

## FRANCHISE DISCLOSURE DOCUMENT



**Skyhawks Franchise Group, LLC**  
a Delaware limited liability company  
1826 E. Sprague Avenue  
Spokane, Washington 99202  
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Email: [jfrazier@skyhawks.com](mailto:jfrazier@skyhawks.com)  
[www.skyhawks.com](http://www.skyhawks.com)

Skyhawks Businesses provide camps, classes/enrichment programs, birthday parties, after school programs, classes/clinics and leagues in baseball, basketball, cheerleading, flag football, golf, lacrosse, soccer, track & field, tennis, hockey and volleyball using our proprietary system (“Skyhawks Businesses”). We offer franchises for Skyhawks Businesses in large territories (“Tier 1”) or in small territories (“Tier 2”). Tier 1 and Tier 2 territories are described in more detail in Item 5.

The total investment necessary to begin operation of a Skyhawks Business in a Tier 1 territory is between \$57,800 and \$89,750. This includes \$44,500 to \$57,500 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of a Skyhawks Business in a Tier 2 territory is between \$37,800 and \$69,750. This includes \$24,500 to \$37,500 that must be paid to the franchisor or its affiliate(s).

You may purchase additional territories for a Tier 1 franchise. The total investment necessary to begin operation of a Skyhawks Business in a Tier 1 territory with one additional territory is between \$87,550 and \$119,500. This includes \$74,250 to \$87,250 that must be paid to the franchisor or its affiliate(s).

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jason Frazier, 1826 E. Sprague Avenue, Spokane, Washington 99202, or call 800-804-3509.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information on franchising. 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 30, 2025, as amended September 29, 2025**

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Skyhawks business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Skyhawks franchisee?</b>	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit D.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration or litigation only in Washington. 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 the franchisor in Washington than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
5. **Turnover Rate.** In the last year, a large number of franchised outlets (12) were terminated, reacquired by the franchisor, or transferred ownership to someone other than the franchisor. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

**NOTICE REQUIRED BY  
STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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

To simplify the language in this Franchise Disclosure Document, “SFG,” “we,” “us” and “our” means Skyhawks Franchise Group, LLC the franchisor. “You,” “your” and “Franchisee” means the person (and its owners if the Franchisee is a business entity), who buys the franchise from Skyhawks Franchise Group, LLC.

The Franchisor

SFG was incorporated as Skyhawks Franchise Group, Inc., a Washington corporation, on February 8, 2007 and was converted to a Delaware limited liability company on January 30, 2018 by virtue of merging Skyhawks Franchise Group, Inc. with and into SFG. Our principal business address is 1826 E. Sprague Avenue, Spokane, Washington 99202. We do business under the names Skyhawks Franchise Group, LLC and Skyhawks. We do not do business under any other names. We offer franchises for Skyhawks Businesses.

We originally offered franchises under the “Skyhawks” brand from February 2007 through December 2008. While these franchises operated under the Skyhawks brand, they operated under a different business model than Skyhawks Businesses. We began offering Skyhawks franchises similar to the Skyhawks Businesses being offered under this Franchise Disclosure Document in January 2010. We operate businesses similar to the Skyhawks Businesses being offered under this Franchise Disclosure Document and have done so since February 2003 (through an affiliated entity). We previously offered separate SuperTots franchises that franchisees could purchase as a standalone business or combined with a Skyhawks Business from April 2016 to April 2024. SuperTots businesses provided classes/enrichment programs and birthday parties for children who are ages eighteen months to five years, in baseball, basketball, soccer, flag football, cheerleading and hockey (“SuperTots Businesses”). Skyhawks Businesses are now able to offer SuperTots programs (“SuperTots Programs”) in their Skyhawks Businesses without having to pay a separate fee. As of the Issuance Date of this Disclosure Document, we have one franchisee that only operates a SuperTots Business and we have no franchisees that operate a Skyhawks-only franchise (which does not offer SuperTots Program).

We also operate businesses similar to the SuperTots Businesses being offered under this Franchise Disclosure Document and have done so since November 2013 (through an affiliated entity). We are the only approved supplier of the initial equipment and supplies, and the following ongoing equipment and supplies: program equipment, program giveaways, balls, shirts and marketing materials. We currently do not conduct business in any other line of business nor do we offer franchises in any other line of business.

Our registered agent for service of process in Delaware is Corporation Service Company, 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808. Our agents for service of process for other states are listed in Exhibit D. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

Parents and Predecessors

We have several parent companies. SFG is a wholly-owned subsidiary of SPay, Inc. (“SPay”), which is a wholly-owned subsidiary of Blue Star Sports Holdings, Inc. (“BSSH”), which is a wholly-owned subsidiary of Stack Sports Buyer, LLC (“SSB”). SSB is an indirect subsidiary of Genstar Stack

Sports Purchaser LLC (“GSSP”). GSSP is managed by a board of managers (the “Board”). The principal place of business of SPay and BSSH is 5360 Legacy Drive, Suite 150, Plano, Texas 75024, and the principal place of business of SSB and GSSP is 1500 Perimeter Park Drive, Suite 210, Morrisville, North Carolina 27560.

Each member of the Board is appointed by Genstar Capital Partners XI, L.P., Genstar Capital Partners XI (EU), L.P., and Stargen XI, L.P. (collectively, “Genstar Fund XI”). Genstar Capital XI, L.P. (the “General Partner”), is the general partner of Genstar Fund XI. Genstar Capital Partners LLC (the “Manager”), is the manager and investment adviser of the Genstar Fund XI. The principal place of business of Genstar Fund XI, the General Partner, and the Manager is Four Embarcadero Center, Suite 1900, San Francisco, CA 94111.

We have one predecessor to disclose in this Item. Tot Franchise Group, LLC (“Tot Franchising”) was a Washington limited liability company that was formed in November 2013, and was formerly an affiliate of ours. Tot Franchising’s principal business address was 1826 E. Sprague Avenue, Spokane, Washington 99202. Tot Franchising offered franchises similar to the type we previously offered as SuperTots Businesses from November 2013 to April 2015 and operated in Spokane, Washington. Tot Franchising transferred ownership of substantially all of its assets to us in April 2016. Tot Franchising does not currently conduct business in any other line of business, nor does it offer franchises in this or any other line of business.

#### Affiliates

Our affiliate, Skyhawks Sports Academy, LLC (“SSA”) provides consulting services to us and owns the intellectual property and trademarks for the Skyhawks Businesses (the “Skyhawks IP”). We also own trademarks that franchisees use. SSA was incorporated as Skyhawks Sports Academy, Inc., a Washington corporation, and was converted to a Delaware limited liability company on January 30, 2018 by virtue of merging Skyhawks Sports Academy, Inc. with and into SSA. SSA licenses the Skyhawks IP to us to use in franchising the Skyhawks Businesses. SSA’s principal business address is 1826 E. Sprague Avenue, Spokane, Washington 99202. SSA also operates businesses similar to the type being offered as Skyhawks Businesses under this Franchise Disclosure Document and has done so since June 1980. SSA does not and has not offered franchises in this or any line of business. Other than SSA, we do not have any affiliates that offer franchises in any line of business or that provide products or services to our franchisees.

#### The Franchise

We offer franchises for Skyhawks Businesses (“Skyhawks Franchises”). If you purchase a Tier 1 Franchise, as defined in Item 5, your territory will have a population of more than 250,000 people, and if you purchase a Tier 2 Franchise, your territory will have a population of between 150,000 and 250,000 people.

Skyhawks Businesses provide camps, classes/enrichment programs, birthday parties, after school programs, classes/clinics and leagues in baseball, basketball, cheerleading, flag football, golf, lacrosse, soccer, track & field, tennis, cheerleading, hockey and volleyball (each, a “Skyhawks Program”) using our proprietary system (“System”). We grant franchises to operate Skyhawks Businesses using the System and our trade names, trademarks, service marks, emblems, logos, slogans and copyrights (“Marks”) as authorized by us.

The System is based on a coaching philosophy and methodology that focuses on providing safe, athletic programs to children in a fun and appropriately competitive environment. We may change or modify the System throughout your ownership of the Franchise. Skyhawks Programs are typically offered at: (a) customers’ homes, community centers, sports-related businesses, churches, schools and

other similar venues for parties; and (b) sport and recreation facilities, churches, parks, schools and other similar venues that you will contract with, usually on a “lease per hour” or “percent of fees per participant” basis, for other Skyhawks Programs. Skyhawks Businesses also offer Skyhawks Programs to existing entities such as daycare centers, preschools, private schools, public schools, leagues, parks and recreation and other organizations.

We also offer Skyhawks Franchises located at government agencies and institutions such as schools, daycare centers, recreational departments, housing developments, military bases, libraries and museums (“Government Venue Franchise(s)”). If you purchase a Government Venue Franchise you will sign a “Government Venue Franchise Addendum” which is attached to this Franchise Disclosure Document in Exhibit G.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit B (“Franchise Agreement”). If you purchase an additional territory as you and we agree to, you will also sign our standard additional territory addendum (in the form attached to this Franchise Disclosure Document in Exhibit G) (“Additional Territory Addendum”). Unless you have signed an Additional Territory Addendum, you may only operate in one territory for each Franchise Agreement you sign. We do not grant additional territories for Government Venue Franchises.

### Market and Competition

The primary market for the goods and services offered by Skyhawks Businesses is the general public and your target market will be the parents of children eighteen months to fourteen years of age. The child sports and fitness industry is competitive and well-developed. You will have to compete with other businesses including franchised operations, national chains and independently owned companies offering sports, fitness, physical education training and educational programs to children and other activities similar to those offered by Skyhawks Businesses. The core business may be seasonal in nature depending on the climate in which you operate.

### Industry-Specific Laws

Skyhawks Businesses are subject to all of the laws, statutes, codes, ordinances and regulations normally applicable to service businesses. These include federal, state and local laws. Some jurisdictions have recreational camp laws with which you may have to comply. For example, in Massachusetts, you must comply with the minimum health and safety standards for recreational and sports camps as defined in 105 C.M.R. 430. Many jurisdictions have childcare laws which require licensing, bonding, insurance, building code, fire, safety, teacher to student ratios, hours, health (for example, immunizations), instructor licensing, fingerprinting, criminal background checks and other similar requirements. Most organizations that you will have contracts with will require that your staff establish proof of a clean criminal history. Some may require fingerprint checks through the U.S. Department of Justice, while others may just require you to run the criminal background investigation yourself.

You must comply with all local, state and federal laws and regulations that apply to any business. Most state and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your Skyhawks Business, including those that: (a) require a permit, certificate or other license; (b) establish general standards, specifications and requirements for the construction, design and maintenance of the business site and premises; and (c) set standards pertaining to employee health and safety. You should consult with a legal advisor about whether these and/or other requirements apply to your Skyhawks Business. Failing to comply with laws and regulations is a material breach of the Franchise Agreement. You are responsible for investigating, understanding and complying with all applicable laws, rules, regulations, ordinances and requirements applicable to you and your Skyhawks Business.

## **ITEM 2 BUSINESS EXPERIENCE**

### Chief Executive Officer: Michael Doernberg

Michael Doernberg is our Chief Executive Officer in Plano, Texas, and has been since September 2025. Mr. Doernberg is also the Chief Executive Officer of SPay and BSSH in Plano, Texas, and has been since September 2025. He is also the CEO of eMinor, Inc., an indirect subsidiary of SSB, in Morrisville, North Carolina and has been since February 2006.

### Chief Financial Officer: Christopher Smith

Christopher Smith is our Chief Financial Officer in Plano, Texas, and has been since September 2025. Mr. Smith is also the Chief Financial Officer of SPay and BSSH in Plano, Texas, and has been since September 2025. He is also the CFO of eMinor, Inc. an indirect subsidiary of SSB, in Morrisville, North Carolina and has been since February 2011.

### Controller: Jennifer Morrow

Jennifer Morrow is our Controller in Plano, Texas, and has been since June 2022. Ms. Morrow is also the Controller/VP Finance of SPay and BSSH in Plano, Texas, and has been since June 2022, and also served as its VP of Finance from May 2021 to May 2022. Ms. Morrow was the Controller, Director of Finance of WEX Benefits, a WEX company in Hartford, Connecticut from May 2010 to April 2021.

### General Manager: Jason Frazier

Jason Frazier is our General Manager in Spokane, Washington and has been in a senior management role with us since January 2017. Prior to that, Mr. Frazier was our Vice President in Spokane, Washington from February 2010 to December 2016.

### Director of Finance: Tracy Umbrell

Tracy Umbrell is our Director of Finance in Spokane, Washington, and has been since September 2010. Ms. Umbrell also serves as the Director of Finance for our affiliate, SSA, in Spokane, Washington and has done so since February 2006.

### Sales Account Executive: Debbie Liberg

Debbie Liberg is our Sales Account Executive in Spokane, Washington, and has been since December 2019. Previously, Ms. Liberg was our Regional Account Manager in Spokane, Washington from November 2012 to December 2019.

### Executive Director of Franchising: Samir Daoud

Samir Daoud is our Executive Director of Franchising in Spokane, Washington, and has been since August 2023. Previously, Mr. Daoud served as Franchise Development Director for Gold Star Chili Inc. in Cincinnati, Ohio from April 2017 to August 2023.

### Director of Franchise Success: Ross Wicklund

Ross Wicklund is our Director of Franchise Success in Chicago, Illinois and has been since January 2025. Previously, Mr. Wicklund served as the Area Manager for our corporate Chicago market from February 2022 to February 2025 in Chicago Illinois. Prior to that, Mr. Wicklund served as National Account Executive for International Sports Management from January 2020 to March 2020, and as Studio Manager of Orangetheory Fitness from June 2020 to February 2022, both in Chicago Illinois.

### ITEM 3 LITIGATION

#### Disclosures of our Predecessor, STI

A predecessor of ours, SoccerTots Incorporated, previously licensed certain aspects of its child development program to various individuals and businesses. These license agreements were classified as “franchises” by some states that regulate franchise sales. This license program was reviewed by various states and those listed below issued an order or decree that must be disclosed in this Item.

#### Governmental Actions

*California.* (THE CALIFORNIA CORPORATIONS COMMISSIONER v. SOCCERTOTS, INC. and EDWARD KENT GOLD, File No. CAS-37790, April 3, 2008) The State of California determined that the license program fell within the definition of “franchises” in California and should have been registered with the state. SoccerTots Incorporated, Mr. Gold and California entered into a Cease and Refrain Order dated April 8, 2008 under which SoccerTots Incorporated agreed not to offer new licenses but is legally able to offer franchises. No further action was taken by the State of California and the matter is closed.

*Hawaii.* (CONSENT AGREEMENT, IN THE MATTER OF SOCCERTOTS, INCORPORATED, File No. SEU-2007-057, State of Hawaii, Securities Enforcement Branch, Business Registration Division, Department of Commerce and Consumer Affairs, October 17, 2008) Based upon their review, the State of Hawaii determined that the license program fell within the definition of “franchises” in Hawaii, and in its opinion, should have been registered with the state. SoccerTots Incorporated and Hawaii entered into a Consent Agreement dated October 17, 2008, under which SoccerTots Incorporated paid a fee of \$1,000 and agreed not to offer new licenses, but was permitted to register for future franchise sales. SoccerTots Incorporated further agreed to offer to the licensee in Hawaii the opportunity to rescind its license agreement.

*Maryland.* (CONSENT ORDER, IN THE MATTER OF SOCCERTOTS INCORPORATED, Case No. 2007-0600, Maryland Securities Division, May 19, 2008) The State of Maryland sent a letter dated October 29, 2007 asking for information regarding licenses issued in the State of Maryland. Based upon their review, the State of Maryland concluded that the license program was subject to prior registration in the State of Maryland. The parties entered into a Consent Order dated May 19, 2008 in which SoccerTots Incorporated agreed to file with the Maryland Securities Division an application for an Order of Exemption regarding the license that was granted in Maryland and to offer to the one licensee in Maryland an opportunity to rescind its license agreement. SoccerTots Incorporated has filed the application for the Order of Exemption and has made the offer of rescission as directed. The licensee in Maryland chose to keep the license and declined the offer to rescind.

*Washington.* (CONSENT ORDER, Order Number S-07-471-08-CO01, State of Washington, Department of Financial Institutions Securities Division, December 3, 2008) SoccerTots Incorporated received an inquiry letter from the State of Washington dated November 13, 2007 and SoccerTots Incorporated responded to that letter in detail. The state has concluded that the licenses were franchises

per the state's definition and issued a consent decree that prohibits SoccerTots from issuing anymore licenses in the State. No fines or penalties were assessed.

*Wisconsin.* (ORDER OF PROHIBITION, File No. S-07147(FX), Division of Securities, Department of Financial Institutions, State of Wisconsin, November 17, 2008) The State of Wisconsin concluded that the license program fell within the definition of "franchises" in Wisconsin and in its opinion, should have been registered with the state. SoccerTots Incorporated, Mr. Gold, and Wisconsin entered into a Cease and Refrain Order dated November 1, 2008 under which SoccerTots Incorporated agreed not to offer new licenses in the future. No further action was taken by the State of Wisconsin and the matter is closed.

*Virginia.* (COMMONWEALTH OF VIRGINIA, ex rel. STATE CORPORATION COMMISSION v. SOCCERTOTS, INCORPORATED, at Richmond, Virginia, Case No. SEC-2009-00123, March 10, 2010) The State of Virginia concluded that the license constituted a franchise agreement as defined by the Franchise Act and its corresponding regulations and the franchise should have been registered with the state. SoccerTots Incorporated and the state of Virginia entered into a Settlement Order dated March 10, 2010 under which SoccerTots Incorporated paid a fee of \$1,000 and agreed not to offer new licenses, but was permitted to register for future franchise sales. SoccerTots Incorporated further agreed to offer to the two licensees in Virginia the opportunity to rescind the license agreement. Neither of the licensees accepted the offer to rescind.

The above orders were prior to our or our predecessor's acquisition of the SuperTots franchise system. Other than these actions against our predecessor, no litigation is required to be disclosed in this Item.

#### **ITEM 4 BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

#### **ITEM 5 INITIAL FEES**

##### **Initial Franchise Fee**

You must pay us an "Initial Franchise Fee" when you sign the Franchise Agreement. The Initial Franchise Fee is payment for all of our pre-opening assistance that we provide to allow you to open your Skyhawks Business and also offsets some of our franchisee recruitment expenses. The Initial Franchise Fees are as follows:

Skyhawks Franchise	Territory Population	Initial Franchisee Fee
" <u>Tier 1 Franchise</u> "	Greater than 250,000	\$42,500
" <u>Tier 2 Franchise</u> "	150,000 to 250,000	\$22,500

For purposes of Initial Franchise Fees and the payment of royalties (see Item 6), Government Venue Franchises are considered Tier 2 Franchises. The Initial Franchise Fee includes the license fee to use our designated program registration and management software ("PRM Software"). Initial Franchise Fees are fully earned by us when paid and are not refundable under any circumstances except as described below. Except as provided below, all Initial Franchise Fees are uniform. We offer a reduced Initial Franchise Fee under the following circumstances:

1. We may allow you to purchase additional territories. If you are permitted to purchase additional territories, you will pay an additional territory fee (“Additional Territory Fee”) of 70% of the then-current Initial Franchise Fee and enter into an Additional Territory Addendum for each additional territory. We do not grant additional territories for Government Venue Franchises or Tier 2 Franchises. These Additional Territory Fees are uniform and not refundable under any circumstances except as described below.
2. We offer eligible United States veterans or their spouses a 30% discount off of the then-current Initial Franchise Fee and any Additional Territory Fees. An eligible veteran is a veteran who has received an honorable discharge within the five-year period immediately preceding the date that they apply to be a franchisee.

During our last fiscal year ended December 31, 2024, we collected Initial Franchise Fees ranging from \$22,500 to \$42,500. The discounted franchise fees were a result of franchisees purchasing Tier 2 Franchises.

If you fail to open your Skyhawks Business and conduct at least one Skyhawks Program within three months after signing the Franchise Agreement, or if you do not complete the initial training program to our satisfaction, we may terminate the Franchise Agreement and refund the Initial Franchise Fee and any Additional Territory Fees, less an administrative fee of 25% of the sum of the Initial Franchise Fee and any Additional Territory Fees to cover training, legal, lost opportunity and other costs. You will be required to sign a mutual release agreement releasing both parties from all claims that may exist between the parties as a condition to receiving the refund and you will be bound by all post termination covenants in the Franchise Agreement, including the covenant not to compete.

