from ITA (the sizes vary from 100 to 300 square feet). The cost of the building signage ranges from ~~\$20,000 to \$30,000~~[30,000 to \\$50,000 \(with optional additional signs\)](#).

Furniture, Fixtures & Equipment

You must purchase all of your furniture, fixtures and equipment from ITA. The cost of these purchases ranges from \$~~300,000~~[307,500](#) to \$40~~1~~[7](#),500.

Computers and TVs

You must purchase your computers and TVs from ITA. The cost of these purchases ranges from \$~~15~~[30](#),000 to \$~~20~~[50](#),000.

Cameras, Security and Sound Systems

You must purchase your cameras, security and sound systems from ITA. The cost of these purchases ranges from \$~~40~~[45](#),000 to \$~~52,500~~[75,000](#).

The purchase price for the items above is uniformly imposed and nonrefundable. The cost for these items is invoiced and payable at the same time as the initial training fee and Rebounderz Startup Package.

Area Development Fee

If you sign an ADA, the initial franchise fee for your first Rebounderz facility will be \$~~60,000~~[49,950](#) and the initial franchise fee for each additional Rebounderz facility will be \$~~40~~[38](#),000. When you sign the ADA, you must pay us the entire initial franchise fee for your first Rebounderz facility plus ~~\$20~~[19](#),000 for each additional facility you commit to develop. For example, if you commit to establish 5 Rebounderz facilities under an ADA, your initial fee will be \$~~140~~[125,950](#) (~~\$49,950~~ + ~~\$19~~[19](#),000 ~~(\$60~~ + ~~\$19~~[19](#),000 + ~~\$20~~[19](#),000 + ~~\$20,000~~ + ~~\$20,000~~ + ~~\$20~~[19](#),000)). You must pay us the remaining balance of the initial franchise fee for each additional Rebounderz facility (i.e., ~~\$20~~[19](#),000 per facility) at the time you sign the franchise agreement for that facility. If we terminate your ADA due to your default, you will not be entitled to a refund of any initial franchise fees previously paid to us but you will not be required to pay the remaining balance of the initial franchise fee for any facilities for which a Franchise Agreement had not been signed.

Fee Deferral

All fees referenced in Item 5 of this Disclosure Document are subject to deferral pursuant to order of the State of California. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee ¹	5.5% of Gross Revenues ²	2 business days after invoice	We will ACH your bank account on a weekly basis within 2 days after the week ends and after providing you support for deduction. We will update a finalized invoice once a month for any monthly sales, and monthly related items such as arcade sales, massage chair sales, external sales companies, etc. (which may not be reflected on our weekly sales reports). Once monthly invoice is prepared, we will ACH your bank account in the same manner as the weekly payments. Upon our request, you must provide us with bi-monthly reports of your Gross Revenues. Otherwise we will independently retrieve bi-monthly reports of your Gross Revenues from the POS System.
Marketing Fund Fee ¹	Up to 1.5% of Gross Revenues ²	Same as royalty fee	See Note 3.
Cooperative Advertising Fee ¹	Up to 1% of Gross Revenue ²	Same as royalty fee	See Note 4.
Onsite Training/ Assistance Fee ¹	Up to \$1,000 per day plus reimbursement of expenses	15 days after invoice	See Note 5.
Technology Fee ¹	Varies (currently \$325 per month)	2 nd day of month	See Note 6. This will be invoiced in advance of the month due.
Marketing Materials and Inventory ¹	Varies depending on item purchased	At time of purchase	We will provide you with our current price list at the time you sign the Franchise Agreement.
Audit Fee ¹	Actual cost of audit (including travel and lodging expenses for audit team)	10 days after invoice	Payable only if the audit (i) reveals that you have understated any amount that you owe us by at least 2% or (ii) is necessary because you fail to furnish required information or reports to us in a timely manner.
Fines ¹	Up to \$5,000 per incident for violation of standards or procedures; \$1,000 per day for offering unauthorized product or service	Upon demand	Payable if: (i) you offer any unauthorized product or service; (ii) you fail to comply with a mandatory standard or operating procedure and you do not cure the non-compliance within the time period we require; or (iii) you fail to pay your royalty fee or marketing fund fee within 2 business days after receipt of our

You will be required to sign an ACH Authorization Form (attached to the Franchise Agreement as ~~(ATTACHMENT "E"~~ATTACHMENT "E"), permitting us to electronically debit your designated bank account for payment of all fees payable to us (other than the initial franchise fee) as well as any amounts that you owe to us or our affiliates for the purchase of goods or services. You must deposit all Gross Revenues into the bank account and ensure that there are sufficient funds available for withdrawal before each due date. ~~We may also allow you to pay by other approved methods of payment.~~ We will send you electronic invoices for your royalty fee and marketing fund fee and you must remit payment within 2 business days after receipt of the invoice. We may, in our sole discretion, authorize or require you to utilize alternative methods of payment. Another form of payment, such as a check, may not be used without prior authorization.

You must pay us all taxes that are imposed upon us or that we are required to collect and pay because of the furnishing of products, intangible property (including trademarks) or services to you (other than our income tax, which is our responsibility).

(2) "Gross Revenues" means all gross sums that you bill or collect from all goods and services that you sell, plus all other sums that you collect from the operation of your Business, including the proceeds of any business interruption insurance. "Gross Revenues" does not include sales or use taxes or proceeds from the sale of trade fixtures or equipment in the normal course of business.

(3) We may, but need not, establish and maintain a marketing fund for marketing, advertising and promotional materials, public and consumer relations, publicity, and any other programs that we deem necessary or appropriate (the "Marketing Fund"). You will have no voting rights pertaining to the administration of the marketing fund, the creation and placement of the marketing materials or the amount of the marketing fund fee. In addition to your contributions to the Marketing Fund, you must spend at least ~~35~~5% of your Gross Revenues on local advertising (your "Local Marketing Commitment").

(4) We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We will collect the cooperative advertising fees and remit these fees to the applicable advertising cooperative (unless we administer the advertising cooperative ourselves). The amount of the cooperative advertising fee may be adjusted (or suspended) upon the majority vote of all franchisees within the advertising cooperative. Any Rebounderz facility that we operate will have the same voting power as third party franchisees. If we own the majority of Rebounderz facilities within an advertising cooperative, we will not increase the cooperative advertising fee without the consent of a majority of all third-party franchisees within the advertising cooperative. All cooperative advertising fees will be uniformly imposed on all franchisees within the advertising cooperative, including any Rebounderz facility that we operate. All cooperative advertising fees that you pay will be credited towards your Local Marketing Commitment.

(5) Before you open, we will provide our initial training program for your Managing Owner and initial managers (including your general manager if applicable) in exchange for the \$17,500 initial training fee. All ongoing training will be provided at no additional charge unless the training is provided at your Rebounderz Facility, in which case we can charge you training fee and you must reimburse us for all costs incurred by our representative for meals, travel and lodging. The fees and cost reimbursements associated with the onsite portion of the initial training program are included in the \$17,500 initial training fee. You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses.

(6) Currently, we require that you utilize certain software provided by a third-party supplier as well as our proprietary software. We do not separately charge you for our proprietary software. You are required to pay the third-party suppliers for use of their software. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We also reserve the right to create proprietary software that must be used by Rebounderz

franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. We can change the software and technology that must be used by our franchisees at any time. Currently, we host your Rebounderz website and administer your social media accounts and charge a \$325 monthly fee for this service (which also includes domain name renewals). All current and future fees and charges described in this section comprise the “technology fee.”

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	AMOUNT ¹	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (for a single franchise only, includes territory fee and grand opening fee)	\$60,000 <u>49,950</u>	Lump sum	At time you sign Franchise Agreement	Us
Initial Training Fee	\$17,500	Lump sum	Prior to training	Us
Food, Lodging & Travel (5 people while attending manager training)	\$5 <u>10</u> ,000 to \$7 <u>20</u> ,000	As incurred	During training	Hotels, restaurants and airlines
Lease Deposit & 32 <u>3</u> Months' Rent ²	\$80 <u>200</u> ,000 to \$180 <u>300</u> ,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Leasehold Improvements ³	\$200 <u>750</u> ,000 to \$500 <u>1,250</u> ,000	As incurred	Before opening	Contractors and suppliers (<u>We expect a Tenant Improvement Allowance in either form of cash or rent credits for up to 50% of Leasehold Improvement costs</u>)
Engineering, Architects & Permits	\$40 <u>30</u> ,000 to \$60,000	As incurred	Before opening	Engineers, Architects & Municipalities
Chair-Lift or Elevator	\$30,000 to \$95 <u>65</u> ,000	Lump sum	Before opening	Suppliers
Utility Deposits	\$7,500 <u>15,000</u> to \$30 <u>35</u> ,000	As incurred	Before opening	Utility companies
Rebounderz Startup Package ⁴	\$140 <u>122</u> ,000 to \$230 <u>194</u> ,500	Lump sum	At time of funding or as otherwise agreed upon	<u>Rebounderz</u> Us
Family Entertainment Center Attractions Package ⁵	\$1, 483 <u>789</u> ,000 to \$3,331,500 <u>4,240,000</u>	Lump sum	At time of funding or as otherwise agreed upon	ITA
Exterior Building Signage ⁶	\$20,000 to \$30,000 <u>to \$50,000</u>	Lump sum	At time of funding or as otherwise agreed upon	ITA
Furniture, Fixtures & Equipment ⁷	\$300,000 <u>307,500</u> to \$401 <u>7</u> ,500	As incurred	Before opening	ITA
Computers and TVs ⁸	\$15 <u>30</u> ,000 to \$20 <u>50</u> ,000	As incurred	Before opening	ITA

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	AMOUNT ¹	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Cameras, Security and Sound Systems ⁹	\$40,450,000 to \$52,500 <u>\$75,000</u>	As incurred	Before opening	ITA
ASCAP License Fee	\$1,200	Lump Sum	At time of opening	ASCAP (Upfront and Yearly Dues)
Grand Opening Advertising and Other Initial Marketing ¹⁰	\$30,500,000 to \$80,120,000	As incurred	Before opening and initial 2-3 months after opening	Newspaper, Yellow Pages, ad printers, other media
Licenses and Permits	\$10,000 to \$30,000	As incurred	Before opening	Government agencies
Professional Fees	\$15,000 to \$30,000 <u>to \$40,000</u>	As incurred	Before opening	Lawyers and accountants
Insurance ¹¹	\$15,200,000 to \$40,000	Lump sum – Down Payment	Before opening	Insurance companies
Inventory for Food for Café to Practice & Start-Up	\$15,200,000 to \$25,30,000	Lump Sum	Before opening	Food Suppliers
Initial Payroll for Training Prior to Opening	\$65,000 to \$90,85,000	As incurred	Before opening	For Management and Hourly Training
Additional Funds (3 month period after opening) ¹²	\$150,000-\$1200,000	As incurred <u>incurred</u>	As incurred	Suppliers and employees
Total Estimated Initial Investment ¹³	\$2,639,200 <u>3,772,150</u> to \$5,411,700 <u>7,360,650</u>			

NOTES:

(1) Our affiliate ITA may offer financing for the purchase of your Jumper and related equipment (See Item 10). We do not offer direct or indirect financing for any other fees or purchases. We will refund ~~\$25,20,000~~ of the initial franchise fee if: (i) we terminate the Franchise Agreement in accordance with [Section 21.2\(i\)](#) for failure to successfully complete initial training in a timely manner; and (ii) you and your owners sign a General Release. No other fees or other amounts paid to us or our affiliates are refundable. We are unaware of any fees payable to third party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default.

(2) These figures presume that you will be leasing your premises. The expense of leasing will vary depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. We anticipate that most Rebounderz facilities will range in size from 35,000 square feet (our minimum size) to ~~60,80,000~~ square feet. The estimate above assumes a ~~30,40,000 to 60,000~~ square foot facility. We estimate the rent will range from ~~\$20,50,000~~ to ~~\$45,75,000~~ per month, although your actual rent may vary significantly above or below this range depending on your area and the local market conditions. Landlords typically require security deposits equal to 1 or 2 months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The total estimated initial investment shown in the chart above includes ~~13~~ months' security plus ~~31~~ month's rent. Some franchisees may prefer to own their facility. The costs of purchasing a facility vary so widely that we cannot reasonably estimate the cost.

- (3) The cost of leasehold improvements and build-out vary widely based upon several factors, including the size and condition of the premises, whether there are any existing leasehold improvements, local wage rates and material costs, and whether the landlord will contribute to the cost of the improvements.
- (4) See Item 5 for a description of the items included in the Rebounderz Startup Package.
- (5) See Item 5 for a description of the items included in the Family Entertainment Center (FEC) Package.
- (6) This includes the exterior signage you must purchase from ITA (either 100 square feet, 200 square feet or 300 square feet). The type and size of the signage you install will be based upon the zoning, property use requirements and any landlord imposed restrictions. There could be an occasion where signage is not permitted because of zoning or use restrictions. Your other signage, including Rebounderz branded signs, wall vinyls, wall canvases, front desk wrap, café counter wrap, café hood wrap and internal safety and informational signs are included in your Rebounderz Startup Package.
- (7) You must purchase and/or lease and install the fixtures, tables, chairs, equipment, cafe equipment and décor ~~that we specify from ITA.~~ This estimates the cost to acquire these items, other than the fixtures, tables, chairs, equipment and décor items that are included in your Rebounderz Startup Package. See Item 5 for additional information on these purchases.
- (8) See Item 5 for additional information on these purchases.
- (9) This is the cost of the camera, security and sound systems needed for a typical Rebounderz facility. Additional equipment may be needed based on the size of the Rebounderz facility created. See Item 5 for additional information on these purchases.
- (10) You must conduct a grand opening advertising campaign that begins prior to opening and ends 2-3 months after opening. You must also conduct a soft opening, which should last no more than 30 days and should end the business day before the start of your grand opening to the public.
- (11) You must purchase the insurance that we specify. This estimates the cost of your insurance down payment. Your insurance premium may be payable annually, quarterly or monthly. If your insurance premium is paid quarterly or monthly, your initial investment estimate will decrease.
- (12) This estimates your estimated cash flow expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you) and other miscellaneous expenses and required working capital. Your initial 3 months of rent, advertising and insurance premiums are separately stated in the table above.
- (13) These figures are estimates based on the experience of our affiliate and principals in operating a Rebounderz business in Virginia as well as the experience of our franchisees in developing their facilities. You may have additional expenses starting your Business. Your costs will depend on a variety of factors, including: the size of your facility; if your facility is in an area prone to natural disasters; whether you choose to purchase optional Jumper related equipment; obtaining financing; how closely you follow our methods and procedures; your management skills, experience and knowledge; the local real estate market; the prevailing wage rate; competition; and the sales level achieved during the initial period. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Business. [These estimates are prepared based on a facility ranging in size from 40,000 square feet to 60,000 square feet.](#)
- (14) If you sign an ADA, the estimated initial investment will increase by an amount equal to ~~\$20~~\$19,000 for each additional Rebounderz facility that you agree to establish under the ADA.

Rebounderz Facility. The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks or trade dress if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease.

Rebounderz Facility

As discussed in greater detail in Item 11, your Rebounderz Facility must be designed and constructed in accordance with our standards and specifications. We must approve the architects and engineers that you use to design the plans and construct your Rebounderz Facility.

Fixtures, Furnishings and Décor

All of your fixtures, furnishings and décor must meet our standards and specifications. Most of these items must be purchased from designated or approved suppliers, and we are the exclusive supplier for some of them, including the Rebounderz Front Desk, the Rebounderz Waiver Station, the Rebounderz Grip Sock / Cubby Storage / Instruction Video Station and the Rebounderz Arcade Redemption Station.

Jumper and Related Equipment/Services

Your Rebounderz Jumper Package and all related equipment must meet our standards and specifications and must be purchased exclusively from our affiliate, ITA. This includes your Rebounderz Combination Jumper; ~~Rebounderz Dodgeball Jumper - Required~~; Rebounderz Super Dodgeball Jumper; ~~- Required (2nd Super Dodgeball Jumper optional)~~; Rebounderz ~~2, 3, 4, 5 or 6~~-Lane ~~Foam Air~~ Pit Jumper; ~~- Required (5 and 6 lanes optional)~~; Rebounderz ~~2, 3 or 4~~-Lane Basketball Slam Jumper; ~~- Required~~; Rebounderz JumpXtreme Tower; ~~- Required~~; Rebounderz ~~3-Lane~~ Ninja Warrior Course; ~~Rebounderz Toddler with Additional Ground Level Area & Blowup Jump Pillow~~; ~~- Required (4-lane course optional)~~; Rebounderz Children's Climbing / Play Structure - ~~Required (Blowups optional)~~; Rebounderz Zipline; ~~Rebounderz ZipFlyer Roller Coaster with Crash Walls - Required~~; Rebounderz Laser Tag Course ~~with 40 Guns~~; ~~(optional)~~; Rebounderz Foosball Course; ~~(optional)~~; Rebounderz ~~25~~ Video Arcade Games ~~(25-30 Arcade Games Minimum - Required (ownership optional, and 35 & 50 games optional))~~; Rebounderz Virtual ~~Realty Games~~; ~~Reality Dark Ride & Simulator - Required (optional 2nd unit)~~; Rebounderz Rock Climbing Walls (optional); Rebounderz Aerial Ropes Courses (optional); Rebounderz Laser Maze (optional); Rebounderz Electric Go-Carts & Track (optional); and Rebounderz Jumper Court Add-ons ~~and - Required (the "Jumper Package" - Jumper Court drawings/stamped engineering/architectural plans)~~. ITA is also the exclusive supplier for all installation services relating to your Jumper and related equipment. Our designated supplier will ship the Jumper equipment. ITA may outsource some of these functions to third party suppliers.