#### Skyhawks Program Supplies Fees

You are required to purchase program supplies from us and equipment from us (or approved suppliers) at a cost for initial program supplies per territory of between \$2,000 and \$15,000. Upon payment of the Initial Franchise Fee, we will grant you a \$2,000 credit for supplies and equipment you purchase from us for a Tier 1 Franchise and \$1,000 credit for a Tier 2 Franchise. The credit must be used to purchase program equipment (and cannot be used for giveaway items such as balls or shirts) and must be used within 90 days of signing the Franchise Agreement or it will be forfeited. If you do not elect to use the credit and it expires, you are still responsible for the full amount of the required initial program supplies and equipment. The supplies and equipment are not refundable in any circumstances, even if you fail to open your Skyhawks Business. The range of costs will depend on the number of Skyhawks Programs and sports that you plan on initially offering. Supplies and equipment for Skyhawks Programs vary depending on the sport, but most are approximately \$150 per Skyhawks Program. For example, the supplies we recommend for soccer include 20 soccer balls, 1 nylon supply bag, 2 portable goals, 20 cones and 20 pennies. We do not require you to purchase any set number of Skyhawks Program supplies prior to the operation of your Skyhawks Franchise, but we recommend that you do so.

#### Fee Deferral

Some states have imposed a fee deferral. Please refer to the Addendum in Exhibit E to the Franchise Disclosure Document.

## ITEM 6 OTHER FEES

Name of Fee or Payment <sup>(1)</sup>	Amount	Due Date	Remarks
Royalty <sup>(2)(3)</sup>	The greater of the minimum royalty (between \$250 to \$1,100 per month depending on which year of your franchise agreement you are in and whether you own a Tier 1 or Tier 2 Franchise) for each Skyhawks Franchise and for each territory that you purchase and the following percentages of Gross Revenue (“ <u>Gross Revenue</u> ”):		The “ <u>Royalty</u> ” is based on Gross Revenue during the previous month. You will pay royalties beginning in the first month of operations, and minimum royalty payments will apply each month beginning after the sixth month of operation. At the end of each quarter, we will reconcile all monthly royalty payments for the quarter and bill you for any additional Royalties owed. Tier 2 Franchises pay a reduced minimum royalty. See Note 2 regarding the Royalty and “ <u>Minimum Royalty</u> .” Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
	Gross Revenue in a Calendar Year	Royalty Fee Equal to Percentage of Gross Revenue	
	Less than \$500,000	9%	
	\$500,000 - \$699,999	8%	
	\$700,000 - \$899,999	7%	
	\$900,000 - \$1,199,999	6%	
	\$1,200,000+	5%	
Brand Building Fund Contribution	Up to 2% of your Gross Revenue	Same as Royalty	We do not currently charge this fee. The Brand Building Fund is discussed in Item 11.
Local Advertising Payment	The difference between the amount you spent on local advertising each quarter and your required local advertising expenditure (3% of Gross Revenue)	Quarterly	If you fail to meet your local advertising requirement, you must pay the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Building Fund, if established, or to us.
Additional Marketing Services	Then-current fee, currently, \$85 per hour	As incurred	This fee is due if you request that we provide additional marketing services for you, and we agree to the same. This fee may be increased upon 30 days’ notice to you, subject to the limitations in Note 1.

Name of Fee or Payment <sup>(1)</sup>	Amount	Due Date	Remarks
Local and Regional Advertising Cooperative <sup>(4)</sup>	An amount established by cooperative members, between 1% and 2% of Gross Revenue	As required by the cooperative	We currently do not have a cooperative but reserve the right to require one to be established in the future. The cooperative will establish rules approved by us. Each Skyhawks Business gets one vote. We anticipate that each Skyhawks franchisee and each Skyhawks Business that we own will have one vote for each Skyhawks Franchise operated in the designated market. See Item 11 for information about advertising cooperatives.
Additional Training or Assistance Fees <sup>(5)</sup>	The then-current fee (currently \$300 per day) plus travel and other expenses	As incurred	We provide initial training and either virtual or on-site training at no cost for up to three people. We may charge you for training newly hired personnel, refresher training courses and additional or special assistance or training you need or request. Government Venue Franchises may not receive the virtual or on-site training. This fee may be increased upon 30 days' notice to you, subject to the limitations in Note 1.
Interest and Late Charges	\$50 late payment charge per occurrence; plus the lesser of 0.5% interest of the unpaid amount per week or the maximum amount allowable by law	As incurred	Payable for any late payment of fees, amounts due for product purchases or any other amounts due us or our affiliates, including royalties.
Payment Service Fees	Up to 3% of total charge	As incurred	If payment is made to us or our affiliates by a credit card for any fee required (including any fees that you pay to us directly and any fees that your customers pay to us when they book a Skyhawks Program through us or our corporate website), we will automatically deduct from incoming registrations and add a service charge to you of up to 3% of the payment to the amount charged.
Program Processing Fee	The then-current fee (currently \$5 per program)	As incurred	We charge your customers when they book a Skyhawks Program through us or our corporate website. We may charge a fee per program or a percentage of each participant's total purchase price. This fee is then paid to us and retained by us. This fee may be increased upon 30 days' notice to you, subject to the limitations in Note 1.

Name of Fee or Payment <sup>(1)</sup>	Amount	Due Date	Remarks
Insufficient Funds Charge	\$100 per occurrence	As incurred	Payable if any check or electronic funds transfer payment is not successful due to insufficient funds, stop payment or any similar event.
Failure to Submit Required Report Fee	\$100 per occurrence and \$100 per week	Your bank account will be debited for failure to submit any requested report within five days of request	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the Brand Building Fund, if established, or us. You will continue to incur this fee until you submit the required report.
Management Fee	Then-current fee, currently, \$500 per day, plus costs and expenses	As incurred	Payable for each territory and each Skyhawks Business, if we manage the Skyhawks Business based on reasons described in the Franchise Agreement, including if you are in breach of the Franchise Agreement. This fee may be increased upon 30 days' notice to you, subject to the limitations in Note 1.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses (we estimate this cost to be between \$1,000 and \$12,000)	On demand	You will be required to pay this if an audit reveals that you understated weekly Gross Revenue by more than 2% or you fail to submit required reports.
Transfer Fee	\$10,000 per territory per Skyhawks Business subject to the transfer. If we assist with brokering the sale, we may also assess a broker fee of up to 10% of the purchase price.	\$1,000 non-refundable deposit at time of transfer application submittal and the remaining balance of fee at time of approved transfer	Payable only in connection with the transfer of your Skyhawks Business, change of ownership of your legal entity (if applicable) or transfer of the Franchise Agreement.
Successor Franchise Fee	15% of the Initial Franchise Fee you paid for the Skyhawks Business under your franchise agreement and for each territory.	At the time you sign a successor franchise agreement	This fee is due if you enter into a successor franchise agreement for your Skyhawks Business for the legal and administrative costs associated with the renewal of your franchise agreement. You will owe 15% of the Initial Franchise Fee you paid when you entered into your initial franchise agreement. For example, if your Initial Franchise Fee was equal to \$22,500, your Successor Franchise Fee will be \$3,375.
Insurance for Franchisees	Our costs plus a 20% administrative fee	On demand	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance obtained plus 20% of the premium as an administrative cost of obtaining the insurance.

Name of Fee or Payment <sup>(1)</sup>	Amount	Due Date	Remarks
Convention Fee	The then-current fee (currently up to \$395 per attendee per year), plus travel expenses	On demand	Payable to us to help defray the cost of your attendance at any annual convention that we choose to hold. This fee is due regardless of whether or not you attend our annual convention in any given year. This fee may be increased upon 30 days' notice to you, subject to the limitations in Note 1.
Absentee Fee	Then-current fee (currently \$500 per person)	As invoiced	Payable in addition to the convention fee if you do not attend an annual convention in a given year. This fee may be increased upon 30 days' notice to you, subject to the limitations in Note 1.
Staff and Program Training Fee	The then-current fee (currently up to \$395 per attendee per year), plus travel expenses	On demand	Payable to us to help defray the cost of your attendance at any " <u>Staff and Program Training</u> " that we choose to hold. You will be required to have at least one person attend this program during the first year that you are open for business. The Staff and Program Training is described in Item 11. This fee may be increased upon 30 days' notice to you, subject to the limitations in Note 1.
Supplier and Product Evaluation Fee	Cost of inspection (estimated to be approximately \$100 to \$500)	As incurred	Payable if we inspect a new product, service or proposed supplier nominated by you.
Unauthorized Advertising Fee	\$500 per occurrence	On demand	This fee is payable to us or, if established, the Brand Building Fund, if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Promotional Package Fee <sup>(6)</sup>	Varies depending on merchandise	As incurred, prior to delivery	We may put together promotional packages that will include specific promotional materials for your Skyhawks Businesses. Currently, every summer camp must participate in the "T-Shirt, Player Evaluation and Sports Ball" promotion. We estimate each package to cost approximately \$15 per package per person, but the actual cost will depend on the materials included. You will be required to prepay for these purchases prior to shipping.

Name of Fee or Payment <sup>(1)</sup>	Amount	Due Date	Remarks
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal, accounting or other professional fees (“ <u>Professional Fees</u> ”) that we incur as a result of any breach or termination of your Franchise Agreement or as a result of your indemnity obligations. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Indemnification	Varies under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses, including Professional Fees, that we or our representatives incur related in any way to your Skyhawks Business or Franchise.
Customer Issue Resolution	Reasonable costs we incur for responding to a customer complaint	As incurred	Payable if a customer of your Skyhawks Business contacts us with a complaint, and we provide a gift card, refund or other value to the customer, including full reimbursement of any fees paid to you. You are required to reimburse us for any such fees.
Technology Fee	The then-current fee (currently \$250 per month) per Skyhawks Business	Same as Royalty	This fee covers the use of online systems, website email, data sharing and other Internet-related functions. We reserve the right to upgrade, modify and add new technologies and software. You will be responsible for any increase in fees that result from any upgrades, modifications or additional software or from increases from third-party vendors.
Liquidated Damages <sup>(7)</sup>	Will vary under the circumstances	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.
Broker Fees	Our actual costs of the brokerage commissions, finder’s fees, or similar charges	As incurred	If you transfer your Skyhawks Franchise Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder’s fees and similar charges.

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us via electronic funds transfer (“EFT”) or other similar means. We may collect some payments for Skyhawks Programs on your behalf and remit the balance to you (less any fees payable to us). We may withhold your royalty and any other amounts owed to us, as well as all amounts due for any

booking made through our website. We will either send bi-weekly checks or send amounts via EFT each month for any Skyhawks Program booked through us. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit G) for direct debits from your business bank operating account. We have the right to collect royalty payments by EFT or we may choose to invoice you and have you pay by check. We have the right to periodically specify different payees and/or payment methods, such as, but not limited to, weekly payment, payment by credit card or payment by check. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. We have the right to increase fees by a maximum of 15% per year, calculated cumulatively over the term of the Franchise Agreement. Additionally, we may also increase these fees by the amount of any increases in fees from third parties for the underlying products or services which will be added to the capped fee increase.

Also, any fee expressed as a fixed dollar amount is subject to adjustment based on changes to the Consumer Price Index (“CPI”) in the United States. We may periodically review and increase these fees based on changes to the CPI (in addition to any other increase), but only if the increase to the CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of your Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one CPI-related fee adjustment during any calendar year.

2. Royalty. You will be required to make a minimum monthly royalty payment (“Minimum Monthly Payment”) as listed in the chart below for each Skyhawks Franchise and for each territory that you purchase. Your Royalty during the term of the Franchise Agreement will be the greater of the percentage royalty (“Percentage Royalty”) or the monthly minimum royalty listed below (“Minimum Royalty”). If Franchisees own additional adjacent territories, they may use the cumulative Gross Revenue for the adjacent territories for purposes of calculating the Percentage Royalty during each calendar year.

The amount of your monthly Minimum Royalty for each Skyhawks Franchise depends on whether you have a Tier 1 Franchise or Tier 2 Franchise. Year 1 begins in the month that you begin operations. Year 2 begins 12 months following the start of Year 1 and so on.

Tier 1 Franchise\*

Year	Minimum Monthly Payment	Minimum Royalty Per Quarter
2 <sup>nd</sup> half of Year 1	\$500	\$1,500
Year 2	\$700	\$2,100
Years 3	\$900	\$2,700
Years 4+	\$1,100	\$3,300

\*You will owe the Minimum Monthly Payment for each territory that you operate.

Tier 2 Franchise\*\*

Year	Minimum Monthly Payment	Minimum Royalty Per Quarter
2 <sup>nd</sup> half of Year 1	\$250	\$750
Year 2	\$350	\$1,050
Years 3	\$450	\$1,350

Years 4+	\$550	\$1,650
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\*\*Includes Government Venue Franchises

We will not begin to collect the Minimum Royalty until six months after you sign the Franchise Agreement. Once we begin collecting the Minimum Royalty, the Minimum Monthly Payment will be deducted using EFT. After each quarter, we will reconcile the Minimum Monthly Payments paid against the actual Royalties earned from the Gross Revenue for such quarter (based on the applicable Percentage Royalty). We will bill you within 30 days of the end of each “Calendar Quarter” for any amounts that the applicable Percentage Royalty for such quarter exceeds the Minimum Royalty. For purposes of the Franchise Agreement, a Calendar Quarter is a period of three consecutive months with the first quarter starting January 1st through March 31st, second quarter starting April 1st through June 30th, third quarter starting July 1st through September 30th, and fourth quarter starting October 1st through December 31st.

If a Skyhawks Program for your Skyhawks Business is booked through and paid to us, we reserve the right to retain the Royalty (and any past-due Royalties owed to us) from the amounts paid for the Skyhawks Program and distribute the remaining balance to you. We will send bi-weekly checks each month for any Skyhawks Program booked through us. If we are required to refund a customer of your Skyhawks Business, we will either deduct the refund paid from the next registration booked with us or bill you at the end of the corresponding month and EFT debit the amount.

3. Gross Revenue. The term “Gross Revenue” means the total selling price of all services and products sold at or from or through your Skyhawks Business, including the full redemption value of any gift certificate or coupon sold for use by the Skyhawks Business and all income, revenue, and consideration of every other kind and nature related to the Skyhawks Business operation, whether for cash or credit and regardless of collection in the case of credit, and including all proceeds from any business interruption insurance. Gross Revenue does not include: 1) any tax imposed by any federal, state, municipal, or other governmental authority directly on sales and collected from customers, provided the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority; and 2) all customer refunds, valid discounts and coupons, and credits made by the Skyhawks Business (exclusions will not include any reductions for credit card user fees, returned checks, or reserves for bad credit or doubtful accounts). Gross Revenue shall be deemed received by you when the services or products from which they were derived are delivered or rendered or when the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer’s personal check) has been received by you. Gross Revenue consisting of products or services shall be valued at the retail prices applicable and in effect when they are received.
4. Local and Regional Advertising Cooperatives. We reserve the right to establish a local or regional advertising cooperative. If a local or regional advertising cooperative is established, contribution amounts to the local or regional advertising cooperative will be established by the cooperative members. We anticipate that each Skyhawks franchisee will have one vote for each Skyhawks Business operated by the member in the designated market. Each Skyhawks Business we own that exists within the cooperative’s area will contribute to the cooperative on the same basis as franchisees. No local or regional advertising cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.
5. Additional Training or Assistance Fee. You may request additional training at our then current cost (currently \$300 per day) plus travel and other expenses. We may require you to participate in additional training every year, at a location designated by us at your expense.

6. **Promotional Package Fee.** Participants in basketball, baseball, soccer, flag football, volleyball, and multi-sport programs will receive promotional package containing a sports ball, t-shirt and merit certificate. Participants in cheerleading will receive a promotional package containing pom-poms, t-shirt and merit certificate. Participants in golf, track & field and lacrosse programs will receive a promotional package containing a t-shirt and merit certificate. We may modify packages and pricing from time to time. Costs are dependent on the participant's t-shirt sizes, whether there are pom-poms and the type of sports ball being provided.
7. **Liquidated Damages.** Liquidated damages are determined by multiplying the combined monthly average of Royalties and Brand Building Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with date you open your Skyhawks Business through the date of early termination, multiplied by the lesser of: (i) 36; or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$30,000 per territory per Skyhawks Business.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee for Tier 1 Franchise <sup>(1)</sup>	\$42,500	\$42,500	Lump Sum	When you sign the Franchise Agreement	Us
Initial Franchise Fee for Tier 2 Franchise <sup>(1)</sup>	\$22,500	\$22,500	Lump Sum	When you sign the Franchise Agreement	Us
Real Property/Lease <sup>(2)</sup>	\$0	\$1,500	As Incurred	As Incurred	Landlord
Leasehold Improvements	\$0	\$500	As Incurred	As Incurred	Landlord
Signage	\$0	\$500	As Incurred	Before Opening	Landlord and /or Utility Companies
Grand Opening Advertising	\$3,000	\$6,000	As Incurred	Before Opening	Third Parties
Fixtures and Furniture	\$0	\$500	As Incurred	As Incurred	Third Parties
Utility Expenses	\$0	\$250	As Incurred	Before Opening	Third Parties
Computer Hardware and Software <sup>(3)</sup>	\$0	\$1,300	As Incurred	Before Opening	Third Parties
Training <sup>(4)</sup>	\$500	\$2,500	As Incurred	As Incurred	Third Parties
Supplies and Equipment <sup>(5)</sup>	\$2,000	\$15,000	Lump sum	Before Opening	Us or Our Approved Vendors
Insurance <sup>(6)</sup>	\$800	\$3,200	As Incurred	Before Opening	Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Professional Fees <sup>(7)</sup>	\$1,000	\$2,000	As Incurred	As Incurred	Third Parties
Business Licenses and Permits <sup>(8)</sup>	\$0	\$3,000	As Incurred	Before Opening	Third Parties
Additional Funds – 3 Months <sup>(9)</sup>	\$8,000	\$11,000	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT FOR TIER 1 FRANCHISES <sup>(10)</sup>	\$57,800	\$89,750			
TOTAL ESTIMATED INITIAL INVESTMENT FOR TIER 2 FRANCHISES <sup>(10)</sup>	\$37,800	\$69,750			

#### TIER 1 FRANCHISE WITH AN ADDITIONAL TERRITORY

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee for Tier 1 Franchise <sup>(1)</sup>	\$42,500	\$42,500	Lump Sum	When you sign the Franchise Agreement	Us
TOTAL ESTIMATED INITIAL INVESTMENT FOR TIER 1 FRANCHISES (excluding Initial Franchise Fee) <sup>(10)</sup>	\$15,300	\$47,250	Per Table Above	Per Table Above	Per Table Above
Additional Territory Fee	\$29,750	\$29,750	As Incurred	As Incurred	Landlord
TOTAL ESTIMATED INITIAL INVESTMENT FOR TIER 1 FRANCHISES WITH AN ADDITIONAL TERRITORY <sup>(10)</sup>	\$87,550	\$119,500			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Skyhawks Franchise. We do not offer direct or indirect financing for these items. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Initial Franchise Fee. If you decide to purchase an additional territory at the same time you sign your first Franchise Agreement, you will pay the Additional Territory Fee. The Additional Territory Fee for a Tier 1 Franchise is \$29,750. We do not grant additional territories for Government Venue Franchises or Tier 2 Franchises. These amounts are not reflected in this chart. If you purchase a Tier 1 Franchise, pay the standard Initial Franchise Fee and Additional Territory Fees (if applicable) as stated above, and operate for one year without any defaults under your franchise agreement, you will have the option to purchase additional territories at a 50% discount off of the then-current Initial Franchise Fee and any Additional Territory Fees. These amounts are not reflected in this chart.
2. Real Property/Lease. Most Skyhawks Franchises are operated out of the franchisee's residences and the low end of the chart reflects this. If you choose to operate the Skyhawks Franchise from commercial office space, we estimate that monthly rental payments for the business premises will range from \$300 to \$500, which will vary depending on your location, the size of your office and your market's retail lease rates. Typically, you will be required to pay the first month's rent and a security deposit when signing a lease. Lease payments are paid by you to third parties and are normally not refundable. Any security deposit paid may be refundable in certain circumstances.
3. Computer Hardware and Software. The low-end estimate assumes that you will be using computer equipment that you already own. The high-end estimates assume that you will purchase new equipment.
4. Training. We provide initial training virtually and at our training center in Spokane, Washington or at another location designated by us. You must pay for airfare, meals, transportation costs, lodging and incidental expenses for all initial training program attendees. Initial training is provided at no charge for up to three people. You may incur additional fees if additional initial training is required by us or if you send more than three people.
5. Supplies and Equipment. Item 5 describes the initial program supplies that you are required to purchase from us and equipment that you are required to purchase from us and/or approved vendors. Upon payment of the Initial Franchise Fee, we will grant you a \$2,000 credit for supplies and equipment you purchase from us for a Tier 1 Franchise and \$1,000 credit for a Tier 2 Franchise. The credit must be used within 90 days of signing the Franchise Agreement or it will be forfeited. If you do not elect to use the credit and it expires, you are still responsible for the full amount of the required initial program supplies and equipment. Because of this obligation and the fact that the credit is not automatically applied and expires if not used, this estimate is for the actual purchase price of program supplies and equipment and does not factor in the credit.
6. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. If you have had prior issues or claims from previous operations unrelated to the operation of a Skyhawks Business, your rates may be significantly higher than those estimated above.
7. Professional Fees. You may want to employ an attorney, accountant and/or other consultants to advise you concerning your purchase and establishment of the Skyhawks Business. The cost to do

so varies based on factors including the types of services you require and the hourly fees charged by your advisers.

8. Business Licenses and Permits. These expenses may include business licenses and registration fees, zoning registration, construction licenses and permits and other fees, and will vary among jurisdictions based on local requirements.
9. Additional Expenses. This estimate includes your initial start-up expenses (other than the items identified separately in the table) during the first three months of operation. These expenses include payroll costs during the first three months of operation, but not any draw or salary for you. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Skyhawks Businesses. These figures are estimates, based on our experience as well as our affiliates selling franchises and operating similar businesses, and our current requirements for Skyhawks Franchises. We have elected to include certain fees as line items above, including real property and insurance costs. These fees could also be included in our Additional Funds amount. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Skyhawks Business opens for business.
10. This is an estimate of your initial startup expenses for one Skyhawks franchise.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### Standards and Specifications

To ensure the highest degree of quality and service is maintained, you must operate the Skyhawks Franchise in strict conformity with the System standards, brand standards and specifications we list in our proprietary and confidential operating manuals (“Franchise Operations Manual”), which may exist in various parts, locations and formats and may include a combination of audio, video, written material, electronic media, website content and/or software components. We may not enforce the brand standards or certain provisions in the Franchise Operations Manual for Government Venue Franchises in the same manner as traditional Skyhawks Franchises.

You must not: (i) deviate from these methods, standards and specifications without our prior written consent; or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System. Our Franchise Operations Manual states our specifications, standards and guidelines for all products and services we require you to obtain in establishing and operating your Skyhawks Franchise. You must purchase, maintain in sufficient supply, and use, the equipment, signs and supplies that conform to the standards and specifications described in the Franchise Operations Manual or otherwise in writing.

We will notify you of new or modified specifications, standards and guidelines through periodic amendments or supplements to the Franchise Operations Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information.

#### Insurance

You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your Skyhawks Business is located and

must be approved by us. It must also be rated “A” or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different types of additional coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. The cost of insurance may be significantly higher than the estimate depending on such factors as particular state coverage requirements, store location and your loss history.

You must purchase and maintain throughout the term of the Franchise Agreement comprehensive general liability insurance for each Skyhawks Business with limits of at least \$1,000,000 per occurrence, with a \$3,000,000 aggregate coverage, unless higher limits are reasonably imposed upon the Franchisee by SFG. You will also be required to obtain workers’ compensation insurance and professional liability insurance for each Skyhawks Business, each with a policy limit of \$1,000,000 per occurrence; abuse and molestation coverage in the amounts of \$500,000 per claim/\$1,000,000 per occurrence; and any other insurance coverage we may reasonably require. You must also obtain commercial automobile liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000 per occurrence.

You will notify us immediately, in writing, of any event that could materially affect you or the Skyhawks Business, and no later than the date on which you notify your insurance carrier.

#### Computer System

You must use the computer programs and related materials developed for use in the operation of Skyhawks Franchise, including the PRM Software. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may be limited to us and/or our affiliates). We require you to use our designated bookkeeping software, our designated online recruiting provider, and designated social media and digital marketing platforms.

#### Purchases from Approved Suppliers

You must purchase certain equipment, inventory, materials, software, and supplies from us in establishing and operating your Skyhawks Business. We are currently the only approved supplier of the Skyhawks branded merchandise (such as t-shirts, instructor apparel, water bottles, stickers, balloons, and other items from the promotional packages), supplies and equipment for the Skyhawks Programs. We are also the exclusive provider of certain initial and ongoing recreational equipment you must purchase for your Skyhawks Business, including program equipment, program giveaways, balls, shirts and marketing materials. Certain equipment may also be purchased from our approved suppliers. You will be required to prepay for these items prior to shipment. We and our affiliates may derive revenue from these sales and may sell these items at prices exceeding our or their costs. None of our affiliates are currently approved suppliers of any products or services to franchisees.

During our last fiscal year, ended December 31, 2024, we derived \$198,160 in revenue from the sale or lease of Skyhawks Business products or services to franchisees. This revenue represents approximately 14% of our total revenue of \$1,419,826. None of our officers owns any equity interest in any approved or designated supplier.

You must purchase all products, equipment, supplies and materials only from approved suppliers (including manufacturers, wholesalers and distributors). We estimate that 65% to 80% of purchases required to open your Skyhawks Business and 60% to 75% of purchases required to operate your Skyhawks Business will be from us or from other approved suppliers or under our specifications.

We do not have purchasing and distribution co-operatives as of the Issuance Date of this Franchise Disclosure Document; however, we have negotiated alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates or volume discounts from our purchase of products we may resell to you. We did not receive any rebates from these agreements in 2024. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers. There are no caps or limitations on the maximum rebates we may receive from our suppliers as the result of franchisee purchases.

We and our affiliates may receive rebates or other consideration from suppliers in consideration for goods or services that we require or advise you to obtain from approved suppliers, and we reserve the right to do so in the future. Our revenue or other consideration received may include promotional allowances, volume discounts, and other payments. Although we are not obligated to do so, we intend to use the rebates for the production of marketing materials, but we reserve the right to use such rebates for any purpose in our sole discretion.

#### Approval of New Suppliers

We may update the list of approved suppliers in the Franchise Operations Manual. If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit samples of the supplier's products or services to us, along with a written statement describing why such items, services, or suppliers should be approved for use in the System. We reserve the right to charge a fee to evaluate the proposed supplier of approximately \$100 to \$500 per evaluation. We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products and stop purchasing from any disapproved supplier.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.**

	Obligation	Section in Franchise Agreement	Item in Disclosure Document
a.	Site selection and acquisition / lease	Sections 2.2 and 2.9	Items 5, 7, 8, 11 and 12
b.	Pre-opening purchases / leases	Section 6.1	Items 5, 6, 7, 8 and 11
c.	Site development and other pre-opening requirements	Section 6.1	Items 5, 6, 7, 8 and 11
d.	Initial and ongoing training	Sections 3.5, 3.6, 3.7, 3.8 and 3.9	Item 11
e.	Opening	Section 2.9	Item 11
f.	Fees	Sections 3.1, 3.6, 3.7, 3.9, 4, 5.5, 6.1, 7.2, 7.3, 7.5, Attachment A	Items 5, 6 and 7

	Obligation	Section in Franchise Agreement	Item in Disclosure Document
g.	Compliance with standards and policies / Manual	Sections 3.1 and 6	Items 8, 11 and 16
h.	Trademarks and proprietary information	Sections 2.7, 2.8, 6.1 and 7.4	Items 13 and 14
i.	Restrictions on products / services offered	Sections 2.2, 2.3, 2.4, 2.5, 2.6, and 6.1	Items 8 and 16
j.	Warranty and customer service requirements	Sections 5.6 and 6.5	Item 16
k.	Territorial development and sales quotas	Not Applicable	Item 12
l.	Ongoing product / service purchases	Section 6.1	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 6.1 and 6.5	Item 11
n.	Insurance	Section 5.5	Item 6
o.	Advertising	Sections 2.5, 2.6, 2.7, 3.2, 4.3, 4.4 and 6.1	Items 6 and 11
p.	Indemnification	Sections 5.1 and 5.7	Item 6
q.	Owner's participation / management / staffing	Sections 6.1(l) and 6.3	Items 11 and 15
r.	Records / reports	Section 4.5 and 4.6	Item 6
s.	Inspections / audits	Sections 4.6 and 6.1(g) and (i)	Items 6 and 11
t.	Transfer	Section 7.5	Item 17
u.	Renewal	Section 7.2	Item 17
v.	Post-termination obligations	Section 7.4	Item 17
w.	Non-competition covenants	Section 8.1	Item 17
x.	Dispute resolution	Sections 8.2 and 8.3	Item 17

## ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

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

Pre-Opening Obligations

Before you open the Skyhawks Business, we (or our designees) will provide the following assistance and services to you:

1. Approve your territory (Section 2.2 of the Franchise Agreement). Because you do not have to locate a site from which to operate your business, we do not provide you with assistance in doing so. Unless you purchase a Government Venue Franchise, you may operate out of your home, and we recommend that you do so. You may open an office, but it is not required. We do not provide approval for an office or site from which to operate your business.
2. Provide access to the Franchise Operations Manual for your Skyhawks Franchise. The Franchise Operations Manual is electronic and totals approximately 112 pages. The table of contents for the Franchise Operations Manual is attached to this Franchise Disclosure Document as Exhibit F (Section 3.1 of the Franchise Agreement).
3. Provide the initial training program and, if applicable, the on-site training program that is provided for the Skyhawks Business that you have purchased. Upon completion of the initial training program and, if applicable, on-site training program, you will receive a written evaluation from us containing required action plans based on performance observed by our personnel during the training period (Sections 3.5 and 3.6 of the Franchise Agreement).
4. Provide an initial consultation with our approved supplier CPA to assist you with establishing a proper accounting and reporting format for your Skyhawks Business (Section 4.5 of the Franchise Agreement).
5. Specify or approve certain goods, equipment, signs, fixtures, opening inventory, supplies and services in the Franchise Operations Manual or otherwise in writing to be used in the Skyhawks Business (Section 3.2 of the Franchise Agreement). You are required at your own cost and expense to purchase and install all equipment, including fixtures, furnishings, equipment, supplies and signage (Section 6.1(m) of the Franchise Agreement).
6. Provide pre-opening assistance which includes assisting you with initial marketing efforts (Section 3.6 of the Franchise Agreement).
7. Review and approve advertising and your other approval requests pursuant to the Franchise Agreement (Section 4.4 of the Franchise Agreement).

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing Skyhawks Businesses.

### *Site Selection*

Because you do not have to locate a site from which to operate your Skyhawks Business, we do not provide you with assistance in doing so. You may open an office, but it is not required and does not need to be approved by us.

### *Schedule for Opening*

The typical length of time between signing the Franchise Agreement and the opening of the Skyhawks Business is approximately 90 to 120 days. Some factors which may affect this timing are the time it takes for you to complete the initial training, your ability to obtain any necessary permits and licenses, the hiring and training of your staff, and the length of time for completing other pre-opening preparations. You are required to open for business within three months of signing the Franchise Agreement unless written approval is granted or we may terminate the Franchise Agreement.

### Continuing Obligations

During your operation of the Skyhawks Business, we (or our designees) will provide the following assistance and services to you:

1. Provide additional training, refresher training courses and additional training or assistance that, in our discretion, you need or request. If we provide additional training, you must pay us our then-current training fee (Section 3.7 of the Franchise Agreement).
2. Assist you in planning and provide you initial and ongoing supplies for the Skyhawks Programs at our then-current fees (Section 3.10 of the Franchise Agreement).
3. Provide administrative support for the first year of the term of the Franchise Agreement. This administrative support includes assistance with phone calls, training, sales, marketing, customer support and software. After the first year, you will have the option to purchase continuing support (Section 4.7 of the Franchise Agreement).
4. Upon reasonable request, continue to consult with and advise you on your Skyhawks Business. Advice will be given during our regular business hours and via the Franchise Operations Manual or other written materials, electronic media, telephone, or other methods at our discretion. At least once per full calendar year, we or one of our affiliates or designees may visit one of your Skyhawks Programs or, at our option, require you to send us a detailed video of a Skyhawks Program (Section 3.10 of the Franchise Agreement).
5. Provide any supplier, product and marketing updates that become available (Section 3.10 of the Franchise Agreement).
6. Review and approve or disapprove suppliers and distributors you would like to use (Section 6.1 of the Franchise Agreement). See Items 6 and 8 for additional information on this process.
7. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions (Section 6.1 of the Franchise Agreement).
8. Allow you to continue to use confidential materials, including the Franchise Operations Manual and the Marks (Sections 2 and 3 of the Franchise Agreement).

## Optional Assistance

During the term of the Franchise Agreement, we (or our designees) may, but are not required to, provide the following assistance and services to you:

1. Provide additional pre-opening assistance and additional training, such as managing public relations, sales, and coaches training and marketing within your territory. This additional assistance is not required. We will charge our then-current fee, currently \$300 per day if you request these optional services beyond our standard training and other pre-opening support services.
2. Modify, update or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new equipment or new techniques.
3. Make periodic visits to your Skyhawks Business for the purpose of assisting in all aspects of the operation and management of the Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then current training charges.
4. Maintain and administer a Brand Building Fund. We may dissolve the Brand Building Fund upon written notice (Section 4.3 of the Franchise Agreement).
5. Hold periodic national or regional conferences to discuss business and operational issues affecting Skyhawks franchisees and hold periodic staff and program training to discuss operational updates.

## Marketing and Advertising

### *Brand Building Fund*

We reserve the right to create a Brand Building Fund for marketing, developing and promoting the System, the Marks and Skyhawks Franchises. We currently have not established a Brand Building Fund, but we reserve the right to establish one and require you to contribute ("Brand Building Fund Contribution") up to 2% of Gross Revenue for the Brand Building Fund (we anticipate the contribution to be 1% of Gross Revenue once we establish the Brand Building Fund). Your Brand Building Fund Contribution will be in addition to all other advertising requirements set out in this Item 11. We will provide 30 days' notice prior to implementing the Brand Building Fund Contribution.

Each franchisee will be required to contribute to the Brand Building Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Franchisor-owned or affiliate-owned outlets may, but are not required, to contribute to the Brand Building Fund on the same basis as franchisees.

The Brand Building Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Building Fund will be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Building Fund will be utilized. We may use the Brand Building Fund for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine

optimization, the development of technology for the System and any other purpose to promote the Skyhawks brand. We may reimburse ourselves, our authorized representatives or our affiliates from the Brand Building Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Brand Building Fund.

Although we will endeavor to utilize the advertising expenditures to develop advertising and marketing materials and programs and to place advertising that will benefit all franchisees, we cannot ensure you that our expenditure of advertising fees in or affecting any geographic area or any particular Skyhawks Business will be proportionate or equivalent to the advertising fees paid to us by franchisees operating in that geographic area or for that type of Skyhawks Business or that any franchisee will benefit directly or in proportion to the advertising fees it pays to us from the development of advertising and marketing materials or the placement of advertising.

We will not use the Brand Building Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement indicating “Franchises Available” or similar phrasing or include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Brand Building Fund.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Building Fund or to maintain, direct or administer the Brand Building Fund. Any unused funds in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Brand Building Fund on any terms we deem reasonable.

The Brand Building Fund is not audited. We will provide an annual accounting for the Brand Building Fund that shows how the Brand Building Fund proceeds have been spent for the previous year upon written request. We did not collect any Brand Building Fund Contributions during our last fiscal year, ended December 31, 2024.

### *Local Advertising*

In addition to the Brand Building Fund Contributions, you must spend a minimum of 3% of your Gross Revenue on local advertising each calendar quarter (“Local Advertising Requirement”). If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to us, or if established, the Brand Building Fund. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways and other promotions issued by other Skyhawks franchisees under any such program, so long as such compliance does not contravene any applicable law, rule or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all Skyhawks Businesses, and you will not issue coupons or discounts of any type except as approved by us.

You may be required to participate in any local or regional advertising cooperative for Skyhawks Businesses that is established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Each Skyhawks Business we own that exists within the cooperative’s area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative including determining the amount of contributions from each member. We may require that each cooperative that exceeds five franchisee members must operate with governing documents. Each cooperative must prepare annual unaudited financial statements and such statements will be provided for review to each member of such cooperative. We reserve the right to form, change, dissolve, or merge any advertising cooperative formed in the future.

If we elect to form such cooperatives, or if such cooperatives already exist near your territory, you must participate in compliance with the provisions of the Franchise Operations Manual, which we may periodically modify in our discretion (Section 4.3 of the Franchise Agreement).

#### *Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing*

You must order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. All advertising, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we may require from time to time. Use of logos, Marks and other name identification materials must follow our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to us, or if established, the Brand Building Fund. If you wish to advertise online, you must follow our online policy, which is contained in our Franchise Operations Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We currently require you to use only the social media platforms we designate. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks.

#### *System Website*

We have established a website for Skyhawks Businesses (“System Website”). We intend that any franchisee website will be accessed only through our System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may implement and periodically modify System standards relating to the System Website.

#### *Advisory Council*

We currently have an advisory council (“Council”) to advise us on advertising policies. The purpose of the Council is to provide input regarding the Brand Building Fund, if established, to promote communications between us and all franchisees and to provide input regarding key operational business decisions. Members of the Council consist of both franchisees and corporate representatives. Members of the Council are selected by us. The Council serves in an advisory capacity only. We have the power to form, change, or dissolve the Council, in our sole discretion.

#### *Grand Opening Advertising*

You must execute an initial marketing and advertising program for the grand opening of your Franchise, and use advertising, marketing, and public relations programs, firms, media, and materials as we direct in the Franchise Operations Manual. You are required to spend at least \$3,000 for your grand opening advertising during the period beginning after you sign the Franchise Agreement and up to 60 days after you begin operations (Franchise Agreement – Section 4.2).

## Computer System and Software

You are required to purchase a computer system that consists of the following hardware and software (collectively the “Computer System”): (a) either a laptop or desktop computer (which may be a computer that you already own) and a printer; and (b) an office suite of software consisting of a word processor, spreadsheet and presentation program (i.e. latest version of Microsoft Office), QuickBooks Online, and the PRM Software. We estimate the cost of purchasing the Computer System will range from \$0 to \$1,300.

The Computer System will manage the daily workflow of the Skyhawks Business, register your participants, market to them, report to us, and perform other functions. You must record all Gross Revenue on the Computer System. You must use the Computer System to track all online and offline registrations. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Revenue of your Skyhawks Franchise. You must also maintain a high-speed Internet connection at the Skyhawks Business. In addition to offering and accepting Skyhawks gift cards and loyalty cards, you must use any payment vendors and accept all payment methods that we determine. We are not required to provide you with any installation, ongoing maintenance, repairs, upgrades, updates, or support for the Computer System (Section 6.1 of the Franchise Agreement). You must arrange for installation, maintenance, repairs, upgrades, updates and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required installation, support, maintenance, repairs, updates or upgrades relating to the Computer System.

The cost of maintaining, updating, or upgrading the Computer System or its components will depend on your repair history, costs of computer maintenance services in your area, and technological advances. We estimate the annual cost will be approximately \$300, but this could vary (as discussed above). We may revise our specifications for the Computer System periodically. You must update, upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency or cost of this obligation.

We (or our designees) have the right to independently access your electronic information and data relating to your Skyhawks Franchise and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Skyhawks Franchises. This may include posting financial information about each franchisee on an intranet website or in our Franchise Disclosure Document. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Skyhawks Business, or from other locations. If you are in default of any obligation(s) under the Franchise Agreement, we may, in addition to any other remedy we may have under the Franchise Agreement, temporarily inhibit your access to all or part of the Computer System, until you have cured such default(s) completely.

## Training

### *Initial Training*

Before you open the Skyhawks Business, you (if you are an individual) or your managing owner (if you are an entity) and, if applicable, your designated manager must attend and successfully complete to our satisfaction our “Initial Training Program.” Initial training classes are held whenever necessary to train new franchisees. If you have purchased one Skyhawks Business, and you purchase a second Skyhawks Business at a later time, your additional Initial Training Program will be held at our then-current corporate office or other location that we designate or be virtual and will last up to one day. Upon

completion of the Initial Training Program, we will provide you with a written report containing required action plans based on performance observed by our personnel during the training period.