Computer Equipment and POS System

Your computer system and POS system must meet our standards and specifications. We currently require that you purchase these items exclusively from us or our affiliate.

Operating Equipment

You must purchase certain operating equipment that meets our standards and specifications, including TVs, sound system, café and kitchen equipment, public address system and camera system. We currently require that you purchase these items exclusively from us or our affiliate.

Operating Supplies

business hours, special events and promotions. We will provide web hosting, domain name renewals and reasonable content changes for your website in exchange for a \$325 monthly fee. We may outsource the website related services to one or more third party suppliers. We reserve the right to limit the time to work on your specific website if the time needed for your website build and updates exceeds 3 hours per month.

Social Media Services

We will manage all social media setup and postings relating to your Rebounderz Facility. We may, in our discretion, allow you to assume control over social media activities later, in which case all your social media activities must comply with our social media policy. At all times, we must maintain administrative access to all social media accounts and reporting tools, such as Google analytics.

Purchase Agreements

We have negotiated purchase agreements with suppliers (including pricing terms) to enable our affiliates and franchisees to purchase certain items at discounted prices. You will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us). Alternatively, we reserve the right to purchase the items in bulk and resell them to you (or have our affiliate resell them to you) at our (or our affiliate's) cost plus a reasonable markup. There are no purchasing cooperatives, although we reserve the right to establish one or more purchasing cooperatives in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate.

Franchisor Revenues from Source Restricted Purchases

We are currently the exclusive supplier for the items included in your Rebounderz Startup Package. We are also the exclusive supplier for replenishment of all branded Rebounderz materials, including Rebounderz Grip Socks, Rebounderz birthday shirts and Rebounderz employee uniforms, after the facility opens. Our affiliate ITA is currently the exclusive supplier for your: Attractions Equipment Package; exterior signage; furniture, fixtures and equipment, computers and TVs; and cameras, security and sound systems (other than any such items included in the Rebounderz Startup Package). We may designate ourselves and/or our affiliates as an approved or designated supplier for other items in the future. No persons affiliated with us are currently approved suppliers. Our [Chairman and Founder](#), Chief Executive Officer and President each own an interest in ITA. Our ~~President and~~ Chief ~~Financial~~[Executive](#) Officer also own an interest in the commercial real estate brokerage company that franchisees are required to utilize. There are no other approved or designated suppliers in which any of our officers owns an interest.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. We currently receive a 2% rebate from the supplier of Mini Melt Ice Cream. It is our current practice to deposit all rebates we receive from Mini Melt Ice Cream into the Marketing Fund although we shall not be required to continue to do so.

Our total revenues during the 2016⁷ fiscal year were \$1,668,346⁸[844,761](#). During that year, we received a total of \$~~378,828~~⁹ in revenue from franchisee purchases from designated or approved suppliers, which represents ~~22.70~~¹⁰[0.0](#)% of our total revenues.

ITA's total revenues during the 2016⁷ fiscal year were \$~~2,076,800~~¹¹[615,025](#). During that year, ITA derived \$~~2,076,800~~¹²[615,025](#) in total revenue from franchisee purchases or leases of goods or services from ITA, which represents 100% of its total revenues. The source of this information is in our internal ~~Sage~~-Accounting software.

~~In the prior year, we had an affiliate, Rebounderz Apparel, LLC, which was the exclusive designated supplier~~

~~for certain branded Rebounderz materials (currently these items are sold through the franchisor). Rebounderz Apparel, LLC generated \$381,021 in revenues during the 2016 fiscal year from franchisee purchases or leases of goods or services. All revenues from Rebounderz Apparel LLC has been consolidated into Rebounderz Franchise and Development LLC starting in 2017.~~

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 other items in this Disclosure Document.

OBLIGATION	SECTIONS IN FRANCHISE AGREEMENT (“FA”) AND ADA	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: Section 7.1 & 7.2 ADA: Section 3.2	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: Section 7.3, 12.4 & 16.1 ADA: Not Applicable	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: Section 7.3 & 7.4 ADA: Section 3.2 & 3.3	Item 6, Item 7 & Item 11
d. Initial and ongoing training	FA: Section 5 ADA: Not Applicable	Item 6 & Item 11
e. Opening	FA: Section 7.4 ADA: Not Applicable	Item 11
f. Fees	FA: Section 4.2, 5.7, 6.5, 7.3, 8.5, 11.1, 11.4, 12.7, 12.11, 14, 17.2 & 20.2 ADA: Section 4	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manuals	FA: Section 6.1, 7.1, 7.3, 11.3, 12 & 18.1 ADA: Not Applicable	Item 11
h. Trademarks and proprietary information	FA: Section 18 ADA: Section 2	Item 13 & Item 14
i. Restrictions on products/services offered	FA: Section 12.3 ADA: Not Applicable	Item 16
j. Warranty and client service requirements	FA: Section 12.10 ADA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: Not Applicable ADA: Section 3	Item 12
l. Ongoing product/service purchases	FA: Section 12.4 ADA: Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	FA: Section 12.6 & 12.8 ADA: Not Applicable	Item 11
n. Insurance	FA: Section 16.1 ADA: Not Applicable	Item 6 & Item 7 & Item 8
o. Advertising	FA: Section 11 ADA: Not Applicable	Item 6, Item 7 & Item 11

OBLIGATION	SECTIONS IN FRANCHISE AGREEMENT ("FA") AND ADA	DISCLOSURE DOCUMENT ITEM
p. Indemnification	FA: Section 19 ADA: Not Applicable	Item 6
q. Owner's participation/ management/staffing	FA: Section 8 ADA: Not Applicable	Item 11 & Item 15
r. Records/reports	FA: Section 16.2 & 16.3 ADA: Not Applicable	Item 6
s. Inspections/audits	FA: Section 17 ADA: Not Applicable	Item 6 & Item 11
t. Transfer	FA: Section 20 ADA: Section 6	Item 17
u. Renewal	FA: Section 4 ADA: Section 3.4	Item 17
v. Post termination obligations	FA: Section 22 ADA: Not Applicable	Item 17
w. Non-competition covenants	FA: Section 15 ADA: Not Applicable	Item 17
x. Dispute resolution	FA: Section 23 ADA: Section 8	Item 17
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: <u>ATTACHMENT "D"</u>	Item 15

ITEM 10 FINANCING

Our affiliate, ITA, may in its discretion, finance your purchase of the equipment included in your Attractions Equipment Package described in Item 5. The maximum amount financed is \$200,000. In determining whether to approve you for financing, ITA will consider various factors including your credit report and other indicia of your creditworthiness. Neither we nor ITA guarantee any of your notes, leases or obligations. Neither we nor ITA offer financing for any other fees or purchases.

You must sign the Promissory Note in ITA's favor with an initial principal amount equal to the amount of the purchase price that ITA finances. You must pay ITA the non-financed portion of the purchase price when you order the items.

The financing terms are as follows:

Amount Financed – Up to \$200,000

Interest Rate – Ranges from ~~6.7~~.00% to ~~9.50~~11.00%

APR – Ranges from ~~6.7~~.00% to ~~9.50~~11.00%

Repayment Period - Ranges from 12 months to 36 months

Payment Terms – Equal monthly installments of principal and interest

The amount of the interest rate varies depending on (i) the length of the repayment period (with the interest higher for shorter repayment periods) and (ii) the amount financed (with the interest higher for larger financed amounts).

You may prepay all or a portion of the Promissory Note at any time without penalty. If you are an entity, everyone owning an equity interest in you must sign a personal guarantee for the financed amount. Depending on the creditworthiness of such individuals and the community property laws of the states in which they reside, we may require that the spouse of one or more of these individuals sign the personal guaranty as well. You must also sign a Security Agreement granting ITA a security interest in the purchased items for which financing is provided.

If you fail to make any payment under the Promissory Note when due, we may accelerate the entire principal balance outstanding under the Promissory Note. In addition, if you fail to make any payment when due, ITA may charge you a late fee equal to 10% of the amount past due and, if we so decide, we may terminate your Franchise Agreement, in which case you will not be entitled to a refund of any fees that you had previously paid to us and ITA may take any action that it feels appropriate to collect any amounts that remain unpaid under the Promissory Note, including foreclosing on its security interest in the collateral. You must reimburse ITA for all collection costs that ITA incurs in enforcing its rights under the Promissory Note. You agree not to assert: (a) demand, diligence, grace, presentment for payment, protest, notice of nonpayment, nonperformance, extension, dishonor, maturity, protest and default; and (b) recourse to guaranty or suretyship defenses (See Section 11 of the Note).

ITA reserves the right to sell or assign the Promissory Note although it is not ITA's current practice to do so.

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you open your Business, we will:

1. License you the Marks and other intellectual property necessary to begin operating your Business. (Section 2)
2. Provide you with prototype plans and blueprints for the design and layout of your Rebounderz Facility, including requirements for dimensions, design, image, interior layout, fixtures, equipment, signs, furnishings and color scheme. (Section 7.3)
3. Cause our affiliate, ITA, to design, construct and install your Attractions Equipment Package. (Section 7.3)
- | 4. Deliver your Rebounderz Startup Package and ~~cause~~[initiate](#) ITA to deliver your exterior signage; furniture, fixtures and equipment; computers and TVs; and cameras, security and sound systems. (Section 7.3)
5. Approve the location, build-out and design of your facility. See Section below entitled "Site Development" for additional information. (Sections 7.1, 7.3 & 7.4)
6. Provide you with access to our Manual, which will help you establish and operate your Business. See Section below entitled "Manual" for additional information. (Section 6.1)
7. Provide you with written specifications for the goods and services you must purchase to establish your Business, as well as a written list of approved and/or designated suppliers for purposes of acquiring these

goods and services. Neither we nor our affiliate, ITA, deliver any of the items that you are required to purchase other than your Rebounderz Startup Package, Attractions Equipment Package, exterior signage, furniture, fixtures and equipment, computers and TVs, and cameras, security and sound systems. (Section 12.2)

8. Provide an initial training program. See Section below entitled “Training Program” for additional information. (Section 5.1)

9. Provide you with your own local webpage to promote your Business. See Section below entitled “Computer System” for additional information. (Section 6.5)

During the operation of your Business, we will:

1. Provide ongoing guidance and recommendations on ways to improve the marketing and operation of your Business. (Section 6.3)

2. Provide periodic training programs. See Section below entitled “Training Program” for additional information. (Section 5.3)

3. Maintain our Rebounderz website that will include a list of all the Rebounderz franchisees that are in good standing with us. We may modify the content of and/or discontinue this website at any time in our sole discretion. We will also host your local webpage that will promote your Rebounderz Facility. (Section 6.5 & 11.3(e))

4. Establish and implement the Marketing Fund. See Section below entitled “Marketing Fund” for additional information. (Section 11.1)

During the operation of your Business, we may, but need not:

1. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We or our affiliate may also purchase items in bulk at discounted prices and resell them to you at our (or our affiliate’s) cost-plus shipping and a reasonable markup. (Section 6.6)

2. Hold periodic national or regional conferences to discuss business and operational issues affecting Rebounderz franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. (Section 5.6)

3. Create a franchise advisory council. See Section below entitled “Advisory Council” for additional information. (Section 13)

4. Upon your request, provide additional training or assistance (either at our headquarters or at your facility). See Section below entitled “Training Program” for additional information. (Section 5.4)

We do not provide area developers with any support under their ADA.

Training Program (Section 5 & 21.2(i))

Overview

We will provide an initial training program that consists of: (i) ~~105~~ days of training (Wednesday through Sunday) working in an affiliate location or franchisee location of our choice; (ii) 14 days of onsite training that will be provided to you and your staff at your Rebounderz Facility; and (iii) ~~between 3 and 5~~ days of managerial training for your management team (including your owners and up to 4 managers) that will be provided at our

corporate owned Rebounderz facility in Newport News, Virginia. Our onsite training program is structured to provide practical training in the operation of a Rebounderz facility, including front-desk, instruction video / grip sock / cubby storage area, referee, café, birthday, safety, customer relations, and opening and closing procedures. With respect to the onsite training, 7 days will be provided immediately prior to your soft opening and 7 days will be provided immediately after your soft opening. We recommend that your grand opening take place ~~no more than 30 days~~ within 2-4 weeks after your soft opening. Managerial training will be provided approximately 30 days prior to onsite training. (Wednesday to Sunday timeframe). Your Managing Owner and general manager (if applicable) must successfully complete managerial training to our satisfaction before you open your Business. Currently, we intend to offer the initial training program on an “as needed” basis with no minimum frequency.

Training Topics

The onsite portion of the initial training program consists of the following:

TRAINING PROGRAM

(Onsite Training)

(Note: All Managers Are Required to be Present During This Week of Training at Their Facility)

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
(pre-opening day 1) Entire Facility Operations Training Overview - Systems Trainings - History	2	6	Your Facility
(pre-opening day 2) Ankle Brace Training Jumper Inspection Training The Rebounderz Way - Customer Service - Cleanliness	2	6	Your Facility
(pre-opening day 3) Facility Operations Training - Front Desk and POS Training (vendor training is also provided)	2	6	Your Facility
(pre-opening day 4) Systems Birthday Party - Groups - Events Training Café Operations and Inventory	2	6	Your Facility
(pre-opening day 5) POS Training (vendor training is also provided) Cafe - Inventory - Ordering - Displaying	2	6	Your Facility
(pre-opening day 6) Opening and Closing Procedures - Referee Training - Jumper Inspections - Safety - Maintenance	2	6	Your Facility
(pre-opening day 7) Open / Close Procedures Fully Opening and Closing of Facility	2	6	Your Facility
(pre-opening day 8) Hand-on oversight during business operations for all job functions	2	6	Your Facility
(pre-opening day 9) Hand-on oversight during business operations for all job functions	2	6	Your Facility

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
(pre-opening day <u>8-10</u>) Hand<u>Friends and Family. Hands-</u> on oversight during business operations for all job functions. <u>Note: Staged Birthday Parties, Groups, and Walk-ins need to be coordinated for Day 8 and 10.</u>	26	6 <u>18</u>	Your Facility
(pre-opening day <u>11</u>) Hand on oversight during business operations for all job functions	2	6	Your Facility
(pre-opening day <u>12</u>) Hand on oversight during business operations for all job functions	2	6	Your Facility
(pre-opening day <u>13</u>) Hand on oversight during business operations for all job functions	2	6	Your Facility
(pre-opening day <u>11-14</u>) Hand<u>Day 11-14: Soft Opening. Hands-</u> on oversight during business operations for all job functions. <u>Note: Try and Coordinate a Soft Opening Thursday - Sunday.</u>	28	6 <u>24</u>	Your Facility
Total	28	84	

TRAINING PROGRAM (Managerial Training)

(Note: All Managers Must Read Operations Manual Prior to Visit)

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Customer service / system overview	20	6 <u>8</u>	Newport News, Virginia
POS	20	6 <u>8</u>	Newport News, Virginia
Jumper inspections / maintenance	20	6 <u>8</u>	Newport News, Virginia
Managerial (time reporting, scheduling and reporting)	20	6 <u>16</u>	Newport News, Virginia
Total	80	24 <u>40</u>	

Training Materials

For the classroom training, the training materials will consist of the Manual: both in hard copy and on tablet. You will not be charged an additional fee for any of the training materials.

Instructors

Joshua Coates oversees our training program. Our instructors include Brandon Weiss, Dexter Ryan, Mel Horn and Rae LaRoche.

Josh Coates is our ~~Vice~~-President and has been with us since ~~January 2009~~May 2008. He has extensive knowledge of the operational procedures and day-to-day running of a Rebounderz facility. Based on his prior experience managing a Rebounderz facility, he will train franchise owners and managers on the various job functions at a Rebounderz facility. He has 910 years of experience in the industry.

Brandon Weiss began working with ~~us~~Rebounderz Corporate in January 2016. He provides training on a variety of topics, including day to day operations and scheduling for the management staff. He ~~worked as a manager~~is the currently General Manager at the corporate Rebounderz location in Newport News, Virginia ~~from, where he started in~~ October 2013 ~~to January 2016~~. He has 45 years of experience in the industry.

Dexter Ryan began working with us in May 2014. He provides training on a variety of topics, including maintenance, front desk, gear stations and café operations. He has 67 years of experience in the indoor trampoline arena industry, including working in management, maintenance and training for SkyZone.

Mel Horn joined us in 2013. He provides training on various customer service, front desk and compliance matters. Prior to joining us, he spent 11 years with Penn Gaming, where he served as controller and trainer and oversaw compliance. He has 4516 years of experience in the industry.

Rae LaRoche has served as our ~~Franchise Development Manager~~Franchising Director since our inception in January 2009. From March 1999 to January 2009, she worked in sales with Computer Services for Businesses, Inc. in Maitland, Florida. She provides training to birthday party attendants. She has 910 years of experience in the family entertainment center industry.

Ongoing Training

From time to time, we may require that your Managing Owner and managers attend system-wide refresher or additional training courses. We will not require attendance at more than 2 of these refresher or additional training courses during any calendar year (and each session will last no more than 2 days).

If you appoint a new Managing Owner or manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Rebounderz Facility.

If we conduct an inspection of your facility and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that the Managing Owner, manager and your other staff members attend remedial training that addresses your operational deficiencies.

You may also request that we provide additional training (either at corporate headquarters, our franchisee owned Rebounderz facility, or at your Rebounderz Facility). We are not required to provide this additional training.

Training Fees and Costs

We will provide the initial training program in exchange for the \$17,500 initial training fee. We will provide

deliver and install your Jumper and Jumper related equipment. ITA will also obtain a complete set of engineering drawings that are sealed and stamped by a certified engineering firm for your Jumper, which are required for permitting and possible rezoning of the building location. Before you open, we must approve the build-out and layout of your Rebounderz Facility and the final installation of all fixtures, equipment, decorations and other required items. You must update your waiver and insurance policies to include all new areas of activity prior to opening to the public.

You must remodel and make all improvements and alterations to your facility that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. The alterations must stay consistent with the Rebounderz branding. We will not require that you spend more than \$30,000 during any calendar year on remodeling your facility or making other changes to conform to modifications we make to our System. However, there is no limitation on the cost of any remodeling or System changes: (i) that we require for safety reasons; or (ii) that we require as a condition to you renewing or transferring your franchise. You may not remodel or significantly alter your premises without our prior approval.

Computer System (Section 12.4, 12.6, 12.7, 16.3 & 17.1)

You are required to purchase a computer system that consists of the following items: (i) a POS system with a minimum of 1 POS server, a bank of 6 wristband printers and 3 POS terminals (each terminal includes POS software, thermal receipt printer, cash drawer, touch screen monitors and bar code scanner); (ii) 6 Waiver Kiosk PCs, and 4 Birthday Party Room PCs (all of which are included in the Rebounderz Startup Package); and (iii) any additional PCs, printers, scanners, copiers and other hardware that you desire for your back office. The computer system will generally be used to operate certain equipment, store and prepare customer agreements and information, process sales transactions, prepare operational reports, perform marketing functions, perform accounting functions and communicate with us electronically. Your computer system will collect customer information, marketing information, financial data, HR data, employee data and operational data. We will own all data that you input into your computer system and we download. We will have independent unlimited access to the data collected on your computer system, other than data collected on your back-office computers. However, we may inspect your back-office computers and access the data as part of an inspection.

We estimate the cost of your computer system will range from \$30,000 to ~~\$60~~50,000. We will provide ongoing support as well as updates to our proprietary software and applications on a quarterly basis except for bug fixes, which will be released on an "as needed" basis. We do not charge you any additional fee for this service. The supplier of your POS system will provide ongoing maintenance, repairs and support for the first year at no additional charge (it is included in the purchase price of the POS System). After the initial 1 year period, you must sign a support contract for the supplier to continue to provide these services. The current cost of the support contract ranges from ~~\$2,500~~7,000 to ~~\$4,000~~8,500 per year (the specific cost varies depending on quantity of equipment covered and other factors). Except as disclosed in this section: (i) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (ii) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system. You must purchase the recommended tablets that are compatible with our Rebounderz Portal software. We recommend that you purchase at least 2 tablets.

You must maintain the computer system in good working order at your cost. During the term of your franchise, you may be required to upgrade or update your computer hardware and/or software to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades. We reserve the right to change the software or technology that you must use or add new software or technology at any time. We may charge you for any software or technology that we license or sublicense to you. If we sublicense the software from a third party, we will collect from you all amounts that we must pay the licensor based upon your use. If we license you software that we develop or own, we may charge commercially reasonable initial and ongoing licensing and support fees. Currently we charge you a \$325 monthly technology fee in exchange for hosting and administering your local website and social media accounts.

Marketing Fund (Section ~~11.1~~ 11.1)

We have established and maintain a Marketing Fund for regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, publicity, and any other programs that we deem necessary or appropriate. The Marketing Fund may also be used to pay for the creation of marketing materials that our franchisees may use for local marketing purposes.

Marketing fund fees are kept in a separate account and revenues received are accounted for separately from our other funds and are not used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration or direction of the Marketing Fund and its local, regional or national advertising programs (which may include, without limitation: conducting market research, preparing and conducting television, radio, magazine, billboard, Internet, newspaper, website, social media, direct mail, providing a toll-free number for customers, and other media programs and activities and employing advertising agencies to assist therewith, collecting and accounting for contributions to the Marketing Fund, and paying for the preparation and distribution of marketing materials and financial accountings of the Marketing Fund). The amount used to cover administrative costs and overhead (including salary costs of employees working exclusively for the Marketing Fund) will not exceed 20% of the expenditures of the Marketing Fund. None of the marketing fund fees are used for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and our website may include an area dedicated to promoting the franchise opportunity. All funds deposited into the Marketing Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of funds in the Marketing Fund may be invested and we may lend money to the Marketing Fund if there is a deficit. During the fiscal year ended December 31, 2016~~7~~, we spent ~~89~~20.7% of the marketing fund fees on production, ~~29~~66.0% on media placement, ~~0~~1.3% on administrative expenses, and 12.0% on "other."

You must contribute to the Marketing Fund an amount equal to 1.5% of your Gross Revenues. We will deposit into the Marketing Fund all marketing fund fees paid by you and other franchisees. Any company-owned Rebounderz facility will contribute to the Marketing Fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the Marketing Fund, any company-owned Rebounderz facility that is established or acquired after the modification may contribute to the Marketing Fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area.

Our administration of the Marketing Fund is intended to maximize public recognition and patronage of the Rebounderz system for the benefit of us and all Rebounderz franchisees and we will use our best efforts to apportion advertising to obtain the greatest benefit for all franchisees. However, we are not obligated to ensure that Marketing Fund expenditures in any area are proportionate or equivalent to the contributions to the Marketing Fund made by franchisees operating in that area or that any franchisee will benefit directly or in proportion to their contribution to the Marketing Fund. We will direct and have complete control and discretion over all advertising programs, including the creative concepts, materials, endorsements and media used for the programs, and the placement and allocation of the programs. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Marketing Fund. The Marketing Fund will not be a trust and we will have no fiduciary obligations with respect to our administration of the Marketing Fund. An unaudited financial accounting of the operations of the Marketing Fund will be prepared annually and made available to you upon request.

Local Advertising (Section ~~11.2~~ 11.2 & ~~11.3~~ 11.3)

You must spend at least ~~\$20,000 to \$50,000~~ to \$120,000 on your grand opening marketing activities and additional initial marketing. These may include print, media and/or direct mail advertising or other promotional

efforts. We will provide you with guidance for your grand opening advertising activities.

In addition to your grand opening marketing obligations, you must spend a minimum monthly amount equal to your Local Marketing Commitment (which is 35% of your Gross Revenues) on local advertising. You must participate at your own expense in all advertising, promotional and marketing programs that we require. You must market your location within your territory if other franchisees in are in your market, and no farther than a 15-mile radius from your location otherwise for maximum efficiency.

We may create and make available to you advertising and marketing materials for your purchase. We may use the Marketing Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis.

You will also have an opportunity to create advertising for your own use, provided we approve it in advance. You may not use any advertising materials that have not been approved by us. You must submit to us any advertising materials that you prepare or modify and we will have 15 days to review and either approve or reject the materials.

You are encouraged to market your Rebounderz Facility through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services. At all times you must comply with any social media policy that we develop.

We will provide you with a webpage that will be linked to our website. Your webpage will list certain information about your Business that you will provide to us (such as address, business hours, special events and promotions). At this time, we do not allow our franchisees to maintain their own websites or market their businesses on the Internet (except through the webpage we provide and through approved social media channels). Therefore, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network. If we change our policy later to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to the Franchise Agreement that will govern your ability to maintain a separate website and/or market on the Internet.

Advertising Cooperatives (Section 11.4)

We may, but need not, form one or more advertising cooperatives for the benefit of all Rebounderz facilities located within a region. If your franchise is located within a region subject to an advertising cooperative, you will be required to pay a cooperative advertising fee equal to 1.0% of your Gross Revenues. All cooperative advertising fees that you pay will be credited against your Local Marketing Commitment. We have the right to determine the composition of all geographic territories and market areas for the implementation of each advertising cooperative. Generally, the boundaries of an advertising cooperative will coincide with zip codes, municipal boundaries or designated marketing areas.

If we implement an advertising cooperative in a region, we have the right to establish an advertising council to self-administer the cooperative. You must participate in the council per the council's rules and procedures and you agree to abide by the council's decisions. Alternatively, we may administer the cooperative ourselves. Advertising cooperatives are not required to operate from written governing documents or prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to franchisees within the advertising cooperative upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

From time to time, we have become aware of possible intentional infringement of our trade dress by certain entities. In response, these potential infringements, we send out correspondence to each potential infringer demanding they cease and desist from the use of the color schemes, facility layout, signage and other distinctive business features that directly or indirectly infringe on our trade dress. We are aware of no other infringing users that could materially affect your use of the Marks.

Except as disclosed above, we are not required under the Franchise Agreement to: (i) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (ii) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringement, opposition or cancellation proceeding; and no pending material litigation involving any of the Marks. No agreements limit our right to use or sublicense the use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Issued Patent

Our Founder and ~~Chief Executive Officer~~ [Chairman](#), Mark Gurley, obtained a utility patent for the trampoline arena framework utilized at Rebounderz facilities. Specifically, the abstract description of the patent is as follows:

A trampoline arena that includes a framework assembly having a plurality of frame elements defining an outwardly sloping outer wall, and a deck, a plurality of voids being defined between the framework elements. The arena also includes a plurality of trampolines connected to the frame elements along peripheries thereof and extending across the plurality of voids to further define the outwardly sloping outer wall and deck, and a padding assembly including a plurality of pads overlying the frame elements and the peripheries of the trampolines.

The patent, which is entitled “Trampoline Arena”, was issued on February 25, 2014 (Patent Number 8,657,696). The patent expires on December 8, 2031.

We were also issued the following 2 additional patents, each entitled “Trampoline Area” and each of which are derivatives of Patent Number 8,657,696: (i) U.S. Patent #8,764,575, for the trampoline arena framework utilized at Rebounderz facilities, which was issued on July 1, 2014 and expires on June 20, 2031; and (ii) U.S. Patent #9,149,674, for the trampoline arena framework utilized at Rebounderz facilities, which was issued on October 6, 2015 and expires on June 20, 2031.

Pending Patent Application

On June 2, 2015, our Founder and ~~Chief Executive Officer~~ [Chairman](#), Mark Gurley, also applied for a provisional patent entitled “FOAM PIT ASSEMBLY” for the foam pit framework utilized at Rebounderz facilities (U.S. Patent Application # US15/0343249). The abstract description of the patent is as follows:

A foam pit assembly includes a platform defining a foam pit opening and plurality of platform trampolines extends across the platform trampoline openings. A framework assembly carries the platform and surrounds the foam pit opening defining a lower level thereof below the platform and above an underlying surface. First and second foam pit trampolines connect to the framework assembly and extend across the lower level of the foam pit opening. A wire rope run

connects to the framework assembly and extends across the lower level of the foam pit opening, the wire rope run extending between, and connecting to, adjacent edges of the first and second foam pit trampolines.

Copyrights

Although we have not filed an application for copyright registration for the Manual, our website, our proprietary software or our marketing materials, we do claim a common-law copyright to these items.

Proprietary Information

During the term of your Franchise Agreement, we will allow you to use our proprietary information relating to the development, marketing and operation of your Rebounderz Facility, including, methods, techniques, specifications, procedures, policies, food formulae, customer lists, marketing strategies and information comprising the System and the Manual. You are required to maintain the confidentiality of all our proprietary information and use it only in strict accordance with the terms of the Franchise Agreement and the Manual. All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Business will be owned by us.

Infringements and Limitations

You must promptly tell us when you learn about unauthorized use of our patents, copyrights or proprietary information. We are not obligated to act, but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our patents, copyrights or proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our patents, copyrights or proprietary information.

We believe that numerous business establishments with indoor trampoline arenas are infringing upon our patent. We intend to identify the infringing users and send them cease and desist letters. There are no other infringements of our patents, copyrights or proprietary information that are known by us now. There are no current material determinations of the USPTO, the US Copyright Office or any court regarding our patent, patent application or copyrights. There are no agreements limiting the use of our patent, patent application or copyrights.

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

The Franchise Agreement requires that you designate an owner who will be primarily responsible for the daily on-premises management and supervision of the Business (the “Managing Owner”). We must approve the owner that you appoint to serve as the Managing Owner. The Managing Owner must dedicate his or her full-time efforts to your Business (i.e., minimum of 40 hours per week) ~~unless you or~~ delegate management functions to a general manager (in which case the Managing Owner must oversee and supervise ~~your~~ the store’s management team). Any new Managing Owner must successfully complete the initial training program before becoming involved with the supervision, management or operation of the Business. The Managing Owner must also complete any mandatory refresher or advanced training courses that we require.

You may hire one (1) or more managers to assume responsibility for the daily on-site management and supervision of your Rebounderz Facility, but only if: (i) the manager(s) successfully completes the initial training program; (ii) ~~the each~~ manager signs a Brand Protection Agreement, the form of which is attached to the Franchise Agreement as ~~ATTACHMENT "F"~~ ATTACHMENT "F" (a “Brand Protection Agreement”); and (iii) the Managing Owner agrees to assume responsibility for the supervision and operation of your Business if the manager ~~is(s) are~~ unable to perform ~~his or her~~ their duties due to death, disability, termination of employment, or

for any other reason, until such time that you obtain a suitable replacement manager. However, we recommend that the Managing Owner maintain direct on-premises management and supervision of your Business. If a replacement ~~General Manager~~general manager is needed at any time, it will be your responsibility and cost to schedule training for a new ~~General Manager~~general manager **with us within 60 days of hiring the new General Manager (no exceptions).** The Managing Owner will also retain responsibility to oversee the general manager and managers. We do not require that your managers or general managers own any equity interest in the franchise.

If you are an entity, each owner ~~(i.e., each person~~ holding an ownership interest in you) greater than 5% (whether directly or indirectly), and the spouse of each owner must sign a Franchise Owner Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT "D". However, if there are multiple minority owners who individually own less than 5% but in the aggregate own at least a 15% equity interest, then all owners (and their spouse) must sign the Franchise Owner Agreement. Depending on the creditworthiness of such individuals and the community property laws of the states in which they reside, we may require that the spouse of one or more of these individuals sign the Franchise Owner Agreement as well.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services that you sell as part of your Business. You must offer all goods and services that we require. You may not sell any goods or services that we have disapproved. We have the unrestricted right to change the goods and/or services that you are required to sell as part of your Business at any time in our sole discretion, and you must comply with any such change. We may designate certain products, not otherwise authorized for general use as a part of the System, to be offered locally or regionally based upon the following factors: your qualifications; test marketing; regional or local differences; and climate. Furthermore, we may, in our discretion, provide our consent to one or more franchisees to provide certain products, not authorized for general use as part of the System, based upon the preceding factors. Providing our consent to other franchisees to provide non-standard products or services does not grant you any rights to provide the same products or services.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN FRANCHISE AGREEMENT ("FA") OR ADA	SUMMARY
a. Length of the franchise term	FA: Section 4.1	Term is equal to 10 years.
	ADA: Section 2	To be agreed upon at time you sign ADA, but a minimum of 10 years.
b. Renewal or extension of the term	FA: Section 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 2 consecutive successor franchise agreements. Each renewal term will be 5 years, for a total maximum term of 20 years.
	ADA: Section 3.4	No renewal rights.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN FRANCHISE AGREEMENT ("FA") OR ADA	SUMMARY
u. Dispute resolution by arbitration or mediation	FA: Section 23	All disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants (except as otherwise disclosed in Error! Reference source not found, to Franchise Agreement). <u>EXHIBIT "J" to this Disclosure Document</u>).
	ADA: Section 8	All disputes must be mediated and then arbitrated before litigation, (except as otherwise disclosed in ATTACHMENT "C" to ADA). <u>EXHIBIT "J" to this Disclosure Document</u>).
v. Choice of forum	FA: Section 23	All mediation, arbitration and litigation must take place in county where we maintain our principal place of business (currently, Seminole County, Florida) at time dispute arises (except as otherwise disclosed in <u>EXHIBIT "J"</u> to this Disclosure Document).
	ADA: Section 8	All mediation, arbitration and litigation must take place in county where we maintain our principal place of business (currently, Seminole County, Florida) at time dispute <u>arises</u> (except as otherwise disclosed in <u>EXHIBIT "J"</u> to this Disclosure Document).
w. Choice of law	FA: Section 25.1	Florida law (except as otherwise disclosed in <u>EXHIBIT "J"</u> to this Disclosure Document).
	ADA: Section 10.1	Florida law (except as otherwise disclosed in <u>EXHIBIT "J"</u> to this Disclosure Document).

California law requires additional disclosures related to the information contained in this Item 17. These additional disclosures appear in EXHIBIT "J" to this Disclosure Document.

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.

A. Total Sales

As of December 31, 2016⁷, there were 78 franchised Rebounderz facilities located in the United States that were open to the public. The following table presents sales of all Rebounderz locations within the United States, including both Rebounderz facilities limited to trampoline parks (“Old Rebounderz Model”) as well as Rebounderz facilities operating as a full family entertainment center (“New Rebounderz Model”). The financial information presented below is for the 2016⁷ versus 2015⁶ calendar years and consists of actual historical financial information for each of the franchised locations.