You will not receive any compensation or reimbursement for services or expenses for participation in the Initial Training Program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food and similar expenses. We provide the Initial Training Program at no charge for up to three people. You must pay a fee of the then-current fee, currently \$300 per day, plus travel and other expenses, for training each additional person.

Our Initial Training Program comprises approximately 36 hours and is conducted virtually and/or at our headquarters in Spokane, Washington, and such other locations that we designate. We plan to provide the training listed in the table below (which will include the Initial Training Program).

### TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Orientation & Progress Calls	8	0	Virtually, at our headquarters in Spokane, WA or other location we designate
Sales and Partnerships Training	3	4	Virtually, at our headquarters in Spokane, WA or other location we designate
Staff Recruiting	2	0	Virtually, at our headquarters in Spokane, WA or other location we designate
Marketing	3	0	Virtually, at our headquarters in Spokane, WA or other location we designate
Financial Analysis & Accounting	2	0	Virtually, at our headquarters in Spokane, WA or other location we designate
Instructor Training	2	8	Virtually, at our headquarters in Spokane, WA or other location we designate
Operations	4	0	Virtually, at our headquarters in Spokane, WA or other location we designate
TOTAL	24	12	

Notes:

1. We reserve the right to vary the length and content of the Initial Training Program based upon the experience and skill level of the individuals attending such training. We primarily use the Franchise Operations Manual as the instructional material for the Initial Training. The Initial Training Program may be conducted 100% virtually or we may require franchisee to attend a portion of the training at our headquarters.

2. The training will be directed by one of our certified trainers and will be supervised by the President of SFG, Jason Frazier, who has worked for SFG since 2009. Mr. Frazier has over 19 years of experience conducting training with our affiliate, SSA. Executive Director of Franchising, Samir Daoud, who has worked for SFG since 2023 and has over 15 years of experience conducting training in franchise brands will also conduct training. Other instructors with knowledge in particular areas and with a minimum of three years' experience may assist, and their identities are unknown at the present.
3. For franchisees purchasing their first Skyhawks Business, we will spend up to two days total with you either in-person in your territory(ies) or such other location that we designate or virtually to train and assist you in marketing the services of your Skyhawks Business and up to two days total with you either in-person in your territory(ies) or virtually to assist you in the training of your staff. Government Venue Franchises may not receive this additional training.

### *Ongoing Training*

Your managing owner, designated manager, independent contractors and employees must attend and satisfactorily complete various training courses we periodically require at your cost and at the times and locations we designate. If you appoint a new designated manager, that person must attend and successfully complete our Initial Training Program before assuming responsibility for the management of your Skyhawks Business. If we conduct an inspection of your Skyhawks Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your Skyhawks Business) at your cost. We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the System and brand standards to your key employees. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the Skyhawks Business. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of Skyhawks Business.

In addition to participating in ongoing training: (a) each year you will be required to attend an annual meeting of all franchisees and pay a convention fee if we hold an annual meeting of all franchisees; and (ii) during the first year after you open for business, you will be required to have at least one employee (but up to ten employees) attend at least one of our Staff and Program Training sessions, and pay a per-person program fee (See Item 6). We estimate the convention will be no longer than five days per year and the Staff and Program Training will be no longer than three to five days per year. For all ongoing training, including annual meetings/conventions and Staff and Program Training, you are responsible for all travel and expenses for your attendees.

## **ITEM 12 TERRITORY**

The Franchise Agreement for your Skyhawks Franchise grants you a protected territory (“Territory”) to operate a Skyhawks Franchise based on the geographic area and population properties within that area and other relevant demographic characteristics.

If you purchase a Tier 1 Franchise, your Territory will have a population of greater than 250,000 people. If you purchase a Tier 2 Franchise, your Territory will have a population of 150,000 to 250,000. The population statistics used in determining your Territory will be based on numbers derived from the

current U.S. Census report and supplemented with other information available, such as data from zip-codes.com, which is an estimate derived from known delivery information, household occupancy rates, and other population statistical sources of our choosing to determine populations. In certain densely populated metropolitan areas, the size of a territory may be considerably smaller, while franchisees operating in less densely populated urban areas may have significantly larger areas. If we agree, we may grant you more than one Territory and charge an Additional Territory Fee (See Item 5).

You will receive an exclusive territory. During the term of the Franchise Agreement, we will not establish or franchise others to establish another Skyhawks Business, including Government Venue Franchises, within your designated Territory. You may face competition from other franchisees, from outlets that we own or from other channels of distribution or competitive brands that we control. We will designate your Territory before you sign the Franchise Agreement. We will not grant you a Franchise if we cannot agree upon a Territory.

You may not operate the Skyhawks Business or offer any Skyhawks Program outside of your Territory. You may not directly market to or solicit customers whose principal residence is outside your Territory. You must refer customers whose principal residences are located outside the Territory to us or other franchisees who have been granted franchise rights for that territory, including any inquiries for services to be provided outside your Territory; provided, however, you may service any customers who elect to purchase one of your Skyhawks Programs (regardless of where their principal residence is located). You may not use other channels of distribution, advertise in any media, including the internet or any other similar proprietary or common carrier electronic delivery service, catalog sales, telemarketing or other direct marketing, whose primary circulation is outside your Territory, except with our prior written consent and with the consent of any franchisee whose territory is reached by the media. You may advertise in media whose circulation is primarily inside your Territory, even if it also reaches outside your Territory.

Other than as stated above, the Franchise is non-exclusive, and we and our affiliates retain all rights not expressly granted to you. For example, we have the right to:

1. to own, franchise, or operate Skyhawks Franchises at any location outside of the Territory, regardless of the proximity to your Territory;
2. to use the Marks and the System to sell any products or services, the same as or similar to those which you will sell, through any alternate channels of distribution within or outside of the Territory. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce unless we agree in writing otherwise;
3. to use and license the use of other proprietary and non-proprietary marks which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering services and products similar to those offered by your Skyhawks Businesses, at any location, including within the Territory, which may be similar to or different from the Skyhawks Business operated by you;
4. to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory, provided that in such situations the newly acquired businesses may not operate under the Marks you are entitled to use in the Territory;

5. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs;

6. to engage in any other activities not expressly prohibited in the Franchise Agreement. We have no present plans to establish other related franchises or company-owned businesses offering similar products or services under a name or trademark that is different from Skyhawks, although we reserve the right to do so.

The continuation of the Territory is not dependent upon your achievement of a certain sales volume, market penetration, or other contingency provided that you are able to generate sufficient Gross Revenue to meet the Minimum Royalty amounts (see Item 6). We are not required to pay you if we exercise any of our rights within your Territory. We will not modify your Territory during the term of the Franchise Agreement without your consent. You must not relocate your Skyhawks Business without obtaining our written consent of the relocation. We do not pay compensation for soliciting or accepting orders inside your Territory.




You do not receive the right to acquire additional Skyhawks Franchises or any other franchises we may acquire within the Territory. You are not given a right of first refusal on the sale of existing Skyhawks Franchises or on any other franchises we may acquire. If you wish to purchase an additional Skyhawks Franchise, you must apply to us, and we may, at our discretion, offer an additional Franchise to you. We consider a variety of factors when determining whether to grant additional Franchises. Among the factors we consider are, in addition to the then-current requirements for new Skyhawks franchisees, whether or not the franchisee is in compliance with the requirements under their current Franchise Agreement.

### ITEM 13 TRADEMARKS



The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to use the System, which includes the use of the Marks. You may also use other future trademarks, service marks and logos we approve to identify your Skyhawks Franchise.

SSA owns the Marks described in the first and second charts below. SSA has granted us a non-exclusive license in April 2017 (“Trademark License”) for ten years to use the Skyhawks Marks to franchise the Skyhawks System around the world. The Trademark License will automatically renew again in April 2027 and for subsequent ten-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages these Skyhawks Marks or the goodwill of the Skyhawks System. If the Trademark License is terminated, SSA has agreed to license these Skyhawks Marks directly to our franchisees until each franchise agreement expires or is otherwise terminated. SSA has registrations with the United States Patent and Trademark Office (“USPTO”) on the principal register for the following Skyhawks Marks:

Registered Mark	Registration Number	Registration Date	Status
SKYHAWKS (Word Mark)	2,356,512	June 13, 2000	Registered on the Principal Register


Registered Mark	Registration Number	Registration Date	Status
SKYHAWKS (Word Mark)	3,678,292	September 8, 2009	Registered on the Principal Register
	2,341,270	April 11, 2000	Registered on the Principal Register
	3,453,083	June 24, 2008	Registered on the Principal Register
	3,675,002	September 1, 2009	Registered on the Principal Register
MINI-HAWK (Word Mark)	3,552,746	December 30, 2008	Registered on the Principal Register
TINY-HAWK (Word Mark)	4,402,856	September 17, 2013	Registered on the Principal Register
SKYHAWKS SPORTS ACADEMY	4,563,335	July 8, 2014	Registered on the Principal Register
TEACHING LIFE SKILLS THROUGH SPORTS	4,729,359	April 28, 2015	Registered on the Supplemental Register

SSA has applied for registration for the following trademark with the USPTO:

Mark	Serial No.	Filing Date	Status
	99,161,965	April 29, 2025	Pending on the Principal Register
	99,163,774	April 30, 2025	Pending on the Principal Register

We own the Marks listed in the chart below. We have registrations with the USPTO on the principal register for the following Marks:

Registered Mark	Registration Number	Registration Date	Status
	5,363,447	December 26, 2017	Registered on the Principal Register
SUPERTOTS	4,845,662	November 3, 2015	Registered on the Principal Register
SOCCERTOTS	3,625,281	May 26, 2009	Registered on the Principal Register
SOCCERTOTS	3,629,259	June 2, 2009	Registered on the Principal Register
SOCCERTOTS	3,633,712	June 9, 2009	Registered on the Principal Register
	3,625,130	May 26, 2009	Registered on the Principal Register
	3,629,272	June 2, 2009	Registered on the Principal Register
SOCCERTOUC	3,447,531	June 17, 2008	Registered on the Principal Register
	3,421,384	May 6, 2008	Registered on the Principal Register
CheerTots	4,189,871	August 14, 2012	Registered on the Principal Register
HoopsterTots	4,209,114	September 18, 2012	Registered on the Principal Register

Registered Mark	Registration Number	Registration Date	Status
HockeyTots	4,415,393	October 8, 2013	Registered on the Principal Register
	4,502,164	March 25, 2014	Registered on the Principal Register
PartyTots	4,189,872	August 14, 2012	Registered on the Principal Register

We do not have a federal registration for the principal trademark in the 2<sup>nd</sup> table above (serial numbers 99,161,965 and 99,163,774). Therefore, these trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

All required affidavits and renewals have been filed for the registered Marks. There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. Except for the Trademark License, no agreement significantly limits our right to use or license the Marks in any manner material to your Skyhawks Franchise. We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks.

You must follow our rules when using the Marks, including our brand standards as contained in the Franchise Operations Manual. You cannot use our name or mark as part of a corporate name or with modifying words, designs or symbols unless you receive our prior written consent.

You must indicate to the public, using language that we may specify, in any contract and advertisement that you are an independently-owned and operated licensed franchisee. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Franchise or any interest in the Franchise. If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

Your right to use the Marks is derived solely from your Franchise Agreement and is limited to conducting business in compliance with the Franchise Agreement and all applicable standards, specifications, and operating procedures we prescribe. Any unauthorized use of the Marks by you will constitute an infringement of our rights in the Marks. Your use of the Marks and any goodwill established by them will be for our exclusive benefit, and your Franchise Agreement does not confer any goodwill or other interests in the Marks upon you. All rights and goodwill from the use of the Marks accrue to us. All provisions of your Franchise Agreement applicable to the Marks will apply to any additional proprietary

trade and service marks and commercial symbols authorized for use by, and licensed to you under, your Franchise Agreement.

You must prominently display the Marks on or with Franchise posters and displays, service contracts, stationery, other forms we designate, and in the manner we prescribe; to give any notices of trade and service mark registrations and copyrights that we specify; and to obtain any fictitious or assumed name registrations that may be required under applicable law.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate that we determine in our discretion is appropriate under the circumstances, but we are not required to take any action if we do not feel it is warranted. You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees. You must notify us within three days if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

#### **ITEM 14**

#### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

The information contained in the Franchise Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, as well as any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not filed an application for copyright registration for the Franchise Operations Manual, the Marks, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("Copyrighted Works") in connection with your operation of your Skyhawks Franchise, but such copyrights remain our sole property.

There are currently no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit your use of our Copyrighted Works.

Our Franchise Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of and experience in the development, operation and franchising of Skyhawks Franchises, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of SFG and Skyhawks Franchises, and other related materials are proprietary and confidential ("Confidential Information") and are considered to be our property to be used by you only as described in the Franchise Agreement and the Franchise Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("Trade Secrets"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for the development of your Skyhawks Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners, if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement that we can enforce.

You must notify us immediately after you learn about another's use of language, a visual image or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to any of our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us and our counsel with respect to any infringement, challenge or claim. We will have discretion to take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets. No patents or patents pending are material to us at this time.

We have the right to inspect, copy and use all records with respect to the customers, suppliers, and other services providers of, and related in any way to your Skyhawks Franchise. This includes, without limitation, all databases (whether in print, electronic, or other form), including, among other things, all names, addresses, phone numbers, email addresses and customer purchase records. We may use or transfer the records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. We may contact any or all of your customers, suppliers and other service providers for quality control, market research and such other purposes as we deem appropriate, in our sole discretion.

You must disclose to us all ideas, techniques and products concerning and specific to the development and operation of your Skyhawks Franchise that you or your employees conceive or develop during the term of the Franchise Agreement. You agree to grant to us and agree to obtain from your owners or employees a perpetual, non-exclusive and worldwide right to use these ideas, techniques and products concerning the development and operation of your Skyhawks Franchise that you or your employees conceive or develop during the term of the Franchise Agreement. We will have no obligation to make any lump sum or on-going payments to you with respect to any idea, concept, method, technique or product. You and your employees/owners agree to execute such further and other documents as are necessary to memorialize this. You must agree that you will not use nor will you allow any other person or entity to use any of these ideas, techniques or products without obtaining our prior written approval.

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

The Skyhawks Franchise shall be managed by you, or if you are an entity, by one of your owners who is a natural person with at least a 51% ownership interest and voting power in the entity (“Managing Owner”). We will allow you to appoint a designated manager (“Designated Manager”) to run the day-to-day operations of the Skyhawks Franchise. The Managing Owner and Designated Manager must successfully complete our Initial Training Program. If you replace a Managing Owner or Designated Manager, the new Managing Owner or Designated Manager must satisfactorily complete our Initial Training Program at your own expense.

You may not employ any Designated Manager, or appoint any Managing Owner, who does not complete our Initial Training Program to our satisfaction. Any Designated Manager and, if you are an entity, an officer that does not own equity in the franchisee entity must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document in Exhibit G. All of your employees, independent contractors, agents or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit G. If you are an entity, each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you) must sign an Owners Agreement guarantying the obligations of the entity, in the form of which is attached to the Franchise Agreement as Attachment B. We also require that the spouses of the Franchise owners sign the Owners Agreement. If you purchase a Government Venue Franchise, neither you nor your employees, officers, agents or representatives are required to sign the Owners Agreement,

All Skyhawks Programs must be staffed with Skyhawks certified directors and coaches. All directors and coaches for Skyhawks Programs must successfully complete the certified coach training program before being allowed to conduct the Skyhawks Program. Directors are the on-site supervisor for each Skyhawks Program being offered. Coaches work individually with the participants in the program to teach, encourage and challenge them.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell, or offer for sale, only those services and products authorized by us and which meet our standards and specifications. You must sell, or offer for sale, all types of services and products specified by us. There are no limitations on our rights to change or add to our required services and products at our discretion with prior notice to you. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not establish an account or participate in any social networking sites, crowdfunding campaigns or blogs or mention or discuss the Skyhawks Franchises, us or any of our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may only sell products or services in your Territory.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

Provision	Section in Franchise or Other Agreements	Summary
a. Length of the franchise term	Section 7.1	Seven years
b. Renewal or extension of the term	Section 7.2	If you have complied with all the provisions of the Franchise Agreement, you can renew for up to four additional successive five-year terms. Upon the expiration of your renewal terms, you can apply for a new Franchise.
c. Requirements for franchisee to renew or extend	Section 7.2	The term “renewal” refers to extending our franchise relationship at the end of the initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires. You must sign our then-current Franchise Agreement and any ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including e.g., higher royalty and advertising contributions) from the Franchise Agreement that covered your original term. You must give timely notice, pay fee, be free from default, satisfy then-current standards for new franchisees and fully comply.
d. Termination by franchisee	Section 7.3	If we are in default of a material provision of the Franchise Agreement, and we do not make progress toward a cure within 90 days after receiving written notice from you detailing our alleged default, you may terminate the Franchise Agreement after completion of mediation. You must comply with non-competition and other post-termination covenants, subject to applicable state law.
e. Termination by franchisor without “cause”	Not applicable	None.
f. Termination by franchisor with “cause”	Section 7.3	We may terminate if you fail to cure any breach of the Franchise Agreement within 30 days after our notice thereof unless the breach requires more than 30 days to cure and you are in the process of curing the breach to our satisfaction. We may

Provision	Section in Franchise or Other Agreements	Summary
		terminate without notice if you have misrepresented or omitted material facts, fail to train or open for business, become insolvent or fail to pay debts, become bankrupt, abandon or cease operation of the Skyhawks Business, lose the right to occupy the premises, are convicted of a criminal charge, make an unauthorized transfer or an unauthorized use of the Marks or unauthorized disclosure of the Methods of Operation, endanger public health or safety or breach for the third or subsequent time any material term of the Franchise Agreement within any 12-month period, after receiving two or more notices of default. Should Franchisee cease operations, they shall be terminated without their consent or signature.
g. "Cause" defined – curable defaults	Section 7.3	You have 30 days to cure a default. Good cause includes your failure to: (a) conduct the business in an ethical or businesslike manner; (b) complete required ongoing training, repairs or renovations; or (c) comply with the Methods of Operation.
h. "Cause" defined - non-curable defaults	Section 7.3	Misrepresentation or omission of material facts; failure to complete training or opening for business; insolvency; become bankrupt; abandonment or cease of operation; loss of the right to occupy the premises; being convicted of a criminal charge; making an unauthorized transfer or unauthorized use of the Marks or unauthorized disclosure of the Methods of Operation; endangering public health or safety; or willful breach for the fourth or subsequent time of any material term of the Franchise Agreement within any 12-month period, after receiving three or more notices of default.
i. Franchisee's obligations on termination/non-renewal	Section 7.4	Upon termination, you must return the Franchise Operations Manual, and all items containing any Marks, and all copyrighted and proprietary items; assign telephone and directory listings; provide us with your customer lists; cease from identifying yourself as our franchisee and cease Mark use; allow us access to verify and secure your compliance with your post-termination obligations and make a final inspection and audit of your computer system, books, records and accounts; provide us first right of refusal

Provision	Section in Franchise or Other Agreements	Summary
		matching the negotiated terms to purchase or assume your business or assets; abide by the covenants not to compete, confidentiality, indemnity; pay us all amounts you owe us; if we terminate you for good cause, you must pay us our estimated future royalty loss; give us rights to a separate option to assume the lease for the premises.
j. Assignment of contract by franchisor	Section 7.5	No restriction.
k. "Transfer" by franchisee – defined	Section 1	Includes any voluntarily or involuntarily transfer, assign, sell or encumber: any interest in or ownership or control of the Skyhawks Business; or of substantial assets of the Skyhawks Business; or of the Franchise Agreement.
l. Franchisor approval of transfer by franchisee	Section 7.5	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 7.5	Transferee must qualify, assume all your obligations, pay our then-current fee for training, sign agreement and documents; you must pay all debts, not be in default, pay us a transfer fee; sign a general release in favor of us, comply with post-termination obligations, obtain transfer consent of lenders, lessors, etc. You may transfer once to a wholly owned entity provided that the entity agrees to be bound by the Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 7.5	We can match any offer for your business within 21 days after receiving notice of that offer from you.
o. Franchisor's option to purchase franchisee's business	Section 7.4	Within 30 days after expiration or termination, we have the first right of refusal to purchase or assume your interest in the Skyhawks Business, or in its assets on the same terms as those contained in a bona fide offer from a third party.
p. Death or disability of franchisee	Section 7.7	The Franchise Agreement must be transferred or assigned to a qualified party within 180 days of death or disability or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of your death or disability.
q. Non-competition covenants during the term of the Franchise	Section 8.1	During the term of the Franchise Agreement, you and persons associated with you, may not: invest or participate

Provision	Section in Franchise or Other Agreements	Summary
		directly or indirectly, or serve in any capacity, in any business engaged in the sale of services or products similar to or competitive with those offered by the Skyhawks Business; solicit, service or sell to, directly or indirectly, any customer who is or was a customer of the Skyhawks Business, subject to applicable state law.
r. Non-competition covenants after the Franchise is terminated or expires	Section 8.1	(1) prior to expiration or termination of this Franchise Agreement, everywhere; (2) after expiration or termination within 25 miles radius from your territory and any franchised, Franchisor-owned or affiliated company-owned territory; and (3) to sales on the Internet. A “Competitive Business” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from your Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from your Territory (including, but not limited to, the services we authorize), but excludes a Skyhawks Business operating pursuant to a franchise agreement with for two years, subject to applicable state law.
s. Modification of agreement	Section 8.6	Only by mutual agreement in writing. Franchise Operations Manual is subject to change.
t. Integration/merger clause	Section 8.4	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of the Franchise Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 8.2	Except for certain claims for immediate relief, all disputes must be first negotiated, then mediated and arbitrated in the principal city closest to our principal place of business (currently Spokane, Washington), subject to applicable state law.
v. Choice of forum	Section 8.2	All disputes must be negotiated, mediated, arbitrated and litigated in the principal city closest to our principal place of business (currently Spokane, Washington), subject to applicable state law.
w. Choice of law	Section 8.4	Delaware law applies, subject to applicable state law.

## ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our Franchise.

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, and/or affiliate-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Franchise 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 performance at a particular location or under particular circumstances.

As of December 31, 2024, we had a total of 76 franchised Skyhawks Businesses ("Franchised Locations"), and 43 affiliate owned Skyhawks Businesses ("Affiliate Locations"). Because Skyhawks business are generally operated as either mobile business or out of franchisees' homes, franchisees can purchase multiple Skyhawks Businesses (generally adjacent to each other). Because of this, we have reported cumulative Gross Revenue figures in this Reporting Group for both the Franchised Locations and the Affiliate Locations.

The information in this Item 19 is a historical financial performance representation of the 59 Franchised Locations and 41 Affiliate Locations that operated for all 12 months of calendar year 2024 ("Reporting Group") for the 2024 calendar year ("Reporting Period"). The following 17 Franchised Locations and two Affiliate Locations either opened in 2024 or temporarily ceased operations and were not open for 12 months or longer as of December 31, 2024 and are excluded from this financial performance representation:

Affiliate Locations that Opened in 2024	
Location	Number of Skyhawks Businesses
Carson City, NV	1
Houston, TX	1

Franchise Locations that Opened in 2024	
Location	Number of Skyhawks Businesses
North Los Angeles, California	1
Colorado	2
New Jersey	2
Long Island, New York	2
College Station, Texas	1
Utah	3
Virginia	1

Franchised Locations that Temporarily Closed in 2024*	
Location	Number of Skyhawks Businesses
Broward County, FL	2

Durham, NC**	1
Durham, NC***	1
Central Missouri	1

\*These Franchised Locations each ceased operations for a portion of the 2024 calendar year and have been excluded from the Reporting Group.

\*\* This Skyhawks Business only offers the Skyhawks Program.

\*\*\* This Skyhawks Business only offers the SuperTots Program.

One Franchised Location was terminated during the Reporting Period and has been excluded from the Reporting Group. Seven Franchised Locations were reacquired by our Affiliate.; those seven are considered Affiliate Locations and have been included in the Affiliate Business Reporting Group and excluded from the Franchised Business Reporting Group. Two Affiliate Locations were sold to franchisees and have been included in the Franchised Business Reporting Group and excluded from the Affiliate Business Reporting Group. Two Affiliate Locations opened during the Reporting Period and have been excluded from the Affiliate Business Reporting Group. The numbers below have not been audited, but we have no reason to doubt their accuracy.

All of the Skyhawks Businesses in the Reporting Group offer similar services and face a similar degree of competition anticipated for the Skyhawks Businesses offered under this Disclosure Document. Affiliate Locations do not pay the Royalty Fee and are not subject to the Local Advertising Requirement. We provide substantially all of the same services and assistance to Affiliate Locations that we provide to Franchised Locations. Table One provides information on the Affiliate Locations in the Reporting Group. Table Two provides information on the Franchised Locations in the Reporting Group.

Table One

Affiliate Business Reporting Group			
Location	Number of Skyhawks Businesses	Opening Year	2024 Gross Revenue
Connecticut	5*	2010	\$915,367
Central Puget Sound, WA	1	2023	\$291,872
Central Washington	1	2022	\$280,925
Chicago, IL	6	2017	\$391,932
Ohio/Indianapolis**	4	2015	\$198,502
Detroit East, MI	1	2020	\$287,897
Eastern Washington***	2	2010	\$1,229,918
Hudson Valley, NY	1	2018	\$208,606
Massachusetts	3	2015	\$464,037
Montana	2	2019	\$225,412
Northeast Puget Sound, WA	2	2010	\$1,097,807
Northwest Puget Sound, WA	1	2010	\$964,751
Orange County, CA	2	2015	\$1,283,310
Portland OR / Vancouver, WA	5****	2024	\$938,831
Raleigh, NC	1	2023	\$154,474
South Puget Sound, WA	1	2010	\$1,203,290
Atlanta, GA	1	2023	\$32,675
Baltimore, MD	1	2023	\$74,913
Kansas City, MO	1	2023	\$51,872

\*This includes two locations that our affiliate reacquired in 2024.

\*\*This franchisee has three businesses in Ohio and one in Indianapolis.

\*\*\*This Affiliate Location separately operates the SuperTots Programs and the Skyhawks Programs.

\*\*\*\* This includes the one Washington location and four Oregon locations that our affiliate reacquired in 2024.

Table Two

Franchise Business Reporting Group			
Location	Number of Skyhawks Businesses	Opening Year	2024 Gross Revenue
Arizona	1	2022	\$133,196
Arizona	1	2018	\$267,764
California	1	2019	\$317,457
California	2	2014	\$1,315,210
California	2	2019	\$415,312
California	1	2016	\$108,198
California	2	2019	\$158,702
California	2	2013	\$651,756
California	2	2019	\$525,089
California	3	2019	\$1,133,343
California	1	2020	\$605,208
California	2	2023	\$79,068
California	2	2023	\$63,225
Colorado	6	2017	\$1,503,291
Idaho	1	2021	\$255,066
Louisiana	1	2021	\$383,936
Michigan	2	2019	\$248,653
Minnesota	8	2020	\$1,902,926
Mississippi	1	2014	\$177,586
Missouri	1	2022	\$157,053
Nevada	1	2018	\$154,115
New York	1	2020	\$402,656
Ohio	2	2023	\$135,809
Ohio* (SuperTots only)	1	2020	\$81,537
Pennsylvania	1	2023	\$104,070
Texas	2	2017	\$289,918
Texas	3	2020	\$678,376
Texas	2	2020	\$1,217,512
Texas	1	2020	\$112,341
Washington	1	2022	\$120,982
Wisconsin	2	2022	\$399,340

\*This Skyhawks Business only offers the SuperTots Programs.

Notes to Table 1 and Table 2:

1. The term “Gross Revenue” means the total revenue derived from the sale of goods or services less sales tax, discounts, allowances, and returns.
2. The financial performance representations above do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit.
3. Franchisees may operate up to eight Skyhawks Businesses. We allow franchisees with multiple Skyhawks Businesses in adjacent territories to report a combined Gross Revenue figure to us. We do not collect or require franchisees to provide us with separate Gross Revenue numbers for each Skyhawks Business they operate.

**Some Skyhawks Businesses and SuperTots Businesses have sold this amount. Your individual results may differ. There is no assurance you'll sell as much.**

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

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 the franchisor's management by contacting Jason Frazier (800-804-3509, 1826 East Sprague Avenue, Spokane, WA 99202), the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1  
System-wide Outlet Summary  
For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised*	2022	60	67	+7
	2023	67	72	+5
	2024	72	76	+4
Company-Owned <sup>(1)**</sup>	2022	24	32	+8
	2023	32	36	+4
	2024	36	43	+7
Total Outlets	2022	84	99	+16
	2023	99	108	+9
	2024	108	119	+11

<sup>(1)</sup> These outlets are owned by our affiliates.

\*In 2024, we consolidated the Skyhawks and SuperTots brands. Skyhawks Businesses are now able to offer SuperTots Programs in their Skyhawks Businesses without having to pay a separate fee. As of the Issuance Date of this Disclosure Document, we have one franchisee that only operates a SuperTots businesses and no franchisees that only operate a Skyhawks Business.

\*\*In 2022, we consolidated affiliate-owned outlets so that they more closely resemble the business and territory size of franchised Skyhawks Businesses. This resulted in an overall reduction of 19 total outlets even though no outlets ceased operations. The 2022 numbers in this Item 20 reflect this adjustment.

Table No. 2

Transfers of Franchised Outlets to New Owners  
(other than the Franchisor)  
For Years 2022 to 2024

State	Year	Number of Transfers
California	2022	0
	2023	2
	2024	4
Minnesota	2022	0
	2023	8
	2024	0
Missouri	2022	0
	2023	1
	2024	0
Totals	2022	0
	2023	11
	2024	4

Table No. 3

Status of Franchised Outlets  
For Years 2022 to 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2022	3	0	1	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
California	2022	16	0	0	0	0	0	16
	2023	16	4	0	0	0	0	20
	2024	20	1	0	0	0	0	21
Colorado	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	2	0	0	0	0	8

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Connecticut	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	2	0	0
Florida	2022	1	2	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	1	0	0	0	2
Idaho	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Louisiana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Michigan	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Minnesota	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
Mississippi	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Missouri	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Nevada	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
New York	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	2	0	0	0	0	3
North Carolina	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	1	0	2
	2024	2	0	0	0	0	0	2
Oregon	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	4	0	0
Ohio*	2022	1	0	0	0	0	0	1
	2023	1	2	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Pennsylvania	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
South Carolina	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Texas	2022	5	2	0	0	0	0	7
	2023	7	1	0	0	0	0	8
	2024	8	1	0	0	0	0	9
Utah	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	2	0	0
	2024	0	3	0	0	0	0	3
Virginia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Washington	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	1	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Wisconsin	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Total	2022	60	9	2	0	0	0	67
	2023	67	8	0	0	3	0	72
	2024	72	12	1	0	7	0	76

\*As of the Issuance Date of this Disclosure Document, one Ohio franchisee only operates a SuperTots Business.

Table No. 4

Status of Company-Owned Outlets  
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2022	2	0	0	0	0	2
	2023	2	0	0	3	0	2
	2024	2	0	0	0	0	2
Connecticut	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	2	0	0	5
Georgia	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
Illinois	2022	0	0	6	0	0	6
	2023	6	0	0	0	0	6
	2024	6	0	0	0	0	6
Indiana	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
Maryland	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
Massachusetts	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Michigan	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Missouri	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
Montana	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Nevada	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
New York	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
North Carolina	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
	2024	1	0	0	0	0	1
Ohio	2022	5	0	0	0	0	5
	2023	5	0	0	0	2	3
	2024	3	0	0	0	0	3
Oregon	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	4	0	0	4
Texas	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
Utah	2022	0	0	2	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	2	0
Washington	2022	7	0	0	0	0	7
	2023	7	1	0	0	0	8
	2024	8	0	1	0	0	9

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets <sup>(1)(2)</sup>	2022	24	0	8	0	0	32
	2023	32	5	1	3	2	36
	2024	36	2	7	0	2	43

Table No. 5

Projected Openings as of  
December 31, 2024

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	0	2	0
Connecticut	0	1	0
Florida	0	2	1
Georgia	0	1	0
Indiana	0	1	1
Michigan	0	1	1
New Jersey	0	2	0
New York	0	2	0
Ohio	0	2	0
Pennsylvania	0	1	1
Texas	0	2	1
Total	0	17	5

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit C. The name and last known address and telephone number of every current franchisee and every franchisee who has had a Skyhawks Franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period ending December 31, 2024, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document is listed in Exhibit C. During the last three fiscal years, current and former franchisees have signed confidentiality clauses restricting their ability to speak openly about their experiences with Skyhawks Businesses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experiences with Skyhawks. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. If you buy a Skyhawks Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be

included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

## **ITEM 21 FINANCIAL STATEMENTS**

Exhibit A contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements as of December 31, 2024, December 31, 2023 and December 31, 2022. Our fiscal year end is December 31<sup>st</sup>.

## **ITEM 22 CONTRACTS**

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit B	Franchise Agreement
Exhibit E	State Addenda and Agreement Riders
Exhibit G	Contracts for use with the Skyhawks Franchise

## **ITEM 23 RECEIPT**

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

**EXHIBIT A**  
**FINANCIAL STATEMENTS**



# SKYHAWKS FRANCHISE GROUP, LLC

## FINANCIAL STATEMENTS

### WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2024, 2023, AND 2022



# SKYHAWKS FRANCHISE GROUP, LLC

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### ***Independent Auditor's Report***

To the Member  
Skyhawks Franchise Group, LLC  
Spokane, Washington

#### ***Opinion***

We have audited the accompanying financial statements of Skyhawks Franchise Group, LLC, which comprise the balance sheets as of December 31, 2024, 2023, and 2022, and the related statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skyhawks Franchise Group, LLC as of December 31, 2024, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report Date***

The effective date of this report is April 17, 2025. The opinion was revised on August 25, 2025 to reflect removal of a restriction on the use of the report. No other changes to the report were made.

Kezas J Dinkley

St. George, Utah  
April 17, 2025

# SKYHAWKS FRANCHISE GROUP, LLC

## BALANCE SHEETS

As of December 31, 2024, 2023, and 2022

	2024	2023	2022
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 49,812	\$ 908	\$ 973,664
Accounts receivable, net	336,271	502,965	611,825
Prepaid expenses	-	10,000	-
Related party receivable	3,887,227	4,572,537	2,608,919
Total current assets	4,273,310	5,086,410	4,194,408
Non-current assets			
Property and equipment, net	6,320	9,886	13,649
Intangible assets, net	141,615	170,870	202,759
Goodwill, net	337,047	446,109	555,172
Total non-current assets	484,982	626,865	771,580
Total assets	\$ 4,758,292	\$ 5,713,275	\$ 4,965,988
<b>Liabilities and Member's Equity</b>			
Current liabilities			
Accounts payable	\$ 53,205	\$ 20,835	\$ 46,470
Overdraft liability	-	4,858	-
Deferred revenue, current	188,032	253,026	255,448
Total current liabilities	241,237	278,719	301,918
Non-current liabilities			
Deferred revenue, non-current	442,199	468,114	1,080,770
Total liabilities	683,436	746,833	1,382,688
Member's equity	4,074,856	4,966,442	3,583,300
Total liabilities and member's equity	\$ 4,758,292	\$ 5,713,275	\$ 4,965,988

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

**SKYHAWKS FRANCHISE GROUP, LLC**  
**STATEMENTS OF OPERATIONS**  
For the years ended December 31, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenue			
Franchise sales	\$ 182,208	\$ 282,375	\$ 174,386
Royalty income	860,125	1,173,858	746,608
Program equipment	198,160	308,271	224,045
Other franchise fees	<u>318,032</u>	<u>169,252</u>	<u>198,777</u>
Total operating revenue	1,558,525	1,933,756	1,343,816
Cost of goods sold	<u>138,699</u>	<u>241,899</u>	<u>161,587</u>
Gross profit	<u>1,419,826</u>	<u>1,691,857</u>	<u>1,182,229</u>
Operating expenses			
Professional fees	39,275	25,761	28,606
General and administrative	64,378	12,944	13,750
Advertising and marketing	34,986	60,074	66,586
Bad debt expense	201,266	190,245	50,370
Amortization	138,318	140,951	183,117
Depreciation	<u>3,566</u>	<u>3,763</u>	<u>4,766</u>
Total operating expenses	<u>481,789</u>	<u>433,738</u>	<u>347,195</u>
Net operating income	938,037	1,258,119	835,034
Non-operating income			
Interest income	<u>170,377</u>	<u>125,023</u>	<u>63,473</u>
Total non-operating income	<u>170,377</u>	<u>125,023</u>	<u>63,473</u>
Net income	<u><u>\$ 1,108,414</u></u>	<u><u>\$ 1,383,142</u></u>	<u><u>\$ 898,507</u></u>

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

**SKYHAWKS FRANCHISE GROUP, LLC**  
**STATEMENTS OF MEMBER'S EQUITY**  
For the years ended December 31, 2024, 2023, and 2022

Balance at January 1, 2022	\$ 2,684,793
Net income	<u>898,507</u>
Balance at December 31, 2022	3,583,300
Net income	<u>1,383,142</u>
Balance at December 31, 2023	4,966,442
Member distributions	<u>(2,000,000)</u>
Net income	<u>1,108,414</u>
Balance at December 31, 2024	<u><u>\$ 4,074,856</u></u>

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

**SKYHAWKS FRANCHISE GROUP, LLC**  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:			
Net income	\$ 1,108,414	\$ 1,383,142	\$ 898,507
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	138,318	140,951	183,117
Depreciation	3,566	3,763	4,766
Changes in operating assets and liabilities, net of effects from acquisition:			
Accounts receivable	166,694	108,860	(43,797)
Prepaid expenses	10,000	(10,000)	-
Accounts payable	32,370	(25,635)	40,068
Overdraft liability	(4,858)	4,858	-
Deferred revenue	(90,909)	(615,078)	(54,202)
Net cash provided by operating activities	<u>1,363,595</u>	<u>990,861</u>	<u>1,028,459</u>
Cash flows from financing activities:			
Change in related party note payable/receivable	685,309	(1,963,617)	(213,320)
Member distributions	(2,000,000)	-	-
Net cash used by financing activities	<u>(1,314,691)</u>	<u>(1,963,617)</u>	<u>(213,320)</u>
Net change in cash and cash equivalents	48,904	(972,756)	815,139
Cash and cash equivalents at beginning of period	908	973,664	158,525
Cash and cash equivalents at end of period	<u>\$ 49,812</u>	<u>\$ 908</u>	<u>\$ 973,664</u>
Cash paid for taxes and interest	\$ -	\$ -	\$ -

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

## SKYHAWKS FRANCHISE GROUP, LLC

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024, 2023, and 2022

(1) Nature of Business and Summary of Significant Accounting Policies

(a) *Nature of Business*

Skyhawks Franchise Group, LLC (the Company) was incorporated on February 8, 2007, under the laws of the State of Washington as Skyhawks Franchise Group, Inc (the Predecessor). On January 30, 2018, the Company was converted to a Delaware limited liability company by virtue of merging Skyhawks Franchise Group, Inc. into Skyhawks Franchise Group, LLC. Subsequent to the merger, in February 2018, Skyhawks Franchise Group, LLC (the surviving entity) was acquired by Blue Star Sports pursuant to a Securities Purchase Agreement dated February 2, 2018. As a result of the transaction, the Company is now a wholly-owned subsidiary of SPay, Inc. dba Blue Star Sports, and results of operations for the Company are included in Blue Star Sport's consolidated financial statements from the date of acquisition.

The Company was formed to organize and operate franchises under a Skyhawks trademark license agreement. The license agreement grants the non-exclusive right and license to use and sublicense the Skyhawks trademark and the Skyhawks business systems and know-how regarding operation of Skyhawks franchises. Having provided an outstanding experience for over two million campers in the last 45 years, the Skyhawks model is a proven process and the Skyhawks trademark a nationally recognized symbol of excellence. Skyhawks franchises provide youth sports coaching services in addition to operating beginning and intermediary level sports camps and other programs for local schools, parks and recreation departments and other community-based organizations. The trademark license agreement is limited to the United States of America and Canada.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) *Accounting Standards Codification*

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) *Use of Estimates*

Management of the Company will make a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Significant items subject to such estimates and assumptions include valuation allowances for receivables. Actual results could differ from those estimates.

(d) *Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2024, 2023, and 2022, the Company had cash and cash equivalents of \$49,812, \$908, and \$973,664, respectively.

(e) *Concentration of Risk*

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

## SKYHAWKS FRANCHISE GROUP, LLC

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024, 2023, and 2022

(f) *Revenue Recognition*

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, royalties based on a percentage of gross revenues, and service fees.

*Product sales*

The Company sells products to its franchisees. Upon evaluation of the five-step process, the Company has determined that product sales are to be recognized upon the transfer of control to the customer, which is generally upon shipment.