Sales Comparison 2017 vs 2016 vs 2015 – Franchised Locations

Location	2016 ⁷	2015 ⁶	Difference \$	Difference %
Apopka, FL (1)(a)	\$1,307,343203,527	\$775,6121,200,814	\$531,7312,713	68.690.2%
Edison, NJ (ab)	\$2,060,714086,942	\$2,428,2511,953,121	<\$367,537>\$133,821	<15.1%>6.9%
Grand Rapids, MI (2)(a1)(b)	\$1,236,038926,735	\$01,151,349	\$1,236,038775,386	100.067.3%
Jacksonville, FL (b)	\$4,225,1203,213,638	\$3,731,378222,559	\$493,742<\$8,922>	13.2%<0.3%>
Lansdale, PA (3)(a)	\$2,101,1521,604,818	\$909,6621,565,627	\$139,191,490	131.02.5%
Rohnert Park, CA (4)(b)	\$3,068,8652,818,429	\$1,693,7022,844,474	\$1,375,163<\$26,045>	81.2%<0.9%>
Sterling, VA (a)	\$1,672,959582,414	\$1,775,233642,158	<\$102,27459,744>	<5.83.6%>
Sunrise, FL (2)(b)	\$1,146,265	\$0	\$1,146,265	100.0%
Totals	\$15,672,191582,767	\$11,313,83813,580,102	\$4,358,3532,002,665	38.514.7%
a) Old Rebounderz Model (Totals)	\$8,378,2064,390,759	\$5,888,7584,408,599	\$2,489,448<\$17,840>	42.3%<0.4%>
a) Old Rebounderz Model (AVG)	\$1,675,641463,586	\$1,472,190469,533	\$202,452<\$5,947>	13.8%<0.4%>
b) New Rebounderz Model (Totals)	\$7,293,98511,192,008	\$5,425,0809,171,503	\$1,868,9052,020,505	34.422.0%
b) New Rebounderz Model (AVG)	\$3,646,9932,238,402	\$2,712,5401,834,301	\$934,453404,101	34.422.0%

1) — Apopka, FL opened in March 2015 (franchise location)

2) — Edison, NJ opened August 2012 (franchise location)

3) 1) Grand Rapids, MI opened in February 2016 (franchise location). The sales from 2015 were not included in the calculation of average revenues since that location was not open during 2015.

4) — Jacksonville Sunrise, FL opened September 2012 January 2017 (franchise location)

5) — Lansdale, PA opened in May 2015 (franchise location)

6) — Rohnert Park, CA opened May 2015 (franchise location)

7) 2) Sterling, VA opened September 2011 (franchise location) locations

a) Old Rebounderz Model – traditional trampoline park with limited attractions

b) New Rebounderz Model – family entertainment centers with expanded attractions

Sales Comparison 2017 vs 2016 vs 2015 – Affiliate Locations

As of December 31, 2016⁷, there was 1 affiliate-owned Rebounderz facility located in the United States that was open to the public. The following table presents sales of that Rebounderz location, which operates under the New Rebounderz Model. The financial information presented below is for the 2016⁷ versus 2015⁶ calendar years and consists of actual historical financial information for the affiliate-owned location.

Location	2016 ⁷	2015 ⁶	Difference \$	Difference %
Newport News, VA	\$1,911,869715,924	\$1,570,107735,700	\$341,762<\$19,776>	21.8%<1.1%>

B. Revenue Breakdown

The following table identifies each revenue source as a percentage of total sales from our affiliate-owned location in Newport News, Virginia.

Review of Rebounderz Company Sales Statistics from 2016~~7~~ Data

Item	% of Sales
Sales:	
Jump / Attraction Time	54.0%
Birthday Parties & Events	20.0%
Café (Food & Beverage)	12.0%
Retail / Merchandise Sales	7.0%
Arcade & Other (Net)	7.0%
<u>Item</u>	<u>% of Sales</u>
<u>Sales:</u>	
<u>Jump / Attraction Time</u>	<u>58.5%</u>
<u>Birthday Parties & Events</u>	<u>18.0%</u>
<u>Café (Food & Beverage)</u>	<u>12.4%</u>
<u>Retail / Merchandise Sales</u>	<u>2.6%</u>
<u>Arcade & Other (Net)</u>	<u>8.5%</u>

C. Total Headcount

The following table identifies the total headcount at each of the 7~~8~~ franchised locations that was open to the public as of December 31, 2016~~7~~.

Review of Rebounderz 2016~~7~~ Head Counts – By Operating Location on December 31, 2016~~7~~

Location	Headcount in ('000)
Apopka, FL (a)	69 5 K
Edison, NJ (a)	81 6 K
Grand Rapids, MI (a)	59 2 K
Lansdale, PA (a)	86 5 K
Jacksonville, FL (b)	119 22 K
Rohnert Park, CA (b)	140 29 K
Sterling, VA (a)	80 5 K
<u>Sunrise, FL (b)</u>	<u>54K</u>
AVG Head Count	91 K 83K
a) AVG Old Rebounderz Model	75 K 62K
b) AVG NEW Rebounderz Model	130 K 96K

- a) Old Rebounderz Model – traditional trampoline park with limited attractions
- b) New Rebounderz Model – family entertainment centers with expanded attractions

The following table identifies the total headcount at the 1 affiliate-owned Rebounderz facility located in the United States that was open to the public as of December 31, 2016~~7~~.

Review of 2016~~7~~ Rebounderz Corporate Affiliate Newport News, VA Location:

<u>Item</u>	<u>% of Sales</u>
Sales:	
Item	% of Sales
Sales:	
Jump / Attraction Time	66.1%
Birthday Parties & Events	9.8%
Café (Food & Beverage)	14.0%
Retail / Merchandise Sales	10.1%
Arcade & Other (Net)	0.0%
Jump / Attraction Time	54.4%
Birthday Parties & Events	11.7%
Café (Food & Beverage)	16.0%
Retail / Merchandise Sales	9.9%
Arcade & Other (Net)	8.0%
Cost of Sales:	
COGS - Cafe	6.8.5%
COGS - Retail	4.97%
COGS - Parties & Events	3.71.1%
COGS – Arcade & Attractions	5.4%
Payroll Expenses:	
Salaries & Wages (Extra managers are here)	30.129.4%
Payroll Taxes	3.2.9%
Benefits, Payroll Services & Worker Comp Insurance	1.30.6%
Occupancy Expenses:	
Rent Expenses	11.812.1%
Property Taxes	0.79%
Utilities	3.4%
Utilities, Building Repairs & Landscaping Exps Services	3.45.1%
Marketing & Royalty Expenses:	
Royalty Expense	5.5%
Marketing Fund Expense	1.0%
Local Advertising (Recommend 3.0%)	42.4%
Other Expenses:	
Insurance – General Liability	4.2.1%
Insurance – All Others	20.4%
Repairs & Maintenance – Attractions	1.6%
Credit Card Processing & Banking Fees	1.9%
Professional & Licensing Fees	1.35.8%
Other Expenses	0.41%

Notes:

1. In making the above financial performance representation, we have relied upon revenue and expense reports submitted by the franchisees. Neither we nor any independent certified public accountant has independently audited or verified the information. This information may not be representative of the revenue or expense information of these Rebounderz facilities in any other years or time periods.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting ~~Mark Gurley or~~ Tim Murphy or Josh Coates at (321) 222-1300, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2014 5 TO 2016 7					
Outlet Type		Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised		2014 5	5	5 <u>8</u>	0 <u>+3</u>
		201 5 <u>6</u>	5 <u>8</u>	8 <u>7</u>	+3 <u>-1</u>
		2016 7	8 <u>7</u>	7 <u>8</u>	-1 <u>+1</u>
Company-Owned		2014 5	0 <u>2</u>	2	+2 <u>0</u>
		201 5 <u>6</u>	2	2 <u>1</u>	0 <u>-1</u>
		2016 7	2 <u>1</u>	1	-1 <u>-0</u>
Total Outlets		2014 5	5 <u>7</u>	7 <u>10</u>	+2 <u>+3</u>
		201 5 <u>6</u>	7 <u>10</u>	10 <u>8</u>	+3 <u>-2</u>
		2016 7	10 <u>9</u>	8 <u>9</u>	-2 <u>+1</u>

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2014 5 TO 2016 7			
State		Year	Number of Transfers
Total		2014 5	0
		201 5 <u>6</u>	0
		2016 7	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2014 5 TO 2016 7								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
California	2014 5	0	0 <u>1</u>	0	0	0	0	0 <u>1</u>
	201 5 <u>6</u>	0 <u>1</u>	1 <u>0</u>	0	0	0	0	1
	2016 7	1	0	0	0	0	0	1
Florida	2014 5	2	0 <u>1</u>	0	0	0	0	2 <u>3</u>
	2015	2	1	0	0	0	0	3
	2016	3	0	1	0	0	0	2
	2017	2	1	0	0	0	0	3
Michigan	2014 5	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2014 ⁵ TO 2016 ⁷									
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year	
	2017	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	
New Jersey	2014 ⁵	1	0	0	0	0	0	1	
	2015 ⁶	1	0	0	0	0	0	1	
	2016 ⁷	1	0	0	0	0	0	1	
Pennsylvania	2014 ⁵	0	0 <u>1</u>	0	0	0	0	0 <u>1</u>	
	2015	0	1	0	0	0	0	1	
	2016	1	0	0	0	0	0	1	
Texas	2014 ⁷	1	0	0	0	1 <u>0</u>	0	0 <u>1</u>	
	2015	0	0	0	0	0	0	0	
	2016	0	0	0	0	0	0	0	
Virginia	2014 ⁵	1 <u>2</u>	1 <u>0</u>	0	0	0	0	2	
	2015	2	0	0	0	0	0	2	
	2016	2	0	0	0	0	1	1	
	2017	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	
Totals	2014 ⁵	5	1 <u>3</u>	0	0	1 <u>0</u>	0	5 <u>8</u>	
	2015	5	3	0	0	0	0	8	
	2016	8 <u>5</u>	1	1	0	0	1	7	
	2017	<u>7</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>	

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2014 ⁵ TO 2016 ⁷							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Texas	2014 ⁵	0 <u>1</u>	0	1 <u>0</u>	0	0	1
	2015 ⁶	1	0	0	0 <u>1</u>	0	1 <u>0</u>
	2016 ⁷	1 <u>0</u>	0	0	0 <u>1</u>	0	0
Virginia	2014 ⁵	0 <u>1</u>	0	1 <u>0</u>	0	0	1
	2015 ⁶	1	0	0	0	0	1
	2016 ⁷	1	0	0	0	0	1
Totals	2014 ⁵	0 <u>2</u>	0	2 <u>0</u>	0	0	2
	2015 ⁶	2	0	0	0 <u>1</u>	0	2 <u>1</u>
	2016 ⁷	2 <u>1</u>	0	0	0 <u>1</u>	0	1

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2016 ⁷			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2016 7				
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year	
California	1 <u>2</u>	1 <u>2</u>	0	
Florida	1 <u>0</u>	1	3 <u>2</u>	
Georgia	0	1	0	
Maryland <u>Michigan</u>	0	1	0 <u>1</u>	
New Jersey	0	1	0	
North Carolina	1	1	0	
Virginia	0	1	0	
Totals	3	7 <u>9</u>	3	

Notes to Tables:

1. Our fiscal year ends on December 31st. All references to years in these tables refer to December 31 of that year. The outlets listed in Table 1 through Table 4 only refer to outlets that are open on the relevant date.
2. The transfers listed in Table 2 only refer to outlets that were transferred after opening. No franchisees transferred their franchise agreements for unopened outlets in ~~2014~~, 2015, 2016 or 2016~~7~~.
3. The transactions listed in Table 3 only refer to franchisees that left the system after opening their outlet. No franchisees left the system prior to opening their outlets in ~~2014~~, 2015, 2016 or 2016~~7~~.
4. The outlets listed in the 2nd column in Table 5 ("Franchise Agreements Signed But Outlet Not Opened") include all franchise agreements that were signed for unopened outlets as of December 31, 2016~~7~~. The outlets listed in the 3rd column in Table 5 ("Projected New Franchised Outlets in the Next Fiscal Year") include all outlets that we expect to open during the current fiscal year, including any outlets listed in the 2nd column that we expect to open this fiscal year.

A list of all current Rebounderz franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2016~~7~~. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

5. The outlets listed above only include outlets in the United States and do not include Rebounderz facilities located in foreign markets.

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Rebounderz 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.

There are no (i) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (ii) independent franchisee organizations that have asked to be

included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Audited financial statements of Rebounderz Franchise and Development, Inc. for the fiscal years ending December 31, 201~~4~~⁵, December 31, 201~~5~~⁶ and December 31, 201~~6~~⁷ are attached to this Disclosure Document as EXHIBIT "G". In addition, an unaudited balance sheet as of April 30, 2018 and an unaudited profit and loss statement from January 1, 2018 through April 30, 2018 are attached to this Disclosure Document as EXHIBIT "G". THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "H"	Franchisee Disclosure Questionnaire
EXHIBIT "I"	General Release
EXHIBIT "J"	EXHIBIT "J" State Addendum

Attachments to Franchise Agreement

ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Brand Protection Agreement
ATTACHMENT "G"	Promissory Note
ATTACHMENT "H"	Security Agreement

ITEM 23 RECEIPT

~~EXHIBIT "K"~~ EXHIBIT "K" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

Except as otherwise permitted by this Section 4, you have no right to continue to operate your Business following the expiration of the Term.

5. TRAINING AND CONFERENCES

5.1. **Initial Training Program.** We will provide approximately ~~10~~five (5) days of training at one of our affiliates or chosen franchise location, and 14 days of onsite training at your Rebounderz Facility for you and your staff. This training will take place immediately before and after your soft opening. In addition, we will provide ~~between 3 and five~~ (5) days of management training for your Owners and up to four (4) managers. Your Managing Owner and general manager (if applicable) must successfully complete our initial training program before you open your Business.

5.2. **Initial Training for New Owners/General Managers.** If you hire a new manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program.

5.3. **Periodic Training.** We may offer periodic refresher or additional training courses for your Owners and employees. Attendance at these training programs is mandatory. We will not require attendance at more than two (2) periodic training courses during any calendar year and each course will last no more than two (2) days.

5.4. **Additional Training Upon Request.** Upon your written request, we may provide additional assistance or training to you at a mutually convenient time.

5.5. **Remedial Training.** If we conduct an inspection of your Rebounderz Facility and determine that you are not operating your facility in compliance with this Agreement and/or the Manual, we may, at our option, require that your Managing Owner and management personnel attend remedial training that is relevant to your operational deficiencies at your cost.

5.6. **Conferences.** We ~~may~~ hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting Rebounderz franchisees. Attendance at these conferences is mandatory.

5.7. **Training Fees and Expenses.** You will pay us a \$17,500 initial training fee that will cover all portions of the initial training program. The fee is due prior to attendance at training. We do not charge a fee for ongoing training that takes place at our corporate headquarters or at a Rebounderz facility owned by us or an affiliate of ours. If we provide onsite training or assistance at your Rebounderz Facility (other than onsite training that is included as part of our initial training program), you agree to pay us a training fee of up to \$1,000 per day and you must also reimburse us for all reasonable travel, meals, lodging and other expenses that we or our representatives incur in providing this training or assistance. You are responsible for all food, lodging and travel costs that your Owners and employees incur while attending any training program or conference.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. **Manual.** During the Term, we will provide you with access to our confidential Operating Manual (the "Manual") in text or electronic form. The Manual will help you establish and operate your Business. The Manual will be periodically updated through the year and you will be provide electronic copies each time an update takes place. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. **Site Development Assistance.** As further described in Section 7.1 and Section 7.3, we will provide you with certain site selection and facility development assistance.

6.3. **General Guidance.** Based upon our periodic inspections of your facility or reports that you

7.3. Construction. We will provide you with prototype plans and blueprints for the design and layout of your Rebounderz Facility. Your architect must prepare final plans for your Rebounderz Facility and we must approve those plans before you commence construction. Your architect must ensure that the final plans comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. We will provide you with the names of our recommended architects although you are not required to hire them. After you purchase or lease your approved site, you must construct and equip the premises to the specifications contained in the Manual and in accordance with the final plans that we approve. You must also install the equipment, fixtures, signs and other items that we require. We will provide you with your “Rebounderz Startup Package” (which may consist of Rebounderz Initial Employee Uniforms; Rebounderz Proprietary Applications, including Installation, Setup and Licensing; Rebounderz Point of Sale System; Rebounderz Corporate Branding, Signs, Wall Vinyls and Rebounderz Major Rick O’Shay Mascot Costume; Rebounderz Pro-Shop Apparel and Grip Socks; Rebounderz Vehicle Wrap Package; Rebounderz Location Website Start-Up, SEO, Ad Package, and Social Media Sites (Facebook, Instagram, and Twitter; Rebounderz Initial Supply of Marketing Material Handouts; and Rebounderz Party and office supply inventory). Our affiliate Indoor Trampoline Arena, Inc. (“ITA”) will deliver and install your “Attractions Equipment Package” (which may consist of: a Combination Jumper – Required (aka Combo Jumper); a Super Dodgeball Jumper – Required (2nd Super Dodgeball Jumper optional); a ~~64~~-Lane Air Pit Jumper; – Required (5-lane & 6-lane optional); a 4-Lane Basketball Slam Jumper – Required; a JumpXtreme Tower – Required; a 3-Lane Elevated Ninja Warrior Course; ~~Toddler~~ with Additional Ground Level Area & – Required (4-Lane optional); Children’s Climbing / Play Structure (Blow-up(sups optional); Zipline; ~~ZipFlyer Roller Coaster~~ with Crash Walls (optional); Laser Tag Course ~~with 40 Guns~~ (optional); Foosball Course (optional); 25 Video Arcade Games (~~25-30 Arcade Games – rented/joint venture required – ownership~~ Minimum – Required (Ownership optional, and 35 & 50 games optional); Virtual Realty ~~Games~~ Dark Ride & Simulator – Required (2nd unit optional); Rock Climbing Walls (optional); Aerial Ropes Courses (optional); Laser Maze (optional); Electric Go-Carts & Track (optional); and Jumper Court Add-ons); – Required (the “Jumper Package”). ITA will also obtain a complete set of engineering drawings that are sealed and stamped by a certified engineering firm for your Jumper, which are required for permitting and possible rezoning of the building location. ITA will also provide your exterior signage; furniture, fixtures and equipment, computers and TVs; and cameras, security and sound systems (other than any items included in the Rebounderz Startup Package). You agree to pay us and ITA our current pricing for these goods and services. Before you open, we must approve the build-out and layout of your Rebounderz Facility and the final installation of all fixtures, equipment, decorations and other required items. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the franchise.