*Royalty fees*

Upon evaluation of the five-step process, the Company has determined that royalty fees are to be recognized in the same period as the underlying sales.

*Initial Franchise Fees*

Initial franchise fees are recognized as the Company satisfies the performance obligation over the franchise term, which is generally 7 years.

(g) *Income Taxes*

The entity is structured as a limited liability company ("LLC") under the laws of the State of Delaware. A limited liability company is classified as a partnership for federal and state income tax purposes and, accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2024, the 2023, 2022, and 2021 tax years are subject to examination.

(h) *Accounts Receivable*

Trade receivables due from customers are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Trade receivables are stated at the amount billed to the customer, net the allowance for doubtful accounts. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

# SKYHAWKS FRANCHISE GROUP, LLC

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024, 2023, and 2022

These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses (“CECL”) model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

### (i) Goodwill and Intangible Assets

Intangible assets consist of franchise agreements, trademarks, and goodwill. The trademarks and franchise agreements are amortized over the expected useful life. The Company has recorded goodwill associated with the asset purchase agreement completed on January 24, 2019 and has elected to account for the goodwill under the private company guidelines in *ASC 350 – Accounting for Goodwill*. The goodwill will be amortized over a useful life of ten years and evaluated periodically for any indications of impairment.

### (j) Property and Equipment

In accordance with ASC 360, *Property, Plant and Equipment*, the Company accounts for property and equipment at cost less accumulated depreciation. Items in excess of \$1,000 that meet specific guidelines are capitalized. Expenditures for major renewals and improvements are capitalized. Minor replacements, maintenance, and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the result of operations for the respective period. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful lives for significant property and equipment categories are as follows:

Computer software	3 years
Office equipment	5 years
Furniture and fixtures	5 years

### (k) Advertising Costs

The Company's policy is to expense advertising costs when incurred. Advertising expenses for the years ended December 31, 2024, 2023, and 2022 were \$34,986, \$60,074, and \$66,586, respectively.

### (2) Accounts Receivable

As of December 31, 2024, 2023, and 2022, accounts receivable consisted of the following:

	2024	2023	2022
Accounts receivable	\$ 567,213	\$ 681,428	\$ 907,541
Allowance for doubtful accounts	(280,942)	(178,463)	(295,716)
Accounts receivable, net	\$ 286,271	\$ 502,965	\$ 611,825

# SKYHAWKS FRANCHISE GROUP, LLC

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024, 2023, and 2022

### (3) Property and Equipment

As of December 31, 2024, 2023, and 2022, property and equipment consisted of the following:

	2024	2023	2022
Internet domain	\$ 49,078	\$ 49,078	\$ 49,078
Equipment	1,333	1,333	1,333
Accumulated depreciation	(44,091)	(40,261)	(36,762)
Property and equipment, net	\$ 6,320	\$ 10,150	\$ 13,649

Depreciation for the years ended December 31, 2024, 2023, and 2022 was \$3,566, \$3,763, and \$4,766, respectively.

### (4) Goodwill and Intangible Assets

As of December 31, 2024, 2023, and 2022, intangible assets consisted of the following:

	2024	2023	2022
Franchise agreements	\$ 230,000	\$ 230,000	\$ 230,000
Trademarks	336,667	336,667	336,667
Accumulated amortization	(425,052)	(395,797)	(363,908)
	\$ 141,615	\$ 170,870	\$ 202,759

As of December 31, 2024, 2023, and 2022, goodwill consisted of the following:

	2024	2023	2022
Goodwill	\$ 1,090,623	\$ 1,090,623	\$ 1,090,623
Accumulated amortization	(753,576)	(644,514)	(535,451)
	\$ 337,047	\$ 446,109	\$ 555,172

Amortization expense for the years ended December 31, 2024, 2023, and 2022 was \$138,318, \$140,951, and \$183,117, respectively.

### (5) Deferred Revenue

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Skyhawks system for a period of 7 years. Under the Company's revenue recognition policy, the Company defers revenue over the life of the contract.

As of December 31, 2024, 2023, and 2022, the Company had the following deferred revenue:

	2024	2023	2022
Deferred revenue, current	\$ 188,032	\$ 253,026	\$ 255,448
Deferred revenue, non-current	442,119	468,114	1,080,770
	\$ 630,231	\$ 721,140	\$ 1,336,218

## SKYHAWKS FRANCHISE GROUP, LLC

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024, 2023, and 2022

#### (6) Related Party Transactions

A significant portion of the Company's receivables are collected by Skyhawks Sports Academy, Inc. When collected, the Company records a receivable from its affiliate. As of December 31, 2024, 2023, and 2022, the receivable from Skyhawks Sports Academy, Inc. was \$3,887,227, \$4,572,537, and \$2,609,183, respectively. The receivable accrues interest at 4% per annum. Interest income for the years ended December 31, 2024, 2023, and 2022 was \$170,377, \$125,023, and \$63,473, respectively.

#### (7) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts that unfavorable disposition, if any, would not have a material effect on the financial position of the Company. Accordingly, no provision for any contingent liabilities that may result has been made in the accompanying financial statements.

#### (8) Subsequent Events

Management has reviewed and evaluated subsequent events for potential recognition or disclosure through April 17, 2025, the date on which the financial statements were issued.

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**EXHIBIT B**



**SKYHAWKS FRANCHISE GROUP, LLC**

**FRANCHISE AGREEMENT**

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### **ATTACHMENTS:**

Attachment A	Franchise Data Sheet
Attachment B	Owners Agreement
Attachment C	Statement of Ownership

## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Franchise Agreement”) is made and entered into by and between Skyhawks Franchise Group, LLC, a Delaware limited liability company, with its principal business address at 1826 E. Sprague Avenue, Spokane, Washington 99202 (“Franchisor,” “we,” “our” or “us”), and the Franchise Owner identified on Attachment A of this Franchise Agreement, (“Franchisee,” “you” or “your”), as of the date listed in Attachment A (the “Effective Date”).

### Recitals

**WHEREAS**, we offer franchises for “Skyhawks Businesses.” Skyhawks Businesses provide camps, classes/enrichment programs, birthday parties, after school programs, classes/clinics and leagues in baseball, basketball, cheerleading, flag football, golf, hockey, lacrosse, soccer, track & field, tennis and volleyball using a proprietary system, (each a “Program”).

**WHEREAS**, we will use the term “Program” in this Franchise Agreement to refer to each of the specific modules that you and we have agreed that you would provide from the then-current list of modules.

**WHEREAS**, Skyhawks Businesses are operated under our proprietary system (“System”). The System consists of curriculum for each activity offered, marketing strategies, the technology to manage events, marketing and staff, and the brand standards (“Brand Standards,” as described in further detail below).

**WHEREAS**, the distinguishing characteristics of the System include the Trademarks, other marks and trade names, confidential operating procedures, confidential Franchise Operations Manual, standards and specifications for equipment, services and products, methods of service, management and marketing programs, and sales techniques and strategies. All of these distinguishing characteristics may be changed, improved, and further developed by Franchisor from time to time.

**WHEREAS**, Franchisor continues to use, develop and control the use of the Trademarks in order to identify for the public the source of services and products marketed under the System, and which represent the System’s high standards of quality, service and customer satisfaction.

**WHEREAS**, Franchisee acknowledges the benefits to be derived from being identified with the System, and also recognizes the value of the Trademarks and the continued uniformity of image to Franchisee, Franchisor, and other franchisees of Franchisor.

**WHEREAS**, Franchisee acknowledges the importance to the System of Franchisor’s high and uniform standards of quality, service and customer satisfaction, and further recognizes the necessity of opening and operating a Skyhawks Business in conformity with the System.

**WHEREAS**, Franchisee recognizes that in order to enhance the value of the System and goodwill associated with it and the Trademarks, this Franchise Agreement places detailed obligations on Franchisee, including strict adherence to Franchisor’s reasonable present and future requirements regarding the types of products sold, services offered, advertising used, operational techniques, marketing and sales strategies and related matters.

**WHEREAS**, we previously offered separate SuperTots franchises that franchisees could purchase as a standalone business or combined with a Skyhawks Business. Skyhawks Businesses are now able to offer SuperTots programs in their Skyhawks Businesses without have to pay a separate fee.

**WHEREAS**, Franchisee is aware of the foregoing and is desirous of obtaining the right to use the System and in association therewith, the right to use the Trademarks, and wishes to be assisted, trained, and franchised to operate a Skyhawks Business pursuant to the provisions and within the Territory specified in this Franchise Agreement, subject to the terms and conditions contained in this Franchise Agreement.

## **SECTION I DEFINITIONS**

In addition to capitalized terms defined elsewhere in this Franchise Agreement, the following terms shall have the meaning assigned to them as follows:

**“Affiliate”** means each and every entity that controls, is controlled by, or is under common control with, a party to this Franchise Agreement.

**“Assets”** mean the Skyhawks Business, including all inventories, supplies, furnishings, equipment, fixtures, land, buildings, and improvements; and other assets essential to the business operation.

**“Brand Building Fund”** means the separate fund used by us for the purposes specified in this Franchise Agreement. The Brand Building Fund is not a trust or escrow account, and is managed by us, in our sole discretion. We have not yet established a Brand Building Fund.

**“Brand Standards”** means, collectively, our Skyhawks brand, valuable know how, information, Trade Secrets, methods, Franchise Operations Manuals, standards, designs, methods of Trademark usage; copyrightable works, products and service sources and specifications, proprietary software, confidential electronic and other communications, methods of Internet usage, marketing programs, technology programs, supplier programs, and research and development connected with the operation and promotion of the Skyhawks Business; all as developed or modified by us or our affiliates at any time. You acknowledge that the Brand Standards are not generally known and are beyond your present skills and experience, and that to develop the Brand Standards would be expensive, time consuming and difficult. All such modifications become property of Franchisor or our affiliates. We will use the term **“Brand Standards”** in this Franchise Agreement to refer to the specific proprietary and confidential methods of operation that we permit you to use, depending on the modules that you and we agree that you will provide.

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

**“Gross Revenue”** means the total selling price of all services and products sold at or from or through your Skyhawks Business, including the full redemption value of any gift certificate or coupon sold for use by the Skyhawks Business and all income, revenue, and consideration of every other kind and

nature related to the Skyhawks Business operation, whether for cash or credit and regardless of collection in the case of credit, and including all proceeds from any business interruption insurance. Gross Revenue do not include: 1) any tax imposed by any federal, state, municipal, or other governmental authority directly on sales and collected from customers, provided the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority; and 2) all customer refunds, valid discounts and coupons, and credits made by the Skyhawks Business (exclusions will not include any reductions for credit card user fees, returned checks, or reserves for bad credit or doubtful accounts). Gross Revenue shall be deemed received by you when the services or products from which they were derived are delivered or rendered or when the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) has been received by you. Gross Revenue consisting of products or services shall be valued at the retail prices applicable and in effect when they are received.

"Internet" means one or more local or global interactive communications media, that is now available, or that may become available, and includes Web sites and use of domain names. Unless the context otherwise indicates, Internet includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.

"Manual" or "Franchise Operations Manual" means our confidential: (i) manual or manuals, and (ii) any Intranet or password protected portion of an Internet site; and (iii) any embodiment of the Brand Standards, including notices of new standards and techniques; (iv) technical bulletins, or other written materials covering the proper operating and marketing techniques of the Skyhawks Business; and (iv) any amendments, supplements, derivative works, and replacements; whether embodied in electronic or other media.

"Premises" means the site from which you operate your business, and may include your home. The Premises is described on Attachment A.

"Regional Marketing Cooperative" means regional or local group of franchisees of the Skyhawks Business organized to increase the business and promote market recognition of the Skyhawks Business in the relevant region or local area.

"Skyhawks Franchise" means a franchise for the Skyhawks Business.

"Territory" means the territory described in Attachment A to this Franchise Agreement, subject to any reservations or exceptions in this Franchise Agreement.

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

"Transfer" means to voluntarily or involuntarily transfer, assign, sell, or encumber: any interest in or ownership or control of the Skyhawks Business; or of substantial assets of the Skyhawks Business; or of this Franchise Agreement.

"Trademarks" means "Skyhawks Sports," "SuperTots" and our owned or licensed trade names, trademarks, service marks, logos, decor, trade dress, lay out, and commercial symbols, and similar and related words or symbols, now or in the future associated with us, you, the Brand Standards or the Skyhawks Business.

## SECTION II GRANT OF SKYHAWKS FRANCHISE

2.1 General Grant. We grant to you an exclusive license to operate a Skyhawks Business in the Territory during the term of this Franchise Agreement, provided that you are not in default of your obligations under this Franchise Agreement, and subject to certain reservations and exceptions in this Franchise Agreement. You may face competition from other franchisees or Skyhawks Businesses, from outlets that we own or from other channels of distribution or competitive brands that we control. We will not modify your Territory during the term of the Franchise Agreement without your consent.

2.2 Territory; Reserved Rights. You may operate the Skyhawks Business only from within the Territory. You may not operate the Skyhawks Business or offer any Program outside of your Territory. The Premises may be your home, provided that there shall be reasonably sufficient storage space at the Premises or at a nearby storage facility for sports equipment, marketing materials, athletic clothing, and other sports gear. Subject to Section 2.9, you may relocate the Premises with our prior written approval, which approval shall not be unreasonably withheld, provided that Franchisee shall be solely responsible for selection of such new location, negotiation of any lease, and all associated expenses. Our acceptance of your Premises shall not constitute, nor be deemed, a judgment or guaranty as to the likelihood of success of a Skyhawks Business at such location, or a judgment as to the relative desirability of such location in comparison to other locations within the Territory. You agree to fully de-identify any Premises you relocate from and no longer utilize.

We offer two different tiers of Territory based on the total population size. A “Tier 1 Territory” has a population of more than 250,000 persons. A “Tier 2 Territory” has a population of between 150,000 and 250,000 persons.

2.3 Exclusivity Exceptions. Other than as stated above, the Franchise is non-exclusive, and we and our affiliates retain all rights not expressly granted to you. For example, we have the right to:

- (i) to own, franchise, or operate Skyhawks Franchises at any location outside of the Territory, regardless of the proximity to your Territory;

- (ii) to use the Trademarks and the System to sell any products or services, the same as or similar to those which you will sell, through any alternate channels of distribution within or outside of the Territory. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce; unless we agree in writing otherwise;

- (iii) to use and license the use of other proprietary and non-proprietary marks which are not the same as or confusingly similar to the Trademarks, whether in alternative channels of distribution or in the operation of a business offering services and products similar to those offered by your Skyhawks Businesses, at any location, including within the Territory, which may be similar to or different from the Skyhawks Business operated by you;

- (iv) to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory, provided that in such situations the newly acquired businesses may not operate under the Trademarks in the Territory;

(v) to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs; and

(vi) to engage in any other business activities not expressly prohibited by this Franchise Agreement

2.4 Catalog Sales; Wholesale; Internet, Retail, Clothing and Sports Gear. The following are channels of distribution reserved exclusively to us: catalog, wholesale, Internet, and retail sales of clothing, merchandise and sports equipment and gear. You may not market or sell products or services related to the Skyhawks Business through these channels, unless such marketing or sale is sponsored by us and approved in writing by us. We are not required to pay you if we exercise any of our rights within your Territory. We do not pay compensation for soliciting or accepting orders inside your Territory, including orders accepted or solicited by other Skyhawks franchisees, or for exercising any of our rights within or outside of your Territory. You agree that you may face competition from us, from other franchisees and from other channels of distribution or competitive brands that we control within the Territory.

2.5 Marketing Outside Territory. You may not directly market to or solicit customers whose principal residence is outside your Territory. You must refer customers whose principal residences are located outside the Territory to us or other franchisees who have been granted franchise rights for that territory, including any inquiries for services to be provided outside your Territory; provided, however, you may service any customers who elect to purchase one of your Programs (regardless of where their principal residence is located). You may not advertise in any media whose primary circulation is outside your Territory, except with our prior written consent and with the consent of any franchisee whose territory is reached by the media. You may advertise in media whose circulation is primarily inside your Territory, even if it also reaches outside your Territory.

## 2.6 Internet.

(i) If you wish to advertise online, you must follow our online policy, which is contained in our Franchise Operations Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media and any social media use of the Marks or describing your Skyhawks Business by you must comply with our social media policies. You will not create any blogs or crowdfunding campaigns using the Marks or describing your Skyhawks Business without our written authorization. We may not allow you to independently market on the Internet or use any domain name, address, locator, link, metatag or search technique, with words or symbols similar to the Trademarks.

(ii) We intend that any franchisee website be accessed only through our home page. If we request, you will provide us content for our Internet marketing, and sign our Intranet and Internet usage agreements. We also retain the sole right to use the Trademarks on the Internet, including on Web sites, as domain names, directory addresses, metatags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our website. You must follow our policies concerning data collection and protection, if any and concerning privacy, including the policy described below. We may update and modify any franchisee website from time to time. You must promptly notify

us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on any franchisee website.

(iii) You agree to comply with all applicable international, federal, state and local laws pertaining to the privacy of customer, employee, and transactional information (“Privacy Laws”). You agree to research and proactively ensure that your Skyhawks Business is in compliance with Privacy Laws, which may vary depending on the location of your Skyhawks Business. You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (i) comply with the requirements of applicable law; (ii) immediately give us written notice of said conflict; and (iii) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

## 2.7 Trademarks.

(i) You will conduct and diligently promote the Skyhawks Business under the Skyhawks Trademarks and other trademarks we specify, throughout the term of this Franchise Agreement. You will follow our directions for use of the Trademarks.

(ii) Although you must use the Trademarks as your trade name, in the manner we specify, you must also have a separate business or entity name. You may not use the Trademarks or any similar marks or words in your business or entity name.

(iii) You must obtain our prior written approval for any use of any item of printed, audio, visual, Internet, electronic media, or multimedia material of any kind bearing any of the Trademarks, unless we supplied the item. You must follow our Trademark and copyright usage directions. You will indicate to third parties that the Trademark is “independently owned and operated,” that we own or have rights to the Trademarks, and that you use them under license.

(iv) You may not use the Trademarks in the sale of unauthorized services or products or in any manner we do not authorize. You may not use the Trademarks in any advertising for the transfer, sale or other disposition of your Skyhawks Franchise or any interest in the Skyhawks Franchise. If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Trademark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Trademark, or for your expenses of promoting a modified or substituted trademark or service mark.

(v) You must prominently display the Trademarks on or with Franchise posters and displays, service contracts, stationery, other forms we designate, and in the manner we prescribe; and to give any notices of trade and service mark registrations and copyrights that we specify.

2.8 Conditions. The rights granted to you in this Franchise Agreement are subject to the following obligations:

(i) You must convey to us any new developments or additional rights you acquire in using the Trademarks and Brand Standards.

(ii) Any documents, contracts, licenses, permits, and official documents will be in your separate business name, and if they refer to the Trademarks, will state that your Trademark use is limited by this Franchise Agreement.

(iii) We will defend you against any claim brought against you by a third party that your use of the Trademarks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will control any proceeding or litigation relating to our Trademarks. We have no obligation to pursue any infringing users of our Trademarks. If we learn of an infringing user, we will take the action appropriate that we determine in our discretion is appropriate under the circumstances, but we are not required to take any action if we do not feel it is warranted. You must not directly or indirectly contest our right to the Trademarks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees. You must notify us within three days if you learn that any party is using the Trademarks or a trademark that is confusingly similar to the Trademarks or if a party alleges that your use of the Trademarks infringes another party's rights. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

(iv) We and our affiliates own the Trademarks and all goodwill associated with the Trademarks, and all other Confidential Information, including Trade Secrets. Your non-exclusive right to use the Trademarks is derived solely from this Franchise Agreement, and is limited to conducting business in compliance with the Franchise Agreement and all applicable standards, specifications, and operating procedures we prescribe. Any unauthorized use of the Trademarks by you will constitute an infringement of our rights in the Trademarks. Your use of the Trademarks and any goodwill established by them will be for our exclusive benefit, and this Franchise Agreement does not confer any goodwill or other interests in the Trademarks upon you. All rights and goodwill from the use of the Trademarks accrue to us. All provisions of this Franchise Agreement applicable to the Trademarks will apply to any additional proprietary trade and service marks and commercial symbols authorized for use by, and licensed to you under, this Franchise Agreement.

(v) You must keep the Brand Standards, the System and Franchise Operations Manual confidential, and not disclose them other than to your employees and only to the extent necessary for those employees to perform authorized duties. You must follow our security procedures, which include the execution of approved non-disclosure agreements, and Intranet, Extranet and Internet usage agreements, by you and any employee or agent allowed access to any Confidential Information. Unauthorized use of the Franchise Operations Manual, the System and the Brand Standards will constitute a breach of this Franchise Agreement and an infringement of our proprietary rights, including Trade Secrets and copyrights. The signed original non-disclosure agreements must be delivered to us within one week of any access of any person to Confidential Information. You must promptly tell us when you learn about unauthorized use of our proprietary information.

(vi) You acknowledge and authorize us to use your likeness in a photograph in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish or distribute any photograph of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph of you. You agree to hold harmless and forever discharge us from all claims, demands and causes of action which you may have in connection with this authorization.

## 2.9 Opening/Premises.

(i) You are required to open for business within three months after signing the Franchise Agreement unless written approval is granted or we may terminate the Franchise Agreement. You may not open your Skyhawks Business until: (1) Franchisor notifies Franchisee in writing that all of Franchisee's obligations have been fulfilled; (2) the Initial Training Program has been completed to Franchisor's satisfaction; (3) all amounts due to Franchisor have been paid; (4) Franchisor has been furnished with copies of all insurance policies and certificates required hereunder, or other documentation of insurance coverage and payment of premiums that Franchisor may request, in Franchisor's discretion; (5) Franchisee notifies Franchisor that all approvals and conditions required by this Franchise Agreement have been met; (6) Franchisee has obtained all necessary permits and licenses; (7) Franchisee has provided Franchisor with a fully executed copy of the Lease (if any) for the Premises; and (8) Franchisee has ordered, received and installed all equipment, supplies and computer hardware and software required by Franchisor. Franchisee shall begin operating the Skyhawks Business after Franchisor determines the Skyhawks Business is ready for opening.

(ii) You may operate out of your home, and we recommend that you do so initially. If you nevertheless choose to lease the Premises, it must be upon terms approved by us in writing, of which approval shall not be unreasonably withheld. You will deliver to us any and all information relating to any proposal site we reasonably request, and a copy of the proposed lease, for our review at least twenty days before any proposed lease signing date.

2.10 Telephone and Directories. You must have a separate business telephone number. All telephone numbers, email address, and listings of other kinds for the Skyhawks Business are our property, and will revert to us on termination or expiration of this Franchise Agreement, at our option.

## **SECTION III FRANCHISOR'S DUTIES**

3.1 Operation and Manuals. We will continue our efforts to develop the Brand Standards. We will make available to you on our website one copy of the confidential Franchise Operations Manual for the initial franchisee training session and if you satisfactorily complete training, for the term of this Franchise Agreement. You must keep the Franchise Operations Manual secured and may not make copies of it without our express approval. We maintain our Franchise Operations Manual, relating to product and service development and improvement, on a password-protected portion of our website on the Internet. You acknowledge that your compliance with the Franchise Operations Manual is vitally important to us and other franchisees and is necessary to protect our reputation and the goodwill of the Trademarks and to maintain the uniform quality of operation through the System. However, while the Franchise Operations Manual is designed to protect our reputation and the goodwill of the Trademarks, it is not designed to control the day-to-day operation of your Skyhawks Business.

3.2 Equipment; Inventory; Advertising; Services. We may, but are not required to, modify, update or change the System and Brand Standards, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, advertising, new products, new equipment, new services or new techniques. We may negotiate with suppliers. We will specify or approve/disapprove certain goods and services used in the Skyhawks Business, as provided elsewhere in this Franchise Agreement. If a change is made, we will use our best efforts to provide reasonable notification and time to enact the changes. We may negotiate marketing programs with suppliers and obtain advertising allowances for doing so.

3.3 Franchisor's Right to Delegate to Designee. You agree that we have the right to delegate to third-party designees or our Affiliates, whether these designees are our agents or independent contractors with whom we have contracted: (1) the performance of any portion or all of our obligations under this Franchise Agreement; and (2) any right we have under this Franchise Agreement. If we do so, such third-party designees will be obligated to perform the designated functions for you in compliance with this Franchise Agreement.

3.4 Improvements. During the term of this Franchise Agreement, any improvements or additions to the Brand Standards, System, Confidential Information, Trade Secrets, website or any other documents or information pertaining to or relating to the Skyhawks Business (including all data that you collect, create, provide or otherwise develop (including all customer information)), or any new trade names, trade and service marks, logos, or commercial symbols related to the Skyhawks Business or any advertising and promotional ideas or inventions related to the Skyhawks Business (collectively, the "Improvements") that you conceive or develop shall become our property. You agree to assign and do hereby assign to us, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. You shall fully disclose the Improvements to us, without disclosure of the Improvements to others, and shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by us and all other Skyhawks Business franchisees without any obligation to you for royalties or other fees. We may, at our discretion, apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and you shall cooperate with us in securing such rights. We may also consider such Improvements as our property and Trade Secrets. In return, we shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by you or any other person or entity retained or employed by you are our property, and we shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act and, to the extent the materials are not works made for hire or rights in the materials do not automatically accrue to us, you irrevocably assign and agree to assign to us, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such materials, which you and the author of such materials warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements as required in this Section.

3.5 Initial Training. Our initial training program (the "Initial Training") may be conducted 100% virtually or we may require you to attend a portion of the Initial Training at our headquarters or at another location of our choosing. We will provide the Initial Training at our cost to up to three attendees, so long as they all attend the same training session, and you shall be responsible for the costs and fees associated with the Initial Training of the remaining attendees. You (if you are an individual) or your Managing Owner (as defined in 6.1(l)) (if you are an entity) and if applicable, your Designated Manager (as defined in Section 6.1(l)) must attend and successfully complete the Initial Training to our satisfaction before you open your Skyhawks Business. The Initial Training will last approximately two days but the actual time will depend on the number and experience of the attendees. The Initial Training will take place after the Effective Date but before the commencement of the operation of the Skyhawks Business. We reserve the right to vary the length and content of the Initial Training as we deem appropriate in our sole discretion based on the experience of the attendee. We shall determine the scheduling, exact duration, contents and manner of the Initial Training in our discretion and may delay your attendance until a suitable time near the grand opening date for your Skyhawks Business in our discretion.

3.6 Post-Opening Initial Training. After you successfully complete the Initial Training Program, and after you open your Skyhawks Business, we will provide up to two days total with you

either in-person in your Territory or such other location that we designate or virtually to train and assist you in marketing and operating the services of your Skyhawks Business, and up to two days total with you either in-person in your territory(ies) or such other location that we designate or virtually to assist you in the training of your staff. If you have purchased one Skyhawks Business, and you purchase a second Skyhawks Business at a later time, this additional training will be held at our then-current corporate office or other location that we designate or be provided as virtual support, and will last up to one day. Upon completion of this training, we will provide you with a written report containing required action plans based on performance observed by our personnel during the training period.

You will not receive any compensation or reimbursement for services or expenses for participation in the Initial Training Program or the training described above. You are responsible for all your expenses to attend any training program, including lodging, transportation, food and similar expenses. We provide the Initial Training Program and the training described above at no charge for up to three people. You must pay the then current fee (currently \$300 per day), plus travel and other expenses, for training each additional person.

3.7 Additional Training. You may request additional training, training for newly-hired personnel, refresher training courses, and additional or special assistance or training at our then-current rate, which is presently \$300 per day, plus travel and other expenses.

3.8 Ongoing Training. You, your Managing Owner, your Designated Manager or your other managers, may be reasonably required to participate in various training courses we periodically require, including refresher training every year, at a location designated by us. You must complete to our satisfaction such refresher training every year during the term of this Franchise Agreement. We may also require you or your manager to complete additional or advance training at your expense. If we conduct an inspection of your Skyhawks Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your Skyhawks Business) at your cost.

3.9 Convention; Staff and Training Program. In addition to participating in ongoing training: (a) each year you will be required to attend an annual meeting of all franchisees and pay a convention fee if we hold an annual meeting of all franchisees; and (b) during the first year after you open for business, you will required to have at least one employee (but up to ten employees) attend at least one of our staff and program training sessions (the “Staff and Program Training”), and pay a per-person program fee. We estimate the convention will be no longer than five days per year and the Staff and Program Training will be no longer than three to five days per year. For all ongoing training, including annual meetings/conventions and Staff and Program Training, you are responsible for all travel and expenses for your attendees. We may preclude you from attending an annual conference if you have had two notices of default within 12 months prior to any annual conference or if you are in default at the time of the annual conference. For any convention fees, the fee is due regardless of whether or not you attend our annual convention in any given year. In addition to the convention fee, we will charge you our then-current absentee fee (currently \$500 per person), for each person that fails to attend the annual conference/convention.

3.10 Other Assistance.

(i) At your request and at your cost (see Section 6.1 below), we will assist you in planning and provide your initial and ongoing supplies for the Programs.

(ii) We will not provide direct financing to you.

(iii) Upon reasonable request, continue to consult with and advise you on your Skyhawks Business. Advice will be given during our regular business hours and via the Franchise Operations Manual or other written materials, electronic media, telephone, or other methods in our discretion. At least once per full calendar year, we or one of our affiliates or designees may visit one of your Programs or, at our option, require you to send us a detailed video of a Program. We will provide supplier, product, and marketing updates as they become available.

## **SECTION IV FRANCHISEE'S DUTIES: FEES AND ROYALTIES**

### **4.1 Initial Franchise Fee and Additional Territory Fees.**

4.1.1 You will pay us a non-refundable initial franchise fee ("Initial Franchise Fee") upon signing this Franchise Agreement in the amount set forth in Attachment A. The amount of your Initial Franchise Fee will depend upon whether you purchase a Tier 1 Territory or a Tier 2 Territory or any additional territory, and whether you are entitled to any discounts as described in our Franchise Disclosure Document. The Initial Franchise Fee is fully earned upon payment, and is non-refundable under any circumstances except as expressly set forth below in this Section 4.1.1. If you fail to open your Skyhawks Business and conduct at least one Program within three months after signing the Franchise Agreement, or if you do not complete the Initial Training to our satisfaction, we may terminate the Franchise Agreement and refund the Initial Franchise Fee and any Additional Territory Fee (which you may have paid under an Additional Territory Addendum), less an administrative fee of 25% of the sum of the Initial Franchise Fee and any Additional Territory Fees to cover training, legal, lost opportunity and other costs. You will be required to sign a mutual release agreement releasing both parties from all claims that may exist between the parties as a condition to receiving the refund and you will be bound by all post termination covenants in the Franchise Agreement, including the covenant not to compete. You will also be required to pay us the Program Supplies Fees (as described in Section 6.1 below).

4.1.2 If you purchase a Skyhawks Franchise with a Tier 1 Territory, you may purchase one or more additional territories (each an "Additional Territory") at the time that you sign this Franchise Agreement, subject to our approval and the availability of any Additional Territories. For each Additional Territory, you shall pay us the then-current fee for additional territories ("Additional Territory Fee"), and sign an "Additional Territory Addendum" (the current form of which is included in Exhibit G of the Franchise Disclosure Document) for each additional territory. You shall owe an additional Minimum Royalty for each Additional Territory you purchase.

4.2 Royalties. Beginning in the month you open for operations, you must pay us royalties ("Royalties") which are due on or before the tenth day of each calendar month (for the preceding month). For each Skyhawks Franchise in the Territory under this Franchise Agreement and for each Additional Territory: 1) your Royalty during the first six months of operations will be the Percentage Royalty, identified below; and your Royalty beginning in the seventh month following the start of operations for the remaining term of the Franchise Agreement will be the greater of the monthly minimum royalty listed below ("Minimum Royalty") or the "Percentage Royalty". Beginning in month seven, you will be required to make a minimum monthly royalty payment ("Minimum Monthly Payment") as listed in the chart below for each Skyhawks Franchise that you purchase under this Franchise Agreement, and for each Additional Territory.

Tier 1 Territory or Additional Territory\*

Year	Minimum Monthly Payment	Minimum Royalty Per Quarter
2 <sup>nd</sup> half of Year 1	\$500	\$1,500
Year 2	\$700	\$2,100
Years 3	\$900	\$2,700
Years 4+	\$1,100	\$3,300

\*You will owe the Minimum Monthly Payment beginning in the 2<sup>nd</sup> half of Year 1 for each territory that you operate

Tier 2 Territory

Year	Minimum Monthly Payment	Minimum Royalty Per Quarter
2 <sup>nd</sup> half of Year 1	\$250	\$750
Year 2	\$350	\$1,050
Years 3	\$450	\$1,350
Years 4+	\$550	\$1,650

The Percentage Royalty is based on your Gross Revenue in a calendar year:

Gross Revenue in a Calendar Year	Royalty Fee Equal to Percentage of Gross Revenue
Less than \$500,000	9%
\$500,000 - \$699,999	8%
\$700,000 - \$899,999	7%
\$900,000 - \$1,199,999	6%
\$1,200,000+	5%

The Percentage Royalty identified in this chart applies to that portion of your Gross Revenue for each column. For example, if your Gross Revenue are less than \$500,000 in a given calendar year, you would still pay a Percentage Royalty of 9% (or the Minimum Royalty, whichever is greater) on the first \$500,000 of Gross Revenue for that year. If you own additional adjacent territories, you may use the cumulative Gross Revenue for the adjacent territories for purposes of calculating the Percentage Royalty during each calendar year.

We will not begin to collect the Minimum Royalty until six months after you sign the Franchise Agreement. Once we begin collecting the Minimum Royalty, the Minimum Monthly Payment will be deducted using EFT. After each quarter, we will reconcile the Minimum Monthly Payments paid against the actual Royalties earned from the Gross Revenue for such quarter (the Percentage Royalty). We will bill you within 30 days of the end of each “Calendar Quarter” for any amounts that the Percentage Royalty for such quarter exceeds the Minimum Royalty. For purposes of the Franchise Agreement, a “Calendar Quarter” is a period of three consecutive months with the first quarter starting January 1st through March 31st, second quarter April 1st through June 30th, third quarter from July 1st through September 30th, and fourth quarter from October 1st through December 31st. If a Program for your Skyhawks Business is booked through and paid to us, we reserve the right to retain the Royalty (and any past-due Royalties owed to us) from the amounts paid for the Program and distribute the remaining balance to you. We will send bi-weekly checks each month for any Program booked through us. If we are required to refund a customer of your Skyhawks Business, we will either deduct the refund paid from the next registration booked with us or bill you at the end of the corresponding month and EFT debit the amount.

You will be required to pay us a payment service fee of up to 3% of the purchase if a program, party or business for your Skyhawks Business is booked through us or our corporate website which will be automatically deducted from your EFT account. Additionally, your customers will also pay our then-current program processing fee (currently, \$5 per program) to us as specified in the Franchise Operations Manual.

#### 4.3 Marketing and Advertising.

(i) Local Advertising. You must spend a minimum of 3% of your Gross Revenue every calendar quarter on local marketing in your Territory. Local marketing shall be implemented in a format and using materials and designs approved by us. All such expenditures will be reported to us at such times and in such manner as we may reasonably request, including by electronic means. If you fail to spend the minimum local advertising requirement in any period, you will be required to pay the difference between the amount you spent on local advertising each quarter and your required local advertising expenditure to us.

(ii) Grand Opening Marketing. You must execute an initial marketing and advertising program for the opening of your Franchise (“Grand Opening”) and use advertising, marketing, and public relations programs, firms, media, and materials as we direct in the Franchise Operations Manual. In addition to your Local Advertising obligation and any Brand Fund obligations, you must spend at least \$3,000 for your grand opening advertising during the period beginning after you sign this Franchise Agreement and up to 60 days after you begin operations.

(iii) Brand Building Fund. We currently have not established a Brand Building Fund but we reserve the right implement one in the future with a 30 days’ notice prior. We reserve the right to charge a fee of up to 2% of your Gross Revenue each month for this fund. Brand Building Fund fees will be due on the day that you pay Royalties to us. The fee will cover creation of marketing flyers, access to our marketing intranet and customization of marketing materials. Franchisees will pay Franchisor an hourly amount for any additional marketing services provided by the Franchisor at our then-current rate, currently \$85 per hour. The following provisions apply to the Brand Building Fund:

(a) We will direct all programs that the Brand Building Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. We will have complete discretion on how the Brand Building Fund will be utilized.

(b) We will account for the Brand Building Fund separately from our other funds and not use the Brand Building Fund for our general operating expenses.

(c) We do not have any fiduciary obligation for administering the Brand Building Fund. The Brand Building Fund may spend in any fiscal year more or less than the total Brand Building Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Brand Building Fund contributions to pay costs before using the Brand Building Fund’s other assets.

(d) We will prepare an annual, unaudited statement of Brand Building Fund collections and expenses and give you the statement within 45 days upon the receipt of a written request. We may have the Brand Building Fund audited annually, at the Brand

Building Fund's expense, by an independent certified public accountant. We may incorporate the Brand Building Fund or operate each through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section.

(e) We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Building Fund contributions at the Brand Building Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Brand Building Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Building Fund.

(f) We may at any time defer or reduce contributions of a Skyhawks Business franchise owner and, upon 30 days' prior written notice to you, reduce or suspend Brand Building Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Building Fund. If we terminate the Brand Building Fund, we will distribute all unspent monies to our franchise owners, and to us and our Affiliates, in proportion to their, and our, respective Brand Building Fund contributions during the preceding 12-month period.

(g) The Brand Building Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining a website that promotes Skyhawks Businesses and/or related strategies; administering regional and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

(h) The Brand Building Fund periodically may give you samples of advertising, marketing, and promotional formats and materials at no cost.

(i) We may use the Brand Building Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Brand Building Fund, the Brand Building Fund's other administrative costs, travel expenses of personnel while they are on Brand Building Fund business, meeting costs, overhead relating to Brand Building Fund business, and other expenses we incur in activities reasonably related to administering or directing the Brand Building Fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Building Fund contributions.

(j) We intend the Brand Building Fund to maximize recognition of the Trademarks and patronage of Skyhawks Businesses. Although we will try to use the Brand Building Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Skyhawks Businesses, we cannot ensure that Brand Building Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Building Fund contributions by contributors operating in that geographic area or that any contributor benefits directly or in proportion to its Brand Building Fund contribution from the development of advertising and marketing materials or the placement of advertising and marketing.

(k) Although we will endeavor to utilize the advertising expenditures to develop advertising and marketing materials and programs and to place advertising that will benefit all franchisees, we cannot ensure you that our expenditure of advertising fees in or affecting any geographic area or any particular Skyhawks Business will be proportionate or equivalent to the advertising fees paid to us by franchisees operating in that geographic area or that any franchisee will benefit directly or in proportion to the advertising fees it pays to us from the development of advertising and marketing materials or the placement of advertising.

(iv) Regional Marketing Cooperative. You may be required to participate in any local or regional advertising cooperative for Skyhawks Businesses that is established (the “Regional Marketing Cooperative”). The area of each Regional Marketing Cooperative will be defined by us, based on our assessment of the area. Each Skyhawks Business we own that exists within a Regional Marketing Cooperative’s area, if any, will contribute to the Regional Marketing Cooperative on the same basis as franchisees. If we require you to join a Regional Marketing Cooperative, then you must: join the Regional Marketing Cooperative; participate with other franchisees in the Regional Marketing Cooperative’s marketing programs; and pay your share of the Regional Marketing Cooperative’s marketing expense in an amount agreed to by the cooperative members, up to 2% of your Gross Revenue. Any payments you make for the Regional Marketing Cooperative’s marketing will be applied toward your required minimum local marketing expenditures, but will not affect your obligation to pay Brand Building Fund fees under this Franchise Agreement. If the amount you contribute to a Regional Marketing Cooperative is less than the amount you are required to expend for local marketing, then you shall nevertheless spend the difference locally. Members of the Regional Marketing Cooperative will be responsible for administering the cooperative including determining the amount of contributions from each member. We may require that each Regional Marketing Cooperative that exceeds five franchisee members must operate with governing documents. Each Regional Marketing Cooperative must prepare annual unaudited financial statements and such statements will be provided for review to each member of such Regional Marketing Cooperative. We reserve the right to form, change, dissolve, or merge any advertising cooperative formed in the future. If we elect to form such Regional Marketing Cooperatives, or if such Regional Marketing Cooperative already exist near your territory, you must participate in compliance with the provisions of the Franchise Operations Manual, which we may periodically modify in our discretion.