7.4. Opening. You must open your Business to the public within one (1) year after the Effective Date. You may not open your Business before: (i) successful completion of the initial training program by your Managing Owner and other staff; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; (iv) we provide our written approval of the construction, build-out and layout of your facility; and (v) you have paid us all pre-opening fees required by this Agreement. You must coordinate your soft opening and grand opening date with us. We may conduct a pre-opening inspection of your facility and you agree to make any changes we require before opening. BY OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OUR PRE-OPENING OBLIGATIONS TO YOU.

7.5. Relocation. You may relocate your facility with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new facility within the Site Selection Area; (ii) comply with Sections 7.1 through Section 7.4 of this Agreement with respect to your new facility (excluding the one-year opening period); (iii) open your new facility and resume operations within 30 days after closing your prior facility; and (iv) during the closed phase of relocation, continue to pay both royalties and marketing fund fees based on the average of such fees imposed during the preceding six (6) month period.

8. MANAGEMENT AND STAFFING.

8.1. Owner Participation. You acknowledge that a major requirement for the success of your Business is the active, continuing, and substantial personal involvement and hands-on supervision by your Managing Owner. The Managing Owner must always be actively involved in the operation of the Business, even if the Managing Owner hires a General Manager. Either the Managing Owner and/or the Rebounderz trained General Manager will work on a full-time basis (defined as a minimum of 40 hours per week at the facility) and provide on-site management and supervision ~~unless you delegate.~~ If management functions are delegated to a manager (in which case General Manager, the Managing Owner must oversee and supervise ~~your manager); their managers.~~ Any new Managing Owner that we approve, must successfully complete the initial training program.

8.2. Managers. You may hire one (1) or more managers to assume responsibility for the daily on-site management and supervision of your Rebounderz Facility, but only if: (i) the manager successfully completes the initial training program; (ii) the manager signs a Brand Protection Agreement; and (iii) the Managing Owner agrees to assume responsibility for the on-site management and supervision of your Business if the general manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager.

8.3. Employees. You must hire, train, and supervise honest, reliable, competent and courteous employees for the operation of your Business. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. You must ensure that enough trained employees are available to meet the operational standards and requirements of your Business at all times. You must ensure that your employees perform their duties in compliance with the terms of the Manual and any other materials applicable to employees that we communicate to you. You may give your employees only the minimum amount of information and material from the Manual that is necessary to enable them to perform their assigned tasks. You must ensure that your employees do not make or retain any copies of the Manual or any portion of the Manual. We do not control the day to day activities of your employees or the way they perform their assigned tasks. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer.

8.4. Employee Conduct. Employees must adhere to the Employee Conduct policies of the Manual in terms of their interactions with customers, employees and the public. Rebounderz is responsible for providing a safe and secure workplace and strives to ensure that all individuals associated with the company are treated in a respectful and fair manner. Rebounderz is committed to providing a work environment that is free of discrimination and unlawful harassment. Actions, words, jokes, or comments based on an individual's sex, race, ethnicity, age, religion, or any other personal characteristic will not be tolerated.

8.4.8.5. Interim Manager. We have the right, but not the obligation, to designate an individual of our choosing (an "Interim Manager") to manage your Business if either: (i) your Managing Owner ceases to perform the responsibilities of a Managing Owner (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Managing Owner within 30 days; or (ii) you are in material breach. The Interim Manager will cease to manage your Business at such time that you hire an adequate replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to compensate the Interim Manager at a rate that we establish in our commercially reasonable discretion. The Interim Manager will have no liability to you except for gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

9. FRANCHISEE AS ENTITY. If you are an Entity, you agree to provide us with a list of all of your Owners. All Owners of the Entity (whether direct or indirect) are jointly and severally responsible for the Entity's performance of this Agreement and each Owner is bound by all of the terms of this Agreement. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

10. FRANCHISE OWNER AGREEMENT. If you are an Entity, all Owners greater than a 5% equity interest (whether direct or indirect) and their spouses must sign a Franchise Owner Agreement, the current form of which is attached as ~~ATTACHMENT "D"~~ ATTACHMENT "D". However, if there are multiple minority Owners who individually own less than 5% but in the aggregate own at least a 15% equity interest, then all Owners (and their spouses) must sign the Franchise Owner Agreement.

11. ADVERTISING & MARKETING.

11.1. Marketing Fund.

(a) Administration. Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System and the Marks, we have established and will maintain a marketing fund (the "Marketing Fund"). The Marketing Fund will be used for regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, publicity, and any other programs that we deem necessary or appropriate ("Marketing Campaigns"). The Marketing Fund may also be used to pay for the creation of marketing materials that our franchisees may use for local marketing purposes. We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any Marketing Campaign. We will not use Marketing Fund fees to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration of the Marketing Fund and the Marketing Campaigns (which may include, without limitation: conducting market research, preparing and conducting television, radio, magazine, billboard, Internet, newspaper, website, social media, direct mail, providing a toll-free number for customers, and other media programs and activities and employing advertising agencies to assist therewith, collecting and accounting for contributions to the Marketing Fund, and paying for the preparation and distribution of marketing materials and financial accountings of the Marketing Fund). The amount used to cover administrative costs and overhead (including salary costs of employees working exclusively for the Marketing Fund) will not exceed ~~15~~20% of the expenditures of the Marketing Fund. Any surplus of funds in the Marketing Fund may be invested and we may lend money to the Marketing Fund if there is a deficit. The Marketing Fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the Marketing Fund. An unaudited financial accounting of the operations of the Marketing Fund, including deposits into and disbursements from the Marketing Fund, will be prepared annually and made available to you upon request.

(b) Contributions. You must pay us a Marketing Fund fee equal to 1.5% of your Gross Revenues. The Marketing Fund fee will be paid in the same time and manner as your royalty fee. We will deposit into the Marketing Fund all Marketing Fund fees paid by you and other franchisees. Any company-owned Rebounderz facility will contribute to the Marketing Fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the Marketing Fund, any company-owned Rebounderz facility that is established or acquired after the modification may contribute to the Marketing Fund utilizing the modified amount or timing. Except as stated in this Section, we have no obligation to expend our own funds or resources for any Marketing Campaign.

11.2. Marketing Assistance from Us. We may create and make available to you advertising and other marketing materials for your purchase. We may use the Marketing Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials

available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

11.3. Your Marketing Activities.

(a) Generally. In addition to your required contribution to the Marketing Fund and you minimum grand opening marketing expenditure, you must spend, monthly, at least ~~three~~^{five} percent (~~3~~⁵%) of your Gross Revenues on local advertising to promote your Business. We must approve all such advertising in accordance with ~~Section 11.3(d).~~11.3(d). You agree to participate at your own expense in all advertising, promotional and marketing programs that we require, including any advertising cooperative that we establish pursuant to ~~Section 11.4.~~11.4.

(b) Grand Opening. During the period beginning prior to opening and ending 2-3 months days after opening, you must spend a total of at least \$~~30~~⁵⁰,000 to \$~~80~~¹²⁰,000 on advertising and other marketing activities to promote the grand opening of your Rebounderz Facility. We must approve all such advertising in accordance with ~~Section 11.3(d).~~11.3(d). We will provide you with guidance for your grand opening advertising activities.

(c) Standards for Advertising. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others.

(d) Approval of Advertising. Before you use them, we must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved and you modify). You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove).

(e) Internet and Websites. You may market your Business through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services. We do not allow our franchisees to maintain their own websites (other than the localized webpage that we provide) or market their Rebounderz facilities on the Internet (other than through approved social media outlets). Accordingly, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your Business. If we change our policy later to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to this Agreement that will govern your ability to maintain a website and/or market on the Internet.

11.4. Advertising Cooperative. We have the right, but not the obligation, to create one or more advertising cooperatives for creating and/or purchasing advertising programs for the benefit of all franchisees operating within a region. We have the right to: (i) determine the composition of all geographic territories and market areas for each advertising cooperative; and (ii) require that you participate in any advertising cooperative when established by us. If we implement an advertising cooperative, we may establish an advertising council to self-administer the advertising cooperative. You must participate in the council per the council's rules and procedures and you must abide by the council's decisions. Alternatively, we may administer the advertising cooperative ourselves. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion. You must pay the cooperative advertising fee established by us or the council, as applicable, which will be due at the same time and manner as your royalty fee and marketing fund fee. The amount of the cooperative advertising fee shall not exceed 1.0% of Gross Revenues. Upon the majority vote of all franchisees within the advertising cooperative, the amount of the cooperative advertising fee may be adjusted (or suspended)

12.9. Hours of Operation. We may specify the minimum days and hours of operation for all Rebounderz facilities in the Manual, which shall be subject to any conflicting requirements of your landlord or applicable law. You must establish specific days and hours of operation and submit those hours to us for approval, and in all cases you must plan to be open for holiday and special purpose hours to maximize sales during those periods.

12.10. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.

12.11. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our standards or operating procedures and you fail to correct the non-compliance within the period of time that we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to \$5,000 per occurrence. If you sell any unauthorized product or service at your Rebounderz Facility, we may impose a fine of \$1,000 per day for each day that the unauthorized product or service is offered at your Rebounderz Facility.

13. FRANCHISE ADVISORY COUNCIL (FAC). We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We will consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council will be established and operated per rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council who will communicate with us on matters raised by the advisory council. You will have the right to be a member of the advisory council if you are not in default under this Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you will be entitled to all voting rights and privileges granted to other members of the council. Each member will be granted one vote on all matters on which members are authorized to vote.

14. FEES

14.1. Initial Franchise Fee. You agree to pay us a ~~\$60,000~~49,950 initial franchise fee in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed, except that we will refund ~~\$25~~20,000 of the initial franchise fee if you and your Owners sign a General Release after we terminate this Agreement pursuant to Section 21.2(i) for failure to successfully complete the initial training program in a timely manner.

14.2. Royalty Fee. On a weekly basis, you agree to pay us a royalty fee by ACH equal to 5.5% of your Gross Revenues generated during the immediately preceding billing period. We will invoice you a monthly true-up for the royalty fee for each monthly billing period to include monthly expenses and these will be paid for by ACH from your account within two (2) business days after the end of the month.

14.3. Other Fees and Payments. You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section 14. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon goods or services that you sell or based upon goods or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

14.4. Financing. Our affiliate ITA may, but need not, finance your purchase of the Attractions Equipment Package. If ITA finances these purchases, you must sign: (i) a promissory note (the "Note"), the form of which is attached to this Agreement as ATTACHMENT "G", which sets forth the terms pursuant to which you are required to repay the financed portion of the purchase; and (ii) a security agreement (the "Security Agreement"), the form of which is attached to this Agreement as ATTACHMENT "G", pursuant to which you will grant ITA a first lien security interest in the goods for which ITA is providing financing. The

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this “Agreement”) is entered as of _____, 20__ (the “Effective Date”) between Rebounderz Franchise and Development, Inc., a Florida corporation (“we” or “us”) and _____, a(n) _____ (“you”).

1. DEFINITIONS. Capitalized terms used in this Agreement shall have the meanings given to them below. Any capitalized term used in this Agreement that is not defined below shall have the meaning given to such term in the Initial Franchise Agreement (as defined below).

“*Development Schedule*” means the schedule described in Section 3.1 and ATTACHMENT "A" for the development of the Rebounderz facilities within the Development Territory.

“*Development Territory*” means the geographic area described in ATTACHMENT "B".

“*Discounted Initial Franchise Fee*” means the discounted initial franchise fee that you must pay for each Rebounderz facility to be developed under this Agreement (other than your first Rebounderz facility), which discounted initial franchise fee is \$~~40~~38,000.

“*Owner*” or “*Owners*” means any individual who directly signs this Agreement or who owns a direct or indirect ownership interest in the area development rights or the entity that is the area developer under this Agreement. “Owner” includes both passive and active owners.

“*Permitted Transfer*” means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer by the Managing Owner of all interest that he or she holds in the franchise or franchisee Entity; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

“*Term*” the period of time commencing with the Effective Date of this Agreement and expiring upon the date by which you are required to open the last Rebounderz facility under the Development Schedule.

“*Transfer*” means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the area development rights (or any interest therein), the business conducted by you pursuant to this Agreement, or an ownership interest in an entity that is the area developer under this Agreement, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the entity that is the area developer, or by operation of law, will or a trust upon the death of an Owner of the area developer entity (including the laws of intestate succession).

2. GRANT OF DEVELOPMENT RIGHTS. Subject to the terms and conditions of this Agreement, we hereby grant you the exclusive right and obligation to develop each of the _____ Rebounderz facilities referred to in the Development Schedule. Each Rebounderz facility that you develop pursuant to this Agreement must be located within the Development Territory and at a specific site that we approve in accordance with the terms of the applicable Franchise Agreement. For the duration of the Term, we will not operate, or grant a license to any third party to operate, ~~an~~a Rebounderz facility that is physically located within the Development Territory. This Agreement does not grant you any rights or licenses to use any of our Intellectual Property.

3. DEVELOPMENT OBLIGATIONS

3.1. Development Schedule. You agree to open each Rebounderz facility in strict accordance with time periods set forth in the Development Schedule. You must develop, open and operate each Rebounderz facility in compliance with all of the terms of the applicable Franchise Agreement. We may, in our sole discretion, extend the time periods listed in the Development Schedule, but only if you can demonstrate to our

reasonable satisfaction that you have used your best efforts to comply with your development obligations and the need for additional time is due to unforeseeable delays and not due to your neglect, misconduct or financial inability.

3.2. Site Selection. You must select a specific location within the Development Territory for each Rebounderz facility in accordance with our then-current guidelines for opening a new location as contained in the Manual and the applicable Franchise Agreement. Each site that you select is subject to our prior approval as specified in the applicable Franchise Agreement.

3.3. Franchise Agreements. You must a separate Franchise Agreement for each Rebounderz facility. You must sign the Franchise Agreement for your first Rebounderz facility at the time you sign this Agreement and you will pay the full standard initial franchise fee for that facility. We will not review or approve a proposed site until you sign the applicable Franchise Agreement for the proposed location. Each Franchise Agreement shall be our then-current form of Rebounderz Franchise Agreement (modified to reflect the Discounted Initial Franchise Fee), the terms and conditions of which may vary materially and substantially from the terms and conditions of the Franchise Agreement you sign for your first Rebounderz facility. At the time, you sign the Franchise Agreement for each additional Rebounderz facility, you must pay us the balance of the Discounted Initial Franchise Fee for that franchise (i.e., \$2019,000) together with all other required pre-opening fees that are required to be paid at the time you sign the Franchise Agreement. You will have no right to construct or operate any Rebounderz facility until you and we have executed the applicable Franchise Agreement and all ancillary agreements for that facility.

3.4. Additional Locations. You have no right to develop any Rebounderz facility other than the facilities listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms and conditions that we specify, following your development of all facilities listed in the Development Schedule under this Agreement.

4. DEVELOPMENT FEE. At the time, you sign this Agreement, you must pay us the full initial franchise fee for your first franchise. In addition, at the time you sign this Agreement, you must pay us a development fee equal to \$[REDACTED], which amount is calculated as 50% of the aggregate Discounted Initial Franchise Fees that you must pay us for all franchises under your Development Schedule (other than your first franchise). The development fee is fully earned and nonrefundable upon execution of this Agreement.

5. AREA DEVELOPER AS ENTITY. If you are an entity, you agree to provide us with a list of all your Owners. Upon our request, you must provide us with a resolution of the entity authorizing the execution of this Agreement, a copy of the entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the entity is duly formed and validly existing under the laws of the state of its formation or incorporation. You may form a separate entity to enter into each Franchise Agreement if: (i) the individuals holding the ownership interests (and their percentage interests) in each such entity must be the same individuals holding ownership interests (with the same percentage interests) in the entity that is the Area Developer under this Agreement; and (ii) each such entity guarantees the performance of all other entities formed under the authority of this Section 5.

6. TRANSFERS

6.1. By Us. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, if we shall, after any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

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EXHIBIT "F"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

State	City	Address	Phone	Owner Name(s)
California*	Los Angeles	3526 W. Hughes Lane Inglewood, California 90305	310-245-4035	Rebounderz of Los Angeles CA C&C's Rebounderz, Inc. Kelly Graham-Lawrence & Alexander Lawrence
California	Rohnert Park	555 Rohnert Park Expy Rohnert Park, California 94928	707-416-4445	Rebounderz of Rohnert Park CA Jump Freedom, Inc. Jason & Maggie Alexandridis
California*	Sacramento	555 Rohnert Park Expy Rohnert Park Country Club Plaza 2401 Butano Drive Sacramento, California 94928 95825	707-416-4445	Rebounderz of Sacramento CA Bounce Freedom, Inc. Jason & Maggie Alexandridis
Florida	Apopka	474 Hunt Club Boulevard Apopka, Florida 32703	407-966-3434	Rebounderz of Apopka FL Pinellas Family Entertainment, Inc. William and Jenny Lloyd
Florida	Jacksonville	14985 Old St. Augustine Road Jacksonville, Florida 32258	904-300-0070	Rebounderz of Jacksonville FL Team Z Entertainment, LLC David & Laura Zorn
Florida *	Sunrise	4545 North Pine Island Road Sunrise, Florida 33351	786-470-7784	Rebounderz of Sunrise FL TAV Zone, Inc. Michael Vorbe & Sebastien Vorbe
Michigan	Grand Rapids	7500 Cottonwood Drive Jenison, Michigan 49428	616-455-5600	Rebounderz of Grand Rapids MI WM Family Fun, LLC Chris Bouma and Rich Van Dyke
New Jersey	Edison	76 Carter Drive Edison, New Jersey 08817	732-902-6987	Rebounderz of Edison NJ Yeglinski Enterprises, Inc. Kenneth Yeglinski & Benny Hopkins
North Carolina***	Chapel Hill	To Be Determined	786-470-7784	Rebounderz of Chapel Hill NC Michael Vorbe & Sebastien Vorbe
Pennsylvania	Lansdale	616 East Main Street Hillcrest Shopping Center Lansdale, Pennsylvania 19446	267-263-4961	Rebounderz of Lansdale PA RMF Entertainment, Inc. Jeff Polansky & Francine Polansky
Virginia	Sterling	Sterling Business Park 22400 Davis Drive, Suite 180 Sterling, Virginia 20164	703-433-5867	Rebounderz of Sterling VA TKW, LLC Katherine Webster & Tina West

* These franchisees signed franchise agreements ~~in 2016~~, but were not open as of December 31, 2016~~7~~.

~~** These franchisees signed franchise agreements in 2014 but were not open as of December 31, 2016.~~

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

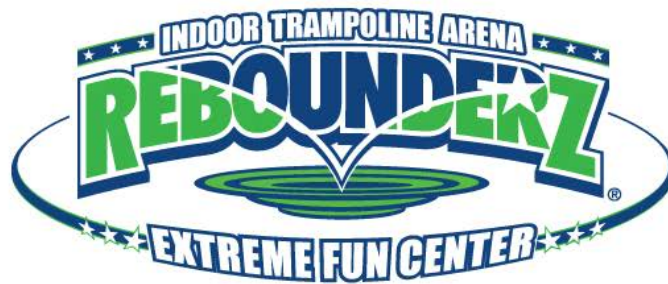
State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
Florida N/A	Orlando N/A	407-704-6723 N/A	ICON Global Adventures, LLC Faisal Khan N/A
Virginia	Manassas	703-433-5867	Rebounderz of Manassas VA

				TKW II LLC Katherine Webster & Tina West
--	--	--	--	---

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

EXHIBIT "G"
TO DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

[See Attached]



REBOUNDERZ FRANCHISE AND DEVELOPMENT, INC. AND AFFILIATE
Combined Financial Statements
December 31, 2016, 2015 and 2014
With Independent Auditors' Report



**Rebounderz Franchise and Development, Inc.
and Affiliate
December 31, 2016, 2015 and 2014**

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INDEPENDENT AUDITORS' REPORT

To the Stockholder
Rebounderz Franchise and Development, Inc. and Affiliate

We have audited the accompanying combined financial statements of Rebounderz Franchise and Development, Inc. and Affiliate (the "Company"), which comprise the combined balance sheets as of December 31, 2016, 2015 and 2014, and the related combined statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.~~

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the combined 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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Rebounderz Franchise and Development, Inc. and its Affiliate, as of December 31, 2016, 2015 and 2014, 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.

WithumSmith+Brown, PC

March 30, 2017

**Rebounderz Franchise and Development, Inc.
and Affiliate**
Combined Balance Sheets
December 31, 2016, 2015 and 2014

	2016	2015	2014
Assets			
Current assets			
Cash	\$ 29,332	\$ 54,854	\$ 181,335
Accounts receivable	67,154	71,016	287,612
Inventories	138,312	121,069	238,349
Current portion of notes receivable	49,597	208,456	107,091
Total current assets	<u>284,395</u>	<u>455,395</u>	<u>814,387</u>
Equipment, net	48,952	11,572	8,885
Due from related parties	151,424	79,462	-
Notes receivable, less current portion	-	57,099	136,749
Security deposit	6,261	6,261	-
	<u>\$ 491,032</u>	<u>\$ 609,789</u>	<u>\$ 960,021</u>
Liabilities and Stockholders' Equity (Deficit)			
Current liabilities			
Accounts payable and accrued liabilities	\$ 173,712	\$ 306,548	\$ 118,761
Deferred revenue	200,000	-	-
Advances from related party	155,962	-	-
Current portion of note payable	5,461	-	-
Total current liabilities	<u>535,135</u>	<u>306,548</u>	<u>118,761</u>
Note payable, less current portion	18,147	-	-
Total liabilities	<u>553,282</u>	<u>306,548</u>	<u>118,761</u>
Stockholders' equity (deficit)			
Common stock, \$.10 par value; 200,000 shares authorized, issued and outstanding	20,000	20,000	20,000
Retained earnings (deficit)	(82,250)	283,241	821,260
Total stockholders' equity (deficit)	<u>(62,250)</u>	<u>303,241</u>	<u>841,260</u>
	<u>\$ 491,032</u>	<u>\$ 609,789</u>	<u>\$ 960,021</u>

The Notes to Combined Financial Statements are an integral part of these statements.

**Rebounderz Franchise and Development, Inc.
and Affiliate**
Combined Statements of Operations
Years Ended December 31, 2016, 2015 and 2014

	2016	2015	2014
Revenues			
Royalty and advertising fees	\$ 1,061,614	\$ 952,520	\$ 694,371
Franchise revenue	227,904	635,497	751,285
Apparel revenue	759,849	700,650	243,730
	<u>2,049,367</u>	<u>2,288,667</u>	<u>1,689,386</u>
Operating expenses			
Selling, general and administrative expenses	1,080,002	783,808	567,054
Cost of apparel and novelties sold to franchisee	611,763	538,350	124,675
Salaries, wages and related expenses	726,503	695,654	529,787
	<u>2,418,268</u>	<u>2,017,812</u>	<u>1,221,516</u>
Operating income (loss)	<u>(368,901)</u>	<u>270,855</u>	<u>467,870</u>
Other income			
Interest income	15,660	12,942	18,035
Miscellaneous income, net	3,598	-	-
	<u>19,258</u>	<u>12,942</u>	<u>18,035</u>
Net income (loss)	<u>\$ (349,643)</u>	<u>\$ 283,797</u>	<u>\$ 485,905</u>

The Notes to Combined Financial Statements are an integral part of these statements.

**Rebounderz Franchise and Development, Inc.
and Affiliate**
Combined Statements of Stockholders' Equity (Deficit)
Years Ended December 31, 2016, 2015 and 2014

	Common Stock	Retained Earnings (Deficit)	Total
Balance, December 31, 2013	\$ 20,000	\$ 467,240	\$ 487,240
Contributions	-	36,829	36,829
Distributions	-	(168,714)	(168,714)
Net income	-	485,905	485,905
Balance, December 31, 2014	20,000	821,260	841,260
Contributions	-	28,182	28,182
Distributions	-	(849,998)	(849,998)
Net income	-	283,797	283,797
Balance, December 31, 2015	20,000	283,241	303,241
Contributions	-	-	-
Distributions	-	(15,848)	(15,848)
Net loss	-	(349,643)	(349,643)
Balance, December 31, 2016	<u>\$ 20,000</u>	<u>\$ (82,250)</u>	<u>\$ (62,250)</u>

The Notes to Combined Financial Statements are an integral part of these statements.

**Rebounderz Franchise and Development, Inc.
and Affiliate**
Combined Statements of Cash Flows
Years Ended December 31, 2016, 2015 and 2014

	2016	2015	2014
Cash flows from operating activities			
Net income (loss)	\$ (349,643)	\$ 283,797	\$ 485,905
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation	11,476	7,739	7,596
Bad debt	81,402	-	-
(Increase) decrease in			
Accounts receivable	3,862	99,173	(161,017)
Inventories	(17,243)	117,280	(221,198)
Due from related parties	(71,962)	(79,462)	-
Increase (decrease) in			
Accounts payable and accrued liabilities	(139,836)	187,787	98,137
Deferred revenue	200,000	-	-
Net cash provided by (used in) operating activities	(281,944)	616,314	209,423
Cash flows from investing activities			
Collection of notes receivable	215,958	95,708	86,146
Payment of security deposit	-	(6,261)	-
Purchases of equipment	(13,375)	(10,426)	-
Net cash provided by investing activities	202,583	79,021	86,146
Cash flows from financing activities			
Stockholders contributions	-	28,182	36,829
Stockholder distribution	(15,848)	(849,998)	(168,714)
Repayments on note payable	(4,873)	-	-
Advances from related party	74,560	-	-
Net cash provided by (used in) financing activities	53,839	(821,816)	(131,885)
Net (increase) decrease in cash	(25,522)	(126,481)	163,684
Cash			
Beginning of year	54,854	181,335	17,651
Ending of year	\$ 29,332	\$ 54,854	\$ 181,335
Schedule of non-cash investing and financing activities			
Vehicle acquired with note payable	\$ 28,481	\$ -	\$ -
Fixed assets purchases included in accounts payable	\$ 7,000	\$ -	\$ -
Conversion of account receivable to a note receivable	\$ -	\$ 117,423	\$ -

The Notes to Combined Financial Statements are an integral part of these statements.

**Rebounderz Franchise and Development, Inc.
and Affiliate**
Notes to Combined Financial Statements
December 31, 2016, 2015 and 2014

1. NATURE OF BUSINESS

Nature of Business

Rebounderz Franchise and Development, Inc. ("Rebounderz") is a Florida based company engaged in the business of franchising, trampoline arena design, and supervising the development of the indoor trampoline arena under the name "Rebounderz". The Company offers a safe, exciting and fun environment for friends and families to enjoy together. In addition, Rebounderz Apparel LLC (the "Affiliate"), an affiliate through common ownership, managed the inventory sales and purchases for the franchisees on behalf of Rebounderz.

The Affiliate is a Florida Limited Liability Company, which was incorporated in July 2012. The Affiliate was inactive until it began operations in February 2016, and it was later dissolved on December 22, 2016. Rebounderz pursues growth by establishing new franchises in major markets. Rebounderz intends to expand the number of locations through a combination of new franchise sales, with both new franchisees and existing franchisees seeking additional locations.

On July 19, 2016, the majority stockholder entered into an agreement to purchase the outstanding shares from the minority stockholder and become the sole stockholder of Rebounderz.

Principles of Combination

The combined financial statements for Rebounderz Franchise and Development, Inc. and affiliate (herein ~~after referred to as the "Company") is comprised of the following companies:~~

- Rebounderz Franchise and Development, Inc.
- Rebounderz Apparel LLC

These companies represent companies under common ownership and control. All significant intercompany accounts and transactions have been eliminated in combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The combined financial statements have been presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

Use of Estimates

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

**Rebounderz Franchise and Development, Inc.
and Affiliate**
Notes to Combined Financial Statements
December 31, 2016, 2015 and 2014

Revenue Recognition

The Company's revenue consists principally of franchise and royalty fees collected from franchisees and the sale of novelty items and supplies. Franchise fee revenue from an individual franchisee is recognized when all material services or conditions relating to the sale has been substantially performed or satisfied by the Company. Substantial performance for the Company means that there are no remaining obligations or intent to refund any cash received, substantially all of the initial services of the Company required by the franchise agreement have been performed and no other material conditions or obligations related to the determination of the substantial performance exist. The franchisee purchases a "start up" package which includes materials, supplies and training. Revenue from the "start up" package is recognized upon delivery. The Company recognizes 50% of the initial franchise fee of \$50,000 upon execution of the franchise agreement and the remaining 50% upon the franchisee completion of the training program. If the training program is not complete, the Company will refund 50% of the initial franchise fee. At December 31, 2016, the Company had not fulfilled all their commitments to the franchisee and therefore, the initial fees received have been recorded as deferred revenue. At December 31, 2015 and 2014, the Company had fulfilled all their commitments to the franchisees and therefore, there was no deferred revenue.

During 2016, the Company entered into a letter of intent with a company granting the right to use the Company's business system to open facilities within a specified territory in the Country of Panama. The Company received a fee of \$150,000, which is refundable until the Company executes a master franchise agreement, as defined in the letter of intent. Upon execution of the agreement the fee becomes non-refundable and will be recognized as revenue earned. As of December 31, 2016, the agreement is not yet executed and, therefore the fee is recorded as deferred revenue.

Royalties from franchisees are recognized in the period that the associated revenues of the franchisees are earned and the Company recognizes revenue from sales of apparel, novelty items and supplies to franchisees upon delivery of items to franchisees' locations.

Accounts Receivable

Accounts receivable are unsecured and primarily consist of royalties and costs associated with start-up packages due from franchisees. Royalties' payment terms are generally bi-weekly via electronic funds transfer or another comparable means. Payments not received within six days of due date is subject to interest at 1.5% per month. Other payment due dates vary as defined in the franchise agreement. The Company monitors the outstanding balances and financial condition of franchisees and records provisions for estimated losses on receivables when they believe that a customer/franchisee is unable to make their required payments. Based on management's review of accounts receivable, an allowance for doubtful accounts is not considered necessary as of December 31, 2016, 2015 or 2014.

Concentration of Credit Risk

The Company maintains its cash accounts in one bank which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Inventories

Inventories, consisting of various novelty items and products for resale to franchisees are stated at the lower of cost (first in, first out basis) or market. Inventory consists of only finished goods.

**Rebounderz Franchise and Development, Inc.
and Affiliate**
Notes to Combined Financial Statements
December 31, 2016, 2015 and 2014

Equipment

Property and equipment is stated at cost. Depreciation charges have been made by the Company using the straight-line method based on estimated useful lives of the underlying assets, ranging from 3 to 5 years. Expenditures for repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the costs and related accumulated depreciation are eliminated from the accounts and any gain or loss on such disposal is reflected in operations.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense amounted to approximately \$500,760, \$103,600 and \$116,000 for the years ended December 31, 2016, 2015 and 2014, respectively, and is included in selling, general and administrative expense on the combined statements of operations.

Franchise Arrangements

Individual franchise arrangements generally include a license and provide for payment of initial fees, as well as continuing royalties and advertising of 5.5% and 1%, respectively, of gross sales. The Company's franchisees are granted the right to operate for a period of ten years which can be extended for up to two additional consecutive terms of five years each providing the franchisee meets certain conditions as defined in the franchise agreement. At December 31, 2016, 2015 and 2014, the Company had 9, 10 and 7 operating locations, respectively, of which one location was owned by the stockholder at December 31, 2016 and two locations were owned by the stockholders at December 31, 2015 and 2014.

Income Taxes

The Company has elected to be taxed as an S-Corporation for Federal income tax purposes. Since the Company has currently filed all relevant income tax returns, under this election, profits and losses are passed through to the individual stockholders and the Company pays no Federal income taxes. The Company, however, customarily makes payments to the stockholders to assist them with their personal income taxes as a result of the S-Corporation status. The combined financial statements do not include any provision for income taxes for the years ended December 31, 2016, 2015 and 2014 as the Company has filed all their tax returns as an S-Corporation.

The Company accounts for uncertainties in income taxes by assessing whether there are any uncertain income tax positions which may give rise to income tax liabilities. Management has determined that there are no uncertain income tax positions requiring recognition in the accompanying combined financial statements. The Company files income tax returns in the U.S. federal jurisdiction and Florida. Furthermore, there were no income tax interest or penalties accrued or paid in 2016, 2015 and 2014.

**Rebounderz Franchise and Development, Inc.
and Affiliate**
Notes to Combined Financial Statements
December 31, 2016, 2015 and 2014

3. NOTES RECEIVABLE

Notes receivable consists of the following as of December 31:

	2016	2015	2014
Note receivable from a franchise location, maturing in October 2016, interest payable at a rate of 5.5% and monthly installments of \$4,945*	\$ 49,597	\$ 48,224	\$ 107,707
Note receivable from a franchise location, maturing in June 2018, interest payable at a rate of 5.5% and monthly installments of \$3,567**	-	99,908	136,133
Promissory note maturing September 2016 from a terminated franchise location, (termination effective January 1, 2016) payable in monthly installments of \$20,000, commencing February 1, 2016	-	117,423	-
	<u>49,597</u>	<u>265,555</u>	<u>243,840</u>
Less: current maturities	<u>49,597</u>	<u>208,456</u>	<u>107,091</u>
	<u>\$ -</u>	<u>\$ 57,099</u>	<u>\$ 136,749</u>

* The note receivable is currently in default and is accruing additional interest and penalties as defined in the agreement.

** The note was fully paid in accordance with the agreement.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2016	2015	2014
Furniture and fixtures	\$ 17,204	\$ 17,204	\$ 10,479
Vehicle	60,856	20,000	20,000
Computer equipment and software	21,767	13,767	10,066
	<u>99,827</u>	<u>50,971</u>	<u>40,545</u>
Accumulated depreciation	<u>(50,875)</u>	<u>(39,399)</u>	<u>(31,660)</u>
	<u>\$ 48,952</u>	<u>\$ 11,572</u>	<u>\$ 8,885</u>

Depreciation expense for the years ended December 31, 2016, 2015 and 2014 amounted to \$11,476, \$7,739 and \$7,596, respectively.

**Rebounderz Franchise and Development, Inc.
and Affiliate**
Notes to Combined Financial Statements
December 31, 2016, 2015 and 2014

5. RELATED PARTY TRANSACTION

The Company owns and operates one franchise location for the year ended December 31, 2016 and two locations for the years ended December 31, 2015 and 2014. At December 31, 2016, 2015 and 2014, \$151,424, \$79,462 and \$0, respectively, was owed to the Company for unpaid royalties which is included in due from related parties in the accompanying combined balance sheets. In addition, revenues approximating \$113,000, \$100,000, and \$158,000 for the years ended December 31, 2016, 2015, and 2014, respectively, were earned from franchisees owned and operated by the Company.

In addition, distributions amounting to approximately \$850,000 and \$169,000 for the years ended December 31, 2015 and 2014, respectively, resulted from the Company paying expenses on behalf of the two stockholder owned locations.

6. ADVANCES FROM RELATED PARTY

The Company's sole stockholder (see Note 1) owns an entity, which is the provider of all the trampolines and equipment to the franchise locations. During the year ended December 31, 2016, the entity advanced the Company funds totaling \$155,962, which is included in advances from related party in the accompanying combined balance sheet.

7. NOTE PAYABLE

Note payable consists of the following as of December 31:

	2016	2015	2014
Bank note payable with interest at 3.97% payable in monthly installments of \$525 through January 1, 2021. The note is secured by a vehicle with a net book value of approximately \$32,710 as of December 31, 2016.	\$ 23,608	\$ -	\$ -
	23,608	-	-
Current portion	(5,461)	-	-
	<u>\$ 18,147</u>	<u>\$ -</u>	<u>\$ -</u>

The future maturities of note payable as of December 31, are as follows:

Year Ending December 31,	
2017	\$ 5,461
2018	5,682
2019	5,912
2020	6,157
2021	396
	<u>\$ 23,608</u>

**Rebounderz Franchise and Development, Inc.
and Affiliate**
Notes to Combined Financial Statements
December 31, 2016, 2015 and 2014

8. OPERATING LEASE

In September 2015, the Company entered into a lease agreement for office space which expires in September 2020. Minimum future rental payments required under the non-cancelable lease as of December 31 for each of the next five years are approximately as follows:

Year Ending December 31,	
2017	\$ 75,000
2018	76,000
2019	78,000
2020	<u>53,000</u>
	<u>\$ 282,000</u>

The Company subleased a portion of the office space to a related party on a month to month basis at a monthly rental of \$3,350. Rent expense net of sub-lease rental income for the years ended December 31, 2016, 2015 and 2014 was \$46,900, \$50,172 and \$41,850, respectively.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 30, 2017, which is the date on which the combined financial statements were available to be issued. The Company has determined that no subsequent events have occurred, which require disclosure in or adjustment in the combined financial statements.

REBOUNDERZ FRANCHISE & DEVELOPMENT INC.
BALANCE SHEET
APRIL 30, 2018

ASSETS

Current Assets	
Cash on Hand & in Banks	\$ 40,218
Accounts Receivable, Net of Allowance for Doubtful Account	108,223
Inventories	81,060
Prepaid Expense	14,873
Total Current Assets	<u>244,374</u>
Property and Equipment	
Furniture and Equipment	4,741
Computer Equipment	10,554
Software	11,701
Truck	60,856
Accumulated Depreciation - FA	(52,993)
Total Property and Equipment	<u>34,859</u>
Other Assets	
Due From Related Parties	-
Security Deposits	6,261
Total Other Assets	<u>6,261</u>
Total Assets	<u><u>\$ 285,494</u></u>

LIABILITIES AND CAPITAL

Current Liabilities	
Accounts Payable & Accrued Expenses	278,105
Deferred Franchise Revenue	42,950
Current Portion of Notes Payable	23,318
Total Current Liabilities	<u>344,373</u>
Long-Term Liabilities	
Notes Payable, Less Current Portion	<u>74,233</u>
Total Liabilities	<u>418,606</u>
Stockholders' Equity (deficit)	
Common Stock	20,000
Owner Contribution	3,132
Owner Distribution	(58,288)
Retained Earnings (Deficit)	(166,249)
Net Income for the Year	68,293
Total Stockholders' Equity	<u>(133,112)</u>
Total Liabilities & Stockholders' Equity	<u><u>\$ 285,494</u></u>

REBOUNDERZ FRANCHISE & DEVELOPMENT INC.
PROFIT AND LOSS STATEMENT
FOR FOUR MONTHS ENDED JANUARY TO APRIL 2018

MTD	% of Sales	Description	YTD	% of Sales
SALES				
FRANCHISE SALES				
\$ 82,087	65.5%	Royalty	\$ 333,494	63.5%
\$ -	0.0%	Royalty New Additions	\$ -	0.0%
\$ 2,000	1.6%	Web Maintenance	\$ 8,000	1.5%
\$ -	0.0%	Franchise Sales	\$ -	0.0%
\$ -	0.0%	Training Fees	\$ -	0.0%
\$ 500	0.4%	Delinquency Fees	\$ 2,000	0.4%
\$ 84,587	67.5%	SUBTOTAL FRANCHISE REVENUES	\$ 343,494	65.4%
APPAREL & OTHER SALES				
\$ 2,028	1.6%	Apparel Sales	\$ 9,603	1.8%
\$ 988	0.8%	Equipment Sales	\$ 3,142	0.6%
\$ 51	0.0%	Misc- Gift Card Sales	\$ 153	0.0%
\$ 85	0.1%	Misc-Wristband Sales	\$ 765	0.1%
\$ 3,024	2.4%	Shipping Reimbursement	\$ 11,829	2.3%
\$ 213	0.2%	Misc-Name Tag Sales	\$ 604	0.1%
\$ 114	0.1%	Misc-Whistle Sales	\$ 410	0.1%
\$ 34,200	27.3%	Socks-Grip Socks Sales	\$ 154,800	29.5%
\$ 87	0.1%	Rebates - Mini Meltz	\$ 353	0.1%
\$ (6)	0.0%	Miscellaneous Sales	\$ (6)	0.0%
\$ 40,784	32.5%	SUBTOTAL APPAREL & OTHER SALES	\$ 181,654	34.6%
\$ 125,371	100.0%	TOTAL SALES	\$ 525,148	100.0%
COST OF GOODS SOLD:				
\$ 1,515	1.2%	Apparel Supplies	\$ 6,915	1.3%
\$ -	0.0%	Equipment	\$ -	0.0%
\$ 310	0.2%	Equipment-Arena Parts & Supplies	\$ 1,801	0.3%
\$ 529	0.4%	Equipment-Foam	\$ 1,135	0.2%
	0.0%	Equipment-Netting		0.0%
	0.0%	Equipment-Signage Indoor/Outdoor		0.0%
	0.0%	Furniture & Fixtures		0.0%
\$ -	0.0%	Misc-Business Cards	\$ 52	0.0%
\$ 160	0.1%	Misc-Name Tags	\$ 454	0.1%
\$ 1	0.0%	Misc-Wristbands	\$ 5	0.0%
\$ -	0.0%	Shipping & Freight	\$ 538	0.1%
\$ 2,600	2.1%	Shipping & Mailing Expenses	\$ 13,816	2.6%
\$ 21,208	16.9%	Socks-Grip Socks	\$ 96,516	18.4%
\$ 26,322	21.0%	TOTAL COST OF GOODS SOLD	\$ 121,232	23.1%
PAYROLL EXPENSES:				
\$ 36,161	28.8%	Salaries & Wages	\$ 145,470	27.7%
\$ -	0.0%	Salaries & Wages - Bonuses	\$ -	0.0%
\$ 11,766	9.4%	Salaries & Wages - Management Svcs	\$ 47,065	9.0%
\$ 3,206	2.6%	Payroll Taxes - Federal	\$ 13,305	2.5%
\$ 84	0.1%	Payroll Service Fees	\$ 997	0.2%
\$ 609	0.5%	Benefits - 401(k) Expense	\$ 1,501	0.3%
\$ 1,552	1.2%	Benefits - Health Insurance	\$ 3,203	0.6%
\$ 529	0.4%	Workers Compensation Insurance	\$ 2,563	0.5%
\$ 53,908	43.0%	TOTAL PAYROLL EXPENSES	\$ 214,103	40.8%
\$ 80,230	64.0%	TOTAL COST OF SALES	\$ 335,335	63.9%
\$ 45,141	36.0%	GROSS PROFIT	\$ 189,813	36.1%

REBOUNDERZ FRANCHISE & DEVELOPMENT INC.
PROFIT AND LOSS STATEMENT
FOR FOUR MONTHS ENDED JANUARY TO APRIL 2018

MTD	% of Sales	Description	YTD	% of Sales
OPERATING EXPENSES				
CONTROLLABLES EXPENSES:				
UTILITY EXPENSES:				
\$ 407	0.3%	Utilities - Electricity	\$ 1,748	0.3%
\$ 45	0.0%	Utilities - Water	\$ 221	0.0%
\$ 851	0.7%	Utilities - Telephone / Internet	\$ 3,355	0.6%
<u>\$ 1,302</u>	<u>1.0%</u>	TOTAL UTILITY EXPENSES	<u>\$ 5,324</u>	<u>1.0%</u>
REPAIRS, SERVICES & SUPPLIES:				
\$ 1,080	0.9%	Repairs & Maintenance	\$ 4,130	0.8%
\$ -	0.0%	Computer & Internet Expenses	\$ 436	0.1%
\$ 1,238	1.0%	Computer - Software Expense	\$ 4,952	0.9%
\$ 759	0.6%	Supplies - Office	\$ 1,887	0.4%
\$ 25	0.0%	Supplies - Other & Materials	\$ 1,040	0.2%
\$ 75	0.1%	Services - POSystem	\$ 450	0.1%
\$ 124	0.1%	Services - Security System	\$ 419	0.1%
\$ 2,500	2.0%	Services - Website Expenses	\$ 10,935	2.1%
<u>\$ 5,801</u>	<u>4.6%</u>	TOTAL REPAIRS, SERVICES & SUPPLIES	<u>\$ 24,249</u>	<u>4.6%</u>
MARKETING EXPENSES:				
\$ 18,282	14.6%	Franchise Marketing Expense	\$ 37,318	7.1%
<u>\$ 18,282</u>	<u>14.6%</u>	TOTAL MARKETING EXPENSES	<u>\$ 37,318</u>	<u>7.1%</u>
MISCELLANEOUS EXPENSES:				
\$ 1,160	0.9%	Dues & Subscriptions	\$ 3,203	0.6%
\$ -	0.0%	Meals & Entertainment (50%)	\$ 1,438	0.3%
\$ 27	0.0%	Travel - Auto Expenses	\$ 153	0.0%
\$ 10	0.0%	Travel & Transportation	\$ 4,490	0.9%
\$ 327	0.3%	Reimbursed Expenses	\$ 1,769	0.3%
<u>\$ 1,524</u>	<u>1.2%</u>	TOTAL MISCELLANEOUS EXPENSES	<u>\$ 11,053</u>	<u>2.1%</u>
<u>\$ 26,910</u>	<u>21.5%</u>	TOTAL CONTROLLABLE EXPENSES	<u>\$ 77,945</u>	<u>14.8%</u>
NON-CONTROLLABLE EXPENSES:				
\$ -	0.0%	Bad Debts Expense	\$ -	0.0%
\$ 896	0.7%	Bank - Merchant Fees	\$ 4,908	0.9%
\$ 274	0.2%	Bank - Service Fees	\$ 2,182	0.4%
\$ 547	0.4%	Insurance - Auto	\$ 2,130	0.4%
\$ 809	0.6%	Insurance - Expenses	\$ 3,236	0.6%
\$ 1,759	1.4%	Insurance - Gen/Prop/Others	\$ 9,785	1.9%
\$ 3,950	3.2%	Prof Fees - Audit	\$ 20,200	3.8%
\$ 10,327	8.2%	Prof Fees - Legal	\$ 31,238	5.9%
\$ 5,055	4.0%	Prof Fees- Licenses & Permits	\$ 5,099	1.0%
\$ -	0.0%	Prof Fees - Other Professional	\$ 3,640	0.7%
\$ 3,350	2.7%	Rental & CAM Expenses	\$ 13,400	2.6%
<u>\$ 26,967</u>	<u>21.5%</u>	TOTAL NON-CONTROLLABLES	<u>\$ 95,818</u>	<u>18.2%</u>
<u>\$ (8,735)</u>	<u>-7.0%</u>	EBITDA (Inc. before Depr/Int. Exps)	<u>\$ 16,050</u>	<u>3.1%</u>
OTHER EXPENSES / INCOME:				
\$ 744	0.6%	Depreciation Expense	\$ 3,720	22%
\$ (15,000)	-12.0%	Management Fees	\$ (60,000)	-352%
\$ (890)	-0.7%	Interest Income	\$ (2,729)	-0.5%
\$ 1,619	1.3%	Interest Expenses	\$ 6,765	1.3%
<u>\$ (13,527)</u>	<u>-10.8%</u>	TOTAL OTHER EXPENSES / INCOME	<u>\$ (52,243)</u>	<u>-9.9%</u>
<u>\$ 4,791</u>	<u>3.8%</u>	NET INCOME (LOSS)	<u>\$ 68,293</u>	<u>13.0%</u>

**REBOUNDERZ FRANCHISE AND
DEVELOPMENT, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2017, 2016 AND 2015

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REBOUNDERZ FRANCHISE AND DEVELOPMENT, INC.
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DECEMBER 31, 2017, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

To the Stockholders of
Rebounderz Franchise and Development, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Rebounderz Franchise and Development, Inc., which comprise the balance sheets as of December 31, 2017, 2016 and 2015, and the related statements of operations, changes in stockholders' equity (deficit) and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebounderz Franchise and Development, Inc. as of December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Rebounderz Franchise and Development, Inc. as of December 31, 2016 and 2015, were audited by other auditors whose report dated March 30, 2017, expressed an unmodified opinion on those statements.

James Moore & Co., P.L.

Gainesville, Florida
June 4, 2018

REBOUNDERZ FRANCHISE AND DEVELOPMENT, INC.
BALANCE SHEETS
DECEMBER 31, 2017, 2016 AND 2015

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current assets			
Cash and cash equivalents	\$ 16,136	\$ 29,332	\$ 54,854
Accounts receivable, net	68,444	67,154	71,016
Inventories	114,944	138,312	121,069
Prepaid expenses	15,597	-	-
Current portion of notes receivable	-	49,597	208,456
Total current assets	<u>215,121</u>	<u>284,395</u>	<u>455,395</u>
Property and equipment, net	<u>32,606</u>	<u>48,952</u>	<u>11,572</u>
Other assets			
Due from related parties	7,130	151,424	79,462
Notes receivable, less current portion	-	-	57,099
Security deposit	6,261	6,261	6,261
Total other assets	<u>13,391</u>	<u>157,685</u>	<u>142,822</u>
Total Assets	<u>\$ 261,118</u>	<u>\$ 491,032</u>	<u>\$ 609,789</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 295,278	\$ 173,712	\$ 306,548
Deferred revenue	-	200,000	-
Advances from related party	-	155,962	-
Current portion of notes payable	34,724	5,461	-
Total current liabilities	<u>330,002</u>	<u>535,135</u>	<u>306,548</u>
Long-term liabilities			
Notes payable, less current portion	74,233	18,147	-
Total liabilities	<u>404,235</u>	<u>553,282</u>	<u>306,548</u>
Stockholders' equity (deficit)			
Common stock, \$0.10 par value, 200,000 shares authorized, issued and outstanding	20,000	20,000	20,000
Additional paid-in capital	3,132	-	-
Retained earnings (deficit)	(166,249)	(82,250)	283,241
Total stockholders' equity (deficit)	<u>(143,117)</u>	<u>(62,250)</u>	<u>303,241</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 261,118</u>	<u>\$ 491,032</u>	<u>\$ 609,789</u>

The accompanying notes to financial statements
are an integral part of these statements.

REBOUNDERZ FRANCHISE AND DEVELOPMENT, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenue			
Royalty and other fees	\$ 908,573	\$ 1,061,614	\$ 952,520
Franchise revenue	296,000	227,904	635,497
Management fee	180,000	-	-
Apparel revenue	639,398	759,849	700,650
Total revenue	<u>2,023,971</u>	<u>2,049,367</u>	<u>2,288,667</u>
Operating expenses			
Selling, general and administrative expenses	614,894	1,080,002	783,808
Cost of apparel and novelties sold to franchisee	451,071	611,763	538,350
Salaries, wages and related expenses	636,668	726,503	695,654
Total operating expenses	<u>1,702,633</u>	<u>2,418,268</u>	<u>2,017,812</u>
Operating income (loss)	<u>321,338</u>	<u>(368,901)</u>	<u>270,855</u>
Other income (expense)			
Interest income	4,600	15,660	12,942
Miscellaneous income, net	-	3,598	-
Interest expense	(8,974)	-	-
Total other income (expense)	<u>(4,374)</u>	<u>19,258</u>	<u>12,942</u>
Net income (loss)	<u>\$ 316,964</u>	<u>\$ (349,643)</u>	<u>\$ 283,797</u>

The accompanying notes to financial statements
are an integral part of these statements.

REBOUNDERZ FRANCHISE AND DEVELOPMENT, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Balance, December 31, 2014	\$ 20,000	\$ -	\$ 821,260	\$ 841,260
Contributions	-	-	28,182	28,182
Distributions	-	-	(849,998)	(849,998)
Net income	-	-	283,797	283,797
Balance, December 31, 2015	<u>20,000</u>	<u>-</u>	<u>283,241</u>	<u>303,241</u>
Distributions	-	-	(15,848)	(15,848)
Net loss	-	-	(349,643)	(349,643)
Balance, December 31, 2016	<u>20,000</u>	<u>-</u>	<u>(82,250)</u>	<u>(62,250)</u>
Issuance of stock	-	3,132	-	3,132
Distributions	-	-	(400,963)	(400,963)
Net income	-	-	316,964	316,964
Balance, December 31, 2017	<u><u>\$ 20,000</u></u>	<u><u>\$ 3,132</u></u>	<u><u>\$ (166,249)</u></u>	<u><u>\$ (143,117)</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

REBOUNDERZ FRANCHISE AND DEVELOPMENT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities			
Net income (loss)	\$ 316,964	\$ (349,643)	\$ 283,797
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	11,500	11,476	7,739
Bad debt	182,912	81,402	-
(Increase) decrease in:			
Accounts receivable	(134,605)	3,862	99,173
Inventories	23,368	(17,243)	117,280
Prepaid expenses	(10,751)	-	-
Due from related parties	144,294	(71,962)	(79,462)
Increase (decrease) in:			
Accounts payable and accrued expenses	121,566	(139,836)	187,787
Deferred revenue	(200,000)	200,000	-
Total adjustments	138,284	67,699	332,517
Net cash provided by (used in) operating activities	455,248	(281,944)	616,314
Cash flows from investing activities			
Collection of notes receivable	-	215,958	95,708
Payment of security deposit	-	-	(6,261)
Acquisition of property and equipment	-	(13,375)	(10,426)
Net cash provided by investing activities	-	202,583	79,021
Cash flows from financing activities			
Additional paid-in capital	3,132	-	-
Stockholder contribution	-	-	28,182
Stockholder distribution	(400,963)	(15,848)	(849,998)
Proceeds from note payable	100,000	-	-
Payments on notes payable	(14,651)	(4,873)	-
Advances from related party	-	74,560	-
Payment of due to related party	(155,962)	-	-
Net cash provided by (used in) financing activities	(468,444)	53,839	(821,816)
Net decrease in cash and cash equivalents	(13,196)	(25,522)	(126,481)
Cash and cash equivalents, beginning of year	29,332	54,854	181,335
Cash and cash equivalents, end of year	<u>\$ 16,136</u>	<u>\$ 29,332</u>	<u>\$ 54,854</u>
Supplemental disclosure of cash flow information			
Cash paid during the year for interest	<u>\$ 8,974</u>	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosure of non-cash flow investing and financing activities			
Vehicle acquired with note payable	\$ -	\$ 28,481	\$ -
Fixed assets purchases included in accounts payable	-	7,000	-
Conversion on accounts receivable to a note receivable	-	-	117,423

The accompanying notes to financial statements
are an integral part of these statements.

REBOUNDERZ FRANCHISE AND DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017, 2016 AND 2015

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies and practices of Rebounderz Franchise and Development, Inc. (the Company), which affect significant elements of the accompanying financial statements:

(a) **Nature of operations**—The Company is a Florida based corporation engaged in the business of franchising, trampoline arena design, and supervising the development of family entertainment centers under the name “Rebounderz.” The Company offers a safe, exciting and fun environment for friends and families to enjoy together.

Rebounderz pursues growth by establishing new franchises in major markets. Rebounderz intends to expand the number of locations through a combination of new franchise sales, with both new franchisees and existing franchisees seeking additional locations.

Rebounderz Apparel, LLC (Apparel), an affiliate through common ownership and control, managed the inventory sales and purchases for the franchisees on behalf of the Company. Apparel is a Florida limited liability company organized in July 2012 and was inactive until it began operations in February 2016, and it was later dissolved on December 22, 2016. For the year ended December 31, 2016, the financial statements were combined to include the activity of Apparel. Intercompany accounts and transactions were eliminated in combination for the year ended December 31, 2016. For the years ended December 31, 2015 and 2017, the financial statements were not combined and therefore there were no eliminating entries.

On July 19, 2016, the majority stockholder entered into an agreement to purchase the outstanding shares from the minority stockholder and become the sole stockholder of the Company.

(b) **Revenue recognition**—The Company’s revenue consists principally of franchise and royalty fees collected from franchisees and the sale of novelty items and supplies. Franchise fee revenue from an individual franchisee is recognized when all material services or conditions relating to the sale has been substantially performed or satisfied by the Company. Substantial performance for the Company means that there are no remaining obligations or intent to refund any cash received, substantially all of the initial services of the Company required by the franchise agreement have been performed and no other material condition or obligations related to the determination of the substantial performance exist. The Company recognizes 50% of the initial franchise fee upon execution of the franchise agreement and the remaining 50% upon the franchisee’s completion of the training program. If the training program is not complete, the Company will refund 50% of the initial franchise fee.

During 2016, the Company entered into a letter of intent with a company granting the right to use the Company’s business system to open facilities within a specified territory in the Country of Panama. The Company received a fee of \$150,000, which is refundable until the Company executes a master franchise agreement, as defined in the letter of intent. Upon execution of the agreement, the fee becomes non-refundable and will be recognized as revenue earned. For the year ended December 31, 2016, the agreement was not yet executed and, therefore, the fee was recorded as deferred revenue. The agreement was executed in 2017, at which time the revenue was recognized.

Royalties from franchisees are recognized in the period that the associated revenues of the franchisees are earned and the Company recognizes revenue from sales of apparel, novelty items and supplies to franchisees upon delivery of items to franchisees’ locations.

(c) **Basis of presentation**—The financial statements have been presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

REBOUNDERZ FRANCHISE AND DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017, 2016 AND 2015

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Use of estimates in preparation of financial statements**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates are based on prior operating history and industry standards. Actual results could differ from those estimates.

(e) **Cash equivalents**—The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(f) **Inventories**—Inventories, consisting of various novelty items and products for resale to franchisees are stated at the lower of cost (first in, first out basis) or estimated net realizable value. Inventory consists of only finished goods.

(g) **Property and equipment**—Property and equipment are recorded at cost and depreciated, using the straight-line method, over their estimated useful lives, which range from 3 to 5 years. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss reflected in operations as either a credit or charge to income. Expenditures for repairs and maintenance are expensed as incurred.

(h) **Advertising**—The Company expenses advertising costs as incurred. Advertising costs are included in selling, general and administrative expenses on the statements of operations. Advertising expense totaled approximately \$43,805, \$477,138, and \$393,697 for the years ended December 31, 2017, 2016 and 2015, respectively.

The Company administers marketing fund contributions from franchisees based on 1% of revenues subject to royalties and funds are used to provide advertising and promotion on a national level to franchisees as defined in the franchise agreements. As of December 31, 2017, the marketing fund balance was \$59,726. There was no balance in the marketing fund as of December 31, 2016 and 2015. Marketing expenses in excess of the marketing fund contribution in prior years were charged to the Company.

(i) **Income taxes**—The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Accordingly, the accompanying statements of operations do not include a federal income tax provision. All income or loss is passed through to the individual stockholders' personal tax returns. The Company files income tax returns in the U.S. federal jurisdiction. Tax returns for the past three years are subject to examinations by tax authorities. The Company has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America and determined that there are no uncertain tax positions which may give rise to income tax liabilities or that would have a material impact on the financial statements of the Company. The Company, however, customarily makes payments to the stockholders to assist them with their personal income taxes as a result of the S corporation status. There were no income tax interest or penalties accrued or paid in 2017, 2016 and 2015.

(j) **Accounts receivable**—Accounts receivable are unsecured and primarily consist of royalties and costs associated with start-up packages due from franchisees. Royalties' payment terms are generally bi-weekly via electronic funds transfer or another comparable means. Payments not received within six days of due date is subject to interest at 1.5% per month. Other payment due dates vary as defined in the franchise agreement. The Company monitors the outstanding balances and financial condition of franchisees and records provisions for estimated losses on receivables

REBOUNDERZ FRANCHISE AND DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017, 2016 AND 2015

(1) **Summary of Significant Accounting Policies:** (Continued)

when they believe that a customer/franchisee is unable to make their required payments. Based on management's review of accounts receivable, an allowance for doubtful accounts of approximately \$29,800 was recorded at December 31, 2017. An allowance was not considered necessary as of December 31, 2016 and 2015.

(k) **Franchise arrangements**—Individual franchise arrangements generally include a license and provide for payment of initial franchise fees, as well as continuing royalties and advertising of 5.5% and 1%, respectively, of gross sales. The Company's franchisees are granted the right to operate for a period of ten years which can be extended for up to two additional consecutive terms of five years each, provided the franchisee meets certain conditions as defined in the franchise agreement. At December 31, 2017, 2016 and 2015, the Company had ten, nine, and nine operating locations, respectively, of which one location was owned by the stockholder at December 31, 2017 and 2016 and two locations were owned by the stockholders at December 31, 2015.

(l) **Deferred revenues**—The Company recognizes 50% of the initial franchise fee upon execution of the franchise agreement and the remaining 50% upon the franchisee's completion of the training program. If the training program is not complete, the Company will refund 50% of the initial franchise fee. At December 31, 2016, the Company had not fulfilled all their commitments to the franchisee, and therefore the initial fees were recorded as deferred revenue. At December 31, 2017 and 2015, the Company had fulfilled all their commitments to the franchisees and therefore, there was no deferred revenue.

(m) **Subsequent events**—The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 4, 2018 the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

(n) **Recently issued accounting pronouncements**—The FASB and other entities issued new or modifications to, or interpretations of, existing accounting guidance during 2017. The Company has considered the new pronouncements that altered accounting principles generally accepted in the United States of America and, other than as disclosed in the notes to the financial statements, does not believe that any other new or modified principles will have a material impact on the Company's reported financial position or operations in the near term.

In May 2014, the FASB issued Accounting Standards Update 2014-09: *Revenue from Contracts with Customers*, to clarify the principles used to recognize revenue for all entities. The new standard is effective for fiscal years beginning after December 15, 2018 and may be adopted early. The Company is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In February 2016, the FASB issued Accounting Standards Update 2016-02: *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2019 and may be adopted early. The Company is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

REBOUNDERZ FRANCHISE AND DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017, 2016 AND 2015

(2) Property and Equipment:

Property and equipment consists of the following at December 31:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ -	\$ 17,204	\$ 17,204
Vehicle	60,856	60,856	20,000
Computer equipment and software	21,767	21,767	13,767
	<u>82,623</u>	<u>99,827</u>	<u>50,971</u>
Less: Accumulated depreciation	50,017	50,875	39,399
Property and equipment, net	<u>\$ 32,606</u>	<u>\$ 48,952</u>	<u>\$ 11,572</u>

For the years ended December 31, 2017, 2016 and 2015, depreciation expense was \$11,500, \$11,476 and \$7,739, respectively.

(3) Notes Receivable:

Notes receivable consists of the following at December 31:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Note receivable from a franchise location, originally due October 2016, interest payable at a rate of 5.5% and monthly installments of \$4,945*	\$ -	\$ 49,597	\$ 48,224
Note receivable from a franchise location, due June 2018, interest payable at a rate of 5.5% and monthly installments of \$3,567**	-	-	99,908
Promissory note due September 2016 from a terminated franchise location, (termination effective January 1, 2016) payable in monthly installments of \$20,000, commencing February 1, 2016	<u>-</u>	<u>-</u>	<u>117,423</u>
	-	49,597	265,555
Less: Current portion	<u>-</u>	<u>49,597</u>	<u>208,546</u>
Total notes receivable, less current portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,099</u>

* The note receivable is currently in default and is accruing additional interest and penalties as defined in the agreement. Proceedings abated until July 31, 2018 for negotiations.

** The note was fully paid in accordance with the agreement.

REBOUNDERZ FRANCHISE AND DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017, 2016 AND 2015

(4) Notes Payable:

Notes payable consists of the following at December 31:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Note payable to bank with interest at 3.97%, payable in monthly payments of \$525 including interest, due January 2021, collateralized by a vehicle with a net book value of \$25,013 at December 31, 2017.	\$ 19,568	\$ 23,608	\$ -
Note payable to a financing institution at 19.90%, monthly payments of \$3,711 including interest, due July 2020, personally guaranteed by the majority stockholder	89,389	-	-
	108,957	23,608	-
Less: Current portion of long-term debt	34,724	5,461	-
Total note payable, less current portion	<u>\$ 74,233</u>	<u>\$ 18,147</u>	<u>\$ -</u>

Minimum principal payments on the note payable as of December 31, 2017, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 34,724
2019	41,396
2020	30,835
2021	2,002
2022	-
	<u>\$ 108,957</u>

(5) Operating Lease:

In September 2015, the Company entered into a lease agreement for office space which expires in September 2020. Minimum future rental payments required under the non-cancelable lease as of December 31 for each of the next five years are approximately as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 76,000
2019	78,000
2020	53,000
	<u>\$ 207,000</u>

The Company subleased a portion of the office space to a related party on a month to month basis at a monthly rental of \$3,350. Rent expense net of sub-lease rental income for the years ended December 31, 2017, 2016, and 2015 was \$37,287, \$46,900, and \$50,172 respectively.

REBOUNDERZ FRANCHISE AND DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017, 2016 AND 2015

(6) Related Party Transactions:

The Company's stockholder owns and operates one franchise location for the years ended December 31, 2017 and 2016 and two locations for the year ended December 31, 2015. At December 31, 2017, 2016 and 2015, \$7,130, \$151,424, and \$79,462, respectively, was owed to the Company for unpaid management fees and other amounts which is included in due from related parties in the accompanying balance sheets. In addition, revenues approximating \$191,000, \$113,000, and \$100,000, respectively, for the years ended December 31, 2017, 2016 and 2015 were earned from franchisees owned and operated by the Company's stockholder.

In 2017, the Company received \$180,000 in management fees from related parties. There were no management fees from related parties in 2016 or 2015.

In addition, distributions amounting to approximately \$400,000 and \$850,000 for the years ended December 31, 2017 and 2015, respectively, resulted from the Company paying expenses on behalf of the stockholder owned locations or other related entities. There were no distributions to pay expenses on behalf of the stockholder owned locations or other related entities for the year ended December 31, 2016.

The Company's stockholder owns an entity, which is the provider of all the trampolines and equipment to the franchise locations. During the years ended December 31, 2017 and 2016, the entity advanced the Company funds totaling \$7,130 and \$151,424, respectively, which is included as due from related parties in the accompanying balance sheets.

(7) Concentrations of Credit Risk:

The Company maintains its cash accounts in one financial institution which, at times, may exceed federally insured limits. As of December 31, 2017 the Wells Fargo account balances totaled \$37,955 which is below the FDIC threshold of \$250,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

(8) Litigation:

The Company is engaged in various legal proceedings incidental to its normal business activities. While any litigation contains an element of uncertainty, it is the opinion of management that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

(9) Employee Benefit Plan:

The Company provides an employee benefit plan to all employees who have satisfied certain eligibility requirements. No Company contributions were made in 2017, 2016, or 2015.

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 Rebounderz Franchise and Development, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Rebounderz Franchise and Development, Inc. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

Tim Murphy; 605 Hickman Circle, Sanford, Florida 32771; (321) 222-1300

~~Rae LaRoche; 605 Hickman Circle, Sanford, Florida 32771; (321) 222-1300~~

Mark Gurley; 605 Hickman Circle, Sanford, Florida 32771; (321) 222-1300

~~Rae LaRoche; 605 Hickman Circle, Sanford, Florida 32771; (321) 222-1300~~

Joshua Coates; 605 Hickman Circle, Sanford, Florida 32771; (321) 222-1300

Other (franchise seller to write in name, address and phone number below)

_____;

Issuance Date: ~~April 17, 2018~~ June 4, 2017

Rebounderz Franchise and Development, Inc.'s agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document for the State of California that included the following Exhibits:

EXHIBIT "A" EXHIBIT "A"	State Agencies and Administrators
EXHIBIT "B" EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C" EXHIBIT "C"	Franchise Agreement
EXHIBIT "D" EXHIBIT "D"	Area Development Agreement
EXHIBIT "E" 0	Table of Contents of the confidential Operating Manuals
EXHIBIT "F" EXHIBIT "F"	List of Franchisees
EXHIBIT "G" EXHIBIT "G"	Financial Statements of Rebounderz Franchise and Development, Inc.
EXHIBIT "H" EXHIBIT "H"	Franchisee Disclosure Questionnaire
EXHIBIT "I" EXHIBIT "I"	General Release
EXHIBIT "J" EXHIBIT "J"	State Addendum
EXHIBIT "K" EXHIBIT "K"	Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Rebounderz Franchise and Development, Inc.)

RECEIPT

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