4.4 Other Advertising by Franchisee. If you want to independently advertise or promote in any media (including the Internet), you must obtain our prior written approval, except when using materials previously approved by us. All advertising, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we may require from time to time. You shall provide us with the proposed advertising, promotion, and publicity materials at least 30 days prior to the publication date for our approval, which approval we may withhold in our sole discretion. Such advertising, promotion and publicity materials shall be deemed disapproved by us if we do not approve them and notify you in writing within 30 days after receiving them from you. If you violate any provision of this Section, in addition to all other remedies available to us, you will pay us an unauthorized advertising fee of \$500 per occurrence.

4.5 Records and Reports. Upon our request, you must provide to us, at your expense and in a form acceptable to us, timely financial statements we specify, all prepared in accordance with generally accepted accounting principles, including the information described below. We may require you to consult with a certified public accountant designated by us to establish accounting and reporting formats

and procedures. You agree to comply with all reporting requirements we prescribe. In order for us to provide the most timely and useful information to the Skyhawks Businesses, it is essential that you collect certain information as soon as possible after the applicable accounting period closes. You agree to submit, based on the frequency we designate, completed relevant worksheets; payroll changes, and current hours worked; bank statements; manual check stubs with invoice copies; and any other documents required to properly record all transactions affecting the Skyhawks Business' financial activity. If you fail to provide any report or financial statements required under this Section when due, you shall incur a late fee of \$100 per occurrence plus \$100 per week until the applicable report is submitted. You agree at your expense to cause your public accountant and certified public accountant, if any, to consult with us concerning the records.

You agree to give us in the manner and format we prescribe from time to time:

(i) accurate records relating to the Skyhawks Business, including each business transaction, in the form, time, and manner we may reasonably require (including both paper copy and electronic records accessible by us).

(ii) all hard copies, and access to electronic reports, that we reasonably prescribe.

(iii) all financial reports in accordance with generally accepted accounting principles, consistently applied, and in a form approved by us. You must periodically deliver to us accounting, tax and other information (or copies of documents), as we reasonably request, including a monthly financial statement with profit and loss and balance sheet. You will provide us with a copy of your annual financial statements including a profit and loss statement and a balance sheet and containing complete notes and disclosures. Such annual financial statements shall be compiled or reviewed by an independent Certified Public Accountant and delivered to us within 90 days after your fiscal year end. In addition, we reserve the right to require you to use accounting specific software to prepare financial reports.

(iv) accurate records relating to the Skyhawks Business for a period of six years after the termination or expiration of this Franchise Agreement.

(v) a list of all holders of legal and beneficial interests in your business entity, together with a description and percentage of ownership amount, address, and telephone numbers, certified in writing as being accurate and complete in the form attached to this Franchise Agreement as Attachment C. If any of your general partners, officers, directors, or limited liability company managers cease to serve in that capacity, or if any individual is elected or appointed as a new general partner, officer, director, or limited liability company manager, you will notify us within ten days after the change. Any of your new owners must sign an Owners Agreement.

4.6 Audits. You will grant to us or our representatives access to your business and computer systems to examine or audit your business books and records, at any reasonable time with reasonable advance notice. We will pay for the audit, unless you fail to report as required or understate Gross Revenue by 2% or more for any reported time period, in which case you will pay the audit cost plus related accounting and legal expenses. You will immediately pay us all sums owed, including all understated amounts. We are also entitled to other remedies provided in this Franchise Agreement or by law.

4.7 Other Fees. You agree to pay all other fees and fines described in this Franchise Agreement, including the following:

(i) Technology Fees. You will be required to use a designated program registration and management system (the “Skyhawks Software”) for the operation of the Skyhawks Business. You will license the Skyhawks Software from our designated provider. The initial software license fee is included in the Initial Franchise Fee. You will pay us or our designee a monthly technology fee (“Technology Fee”) at our then-current fee (currently \$250 per month per Skyhawks Business) at the same time that you pay Royalties. We reserve the right to increase this fee in the event we offer updated, modified or additional software or technology. Franchisee will pay Franchisor an hourly amount for any additional technical services provided by the Franchisor at our then-current rate, currently \$85 per hour.

(ii) Taxes. You agree to reimburse us for any gross receipts, sales, use, income, withholding, or other tax assessed on royalties or other amounts payable by you to us, by state or local governments within which jurisdiction you do business.

(iii) Promotional Package Fee. We may put together promotional packages that will include specific promotional materials, which you will be required to provide to your participants. You will be required to prepay us for these purchases prior to shipping.

4.8 Method of Payment. You must make all payments to us on time as provided in this Franchise Agreement, and by any method we reasonably specify. We currently require you to pay fees and other amounts due to us via electronic funds transfer (“EFT”). We may collect some payments for Programs on your behalf and remit the balance to you (less any fees payable to us). We may withhold your royalty and additional past-due royalties owed to us for any booking made through our website. You are required to complete the EFT authorization (in the form attached to the Franchise Disclosure Document in Exhibit G) for direct debits from your business bank operating account. We have the right to periodically specify different payees and/or payment methods, such as, but not limited to, weekly payment, payment by credit card or payment by check, certified check, or money order. Certain indicated fees may increase over the term of the Franchise Agreement. We have the right to increase fees by a maximum of 15% per year, calculated cumulatively over the term of the Franchise Agreement. Additionally, we may also increase these fees by the amount of any increases in fees from third parties for the underlying products or services which will be added to the capped fee increase. We also have the right to make fee adjustments based on changes to the Consumer Price Index, as described below. All payments to us and dollar amounts stated in this Franchise Agreement are in United States dollars unless otherwise expressed. We reserve the right to charge a service fee of up to 3% for any payment paid to us or our Affiliates by credit card. We will automatically deduct from incoming registrations and add the service charge to you of up to 3% of the payment to the amount charged. All fees or payments made by you to us under this Franchise Agreement are not refundable under any circumstances, unless expressly provided otherwise herein.

4.9 Late Charges and Other Fees.

(i) Any payment not made by the due date will be deemed overdue. In the event of any overdue amounts, you will pay us, besides the overdue amount, a late payment charge of \$50 per occurrence plus interest on such amounts from the date such amount was due until paid, at a rate of 0.5% per week, or the maximum interest rate allowed by applicable law, whichever is less. Such interest will be in addition to any other remedies we may have under law or equity. We may debit your bank account automatically or deduct from amounts we owe you for service charges and interest. You agree that this Section is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of the Skyhawks Business.

(ii) If any check or EFT or other payment from you to us does not successfully convey the funds due to insufficient funds, stop payment instructions, or any similar event, you shall pay, upon demand, an insufficient funds fee of \$100 per occurrence. A charge of an insufficient funds fee more than once within any 12-month period will be a default under this Franchise Agreement.

4.10 Security Interest. As security for payment and satisfaction of all of your obligations under this Franchise Agreement, you hereby grant to us a continuing security interest in all of the Assets of the Skyhawks Business, wherever located, whether now owned, existing, acquired or arising after this date, together with all replacements, accessions, parts, proceeds, including insurance proceeds, bank accounts and proceeds of proceeds. Upon default by you in payment of all or any part of your indebtedness or liability to us, or in the performance or observance of this Franchise Agreement, we will have the rights and remedies of a secured party under the Uniform Commercial Code, or any equivalent state legislation. We may make any government filing to perfect this security interest at any time, and you will cooperate and sign any necessary documents to facilitate such perfection and enforcement. If you are in default, all debts then due and owing by you to us under this or any other present or future franchise agreement with us will, if we so elect, become immediately due and payable. If you are not in default, you may dispose of inventory and accounts receivable in the ordinary course of business. We will subordinate our security interest to that of a lender that provides financing to you for the purchase of such Assets.

4.11 CPI Adjustments to Fixed Fees. All fees are current as of the issuance date of the Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. Also, any fee expressed as a fixed dollar amount in this Franchise Agreement are subject to adjustment based on changes to the Consumer Price Index in the United States. We may periodically review and increase these fees based on changes to the Consumer Price Index (in addition to any other increase), but only if the increase to the Consumer Price Index is more than 5% higher than the corresponding Consumer Price Index in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one fee adjustment during any calendar year. Notwithstanding the foregoing, the fee adjustments in this Section shall not impact fees which we reserve the right to increase in higher amounts or to adjust more frequently, including but not limited to the Technology Fee.

## **SECTION V**

### **FRANCHISEE'S DUTIES: RELATIONSHIP OF PARTIES**

#### **5.1 Independent Contractor.**

(i) You are an independent contractor. The parties hereto are not agents, partners, joint venturers, beneficiaries or fiduciaries, of one another; and neither party will be bound or obligated by the other, except as set forth in this Franchise Agreement. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. You will be responsible for your

employees training, wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline and termination and for compliance with all workplace laws. Within seven days of our request, you and each of your employees will sign an employment relationship acknowledgment form stating that you alone are the employer and operate the Skyhawks Business. You will use your legal name on all documents for use with employees and contractors, including but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements and will not use the Marks on these documents. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

(ii) You will not permit the general public to confuse you with us. You will prominently state and show to the public that you are “independently owned and operated.”

5.2 Applicable Laws. You will comply with all applicable laws, regulations, and standards, including Anti-Terrorism Laws (defined below). In connection with that compliance, you certify, represent and warrant that none of your property or interests is subject to being blocked under, and that you and the owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti-Terrorism Laws” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, rules, regulations, policies, lists and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Franchise Agreement.

5.3 Licenses and Permits. You will pay for and obtain all governmental licenses and permits for the Skyhawks Business.

5.4 Taxes and Debts. You will promptly pay when due all taxes, fees, debts, expenses, and assessments of the Skyhawks Business, including payroll taxes. You will not permit a tax sale, seizure, levy, execution, bankruptcy, assignment of Assets for or by creditors, or similar action to occur.

5.5 Insurance.

(i) You must procure and maintain at all times during the term of this Franchise Agreement the following insurance policies for each Skyhawks Business:

(a) Comprehensive general liability insurance with a policy limit of \$1,000,000 per occurrence with a \$3,000,000 aggregate or such greater amount as we may reasonably specify, covering all claims for economic and property loss, injury, damage, death, and other losses arising directly or indirectly out of the Skyhawks Business. Franchisor must be named as an additional insured on a primary and non-contributory basis;

(b) Workers’ compensation insurance with a policy limit of \$1,000,000 per occurrence;

(c) any legally required insurance;

(d) Professional liability for coaches/trainers with a policy limit of \$1,000,000 per occurrence or such amount as we may reasonably specify;

(e) abuse and molestation coverage must be provided in the amounts of \$500,000 per claim / \$1,000,000 aggregate per occurrence or such amount as we may reasonably specify;

(f) commercial automobile liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000 per occurrence; and

(g) any other insurance we may reasonably require.

(ii) We may change these insurance requirements, upon reasonable notice to you, to conform to reasonable business practices. All liability insurance policies, except for employment liability insurance policies, must name us as additional insured, with waiver of subrogation by your insurance company against us. Each insurance policy required under this Franchise Agreement must contain a provision that the policy cannot be canceled, amended, renewed, or expired, without at least ten days' prior written notice to us. Before beginning operations, you will provide us with certificates of insurance from the insurer evidencing each policy. You must deliver a new certificate of insurance to us within ten days after the policy is issued, amended or renewed. If you breach these provisions, we may pay the premiums or acquire insurance, and bill you.

(iii) All policies must be issued by an insurance company rated not less than A or better as shown in the most recent issue of A.M. Best, and be satisfactory to us in form, substance and coverage.

(iv) You will notify us immediately in writing of any event that could materially affect you or the Skyhawks Business, and no later than the date on which you notify your insurance carrier.

(v) We make no representation or warranty that compliance with these insurance requirements will insure you against all insurable risks or losses. You must comply with any landlord or other third-party insurance requirement.

(vi) If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies including without limitation termination, we may (but need not) obtain such insurance for you and the Skyhawks Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs, and expenses we incur in obtaining and maintaining the insurance, plus a fee of 20% for our time incurred in obtaining such insurance.

(vii) Your compliance with insurance requirements will not relieve you of your liability under the indemnity provisions of this Franchise Agreement.

## 5.6 Warranties & Guarantees.

(i) We are not liable for any guarantee or warranty you make to a customer or other third party.

(ii) You will fully comply with any customer guarantee program we develop, if any. You will not misrepresent or omit to state any warranty or guarantee.

5.7 Indemnification. You and each owner of the Skyhawks Business will, severally and jointly, indemnify and hold us, and our officers, directors, employees, Affiliates, and agents, harmless against all claims, demands, actions, losses, damages, costs, suits, judgments, debts, losses, assessments, liens, legal and other fees and disbursements, penalties, expenses, and liabilities of any kind (including fees and costs incurred by us to recover amounts due to you on your behalf) arising directly or indirectly: out of or in connection with your Skyhawks Business; from your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding or ruling that we are an employer or joint employer of your employees, from actions or representations you make; from any damages for any loss resulting from a breach of data caused in whole or in part by you; and from your breach of this Franchise Agreement. You agree that your indemnification obligations under this Section shall expressly survive the termination, expiration, non-renewal or Transfer of this Franchise Agreement.

## **SECTION VI FRANCHISEE'S DUTIES: OPERATION**

### **6.1 Uniformity and Image.**

(i) Adherence to the Brand Standards, System and proper use of the Trademarks are essential to maintaining a uniform image and standards of the Skyhawks Business. You must conform to our standards and specifications, including those contained in the Franchise Operations Manual and in the System and Brand Standards. The required standards generally will be set forth in the Franchise Operations Manual or other written materials. The Franchise Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Trademarks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines. While you will manage your own operations and employees, you agree as follows:

(a) Trade Dress Updates. We may periodically require you, to renovate the trade dress used in connection with the Skyhawks Business, including the use of new color schemes, equipment, signage, or other visual elements.

(b) Signs and Advertising. You will prominently display the Trademarks on signs at Skyhawks Business sites and solely in the manner we authorize. Your office may be in your home, but you will obtain a separate phone number for the Skyhawks Business.

(c) Specifications. We normally set standards or specifications for equipment, inventory, Brand Standards, and other goods and services at our discretion, including our subjective determinations relating to quality, value, and appearance. You must comply with these. You must purchase all such goods and services, from approved suppliers or designated sources, and we and our Affiliates may be an approved supplier or may be the only approved supplier. If you are purchasing goods from us or our Affiliates, you will be required to prepay for such purchases. We may receive a profit

from any sale of goods or services to you. You agree to maintain an adequate inventory of all items in accordance with the Franchise Operations Manual.

(d) Rebate and Allowance. We may receive a rebate or allowance from suppliers for such purchases, which may, in our sole discretion, be passed on to you or contributed to the Brand Building Fund. Your supply sources must conform to our requirements. You will repair or replace equipment with equipment that meets our specifications.

(e) Operations. You will operate the Skyhawks Business in accordance with the Brand Standards and Franchise Operations Manual, as amended by us in our discretion. All changes that do not require expenditures by you must be adopted immediately upon notification. Those changes requiring expenditures over \$10,000 must be adopted within 90 days of notification.

(f) Referral. You must refer customers whose principal residence are located outside the Territory to us or other franchisees granted franchise rights for that territory, including any inquiries for services to be provided outside the Territory.

(g) Right of Entry and Inspection. We or our authorized agent or representative may attend any programs that you conduct and may enter the Premises during normal business hours with reasonable advance notice to you, to inspect the operations of the Skyhawks Business. Without any liability to you, we may confiscate any materials we, in our reasonable judgment, determine to be illegal or in violation of this Franchise Agreement. This section does not apply to any residential portion of the Premises not used in the Skyhawks Business.

(h) Uniforms. You will provide and will cause your coaches, directors, and employees to wear required uniforms, if any.

(i) Computer System. You must acquire, maintain, and upgrade computer, information processing, and communication systems pursuant to the Brand Standards and Franchise Operations Manual, including for accounting, recruiting, inventory control, and point of sales, and for all applicable hardware, software, and Internet and other network access providers, website vendors, and video conferencing, as we may prescribe (the “Computer System”). We require you to use our designated bookkeeping software, our designated online recruiting provider, and designated social media and digital marketing platforms. We will have the right to access, and you must ensure that we can access, at all times, all of the information and data and information stored on or processed by the Computer System. You must provide us with and update all usernames and passwords associated with any software used in the Skyhawks Business. You may incur additional costs or expenses to comply with our requirements related to the Computer System. You must comply with any separate software or other license agreement we or our designee uses in connection with providing these service disruptions.

The Computer System will manage the daily workflow of your Skyhawks Business, register your participants, market to them, report to us, and perform other functions. You must record all Gross Revenue on the Computer System. You must use the Computer System to track all online and offline registrations. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the

Gross Revenue of your Skyhawks Franchise. You must also maintain a high-speed Internet connection at the Skyhawks Business. In addition to offering and accepting Skyhawks gift cards and loyalty cards, you must use all payment vendors and accept all payment methods that we determine that we determine. We are not required to provide you with any installation, ongoing maintenance, repairs, upgrades, updates, or support for the Computer System. You must arrange for installation, maintenance, repairs, upgrades, updates and support of the Computer System at your cost. There are no limitations in regarding the costs of such required installation, support, maintenance, repairs, updates or upgrades relating to the Computer System.

We cannot estimate the cost of maintaining, updating or upgrading the Computer System or its components because it will depend on your repair history, costs of computer maintenance services in your area, and technological advances, which we cannot predict at this time. We may revise our specifications for the Computer System periodically. You must update, upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency or cost of this obligation.

You will be responsible for any increase in fees that result from any upgrades, modifications or additional systems or software and for any increases in fees from third-party vendors. We reserve the right to: (i) change or add approved suppliers or vendors of these services at any time, in our sole discretion; (ii) 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; (iii) create additional proprietary software or technology that must be used by our 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; and (iv) increase or decrease the Technology Fee and other technology and licensing and expenses that you are required to pay under this Franchise Agreement at any time, upon written notice to you.

We (or our designees) have the right to independently access your electronic information and data relating to your Skyhawks Franchise and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Skyhawks Franchises. This may include posting financial information of each franchisee on an intranet website or in our Franchise Disclosure Document. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Skyhawks Business, or from other locations. If you are in default of any obligation(s) under this Franchise Agreement, we may, in addition to any other remedy we may have under the Franchise Agreement, temporarily inhibit your access to all or part of the Computer System, until you have cured such default(s) completely.

(j) Approved Brands. Because the reputation of the Trademarks and the Skyhawks Business depends on a uniform high quality of products and services, you may sell only products and services approved by us. If you want to purchase any product of an unapproved brand, you will notify us, and we will, within a reasonable time, determine whether the unapproved brand has performance characteristics, quality, appearance, reliability, and other relevant characteristics similar to the product brands then approved by us. If so, our approval will not be unreasonably withheld. You shall pay us a

reasonable processing fee and any other reasonable costs in connection with any research, due diligence or testing of such product of an unapproved brand. All programs must utilize the Brand.

(k) Approved Suppliers. You must obtain our written approval of your supply sources before their use. We may require your suppliers to sign a non-disclosure agreement, guarantee our level of quality, and produce sufficient samples to allow us to test the samples at your expense. We will not unreasonably withhold our approval of products consistent with our image, product line and standards. We may revoke our approval of a supplier or product, in our sole discretion, at any time.

(l) Personal Participation. Your personal supervision, participation, and example are essential to the success of the Skyhawks Business. You or one of your Managing Owners (as described below) (if you are an entity) or another person that you appoint as a designated manager (a “Designated Manager”) must participate personally and full-time in the Skyhawks Business. A “Managing Owner” is one of your owners who is a natural person with at least 51% ownership interest and voting power in your entity. Each person or entity that directly or indirectly owns any of the equity or voting control of the Skyhawks Business must sign an Owners Agreement guarantying the obligations this Franchise Agreement. You may not employ any Designated Manager, or appoint any Managing Owner, who does not complete our Initial Training Program to our satisfaction.

(m) Supplies. You are required at your own cost and expense to purchase and install all initial program supplies and equipment, including fixtures, furnishings, equipment, supplies and signage (the “Program Supplies Fees”) from us or our approved suppliers (in conformance with the Franchise Operations Manual and our specifications and requirements) before you open your Skyhawks Business, and ongoing program supplies and equipment from us or our approved suppliers after you open your Skyhawks Business. The range of costs will depend on the number of programs and sports that you initially plan on and the size of your territory. Upon payment of the Initial Franchise Fee, we will grant you a \$2,000 credit for use towards supplies and equipment you purchase from us for a Tier 1 Territory and \$1,000 credit for a Tier 2 Territory. The credit must be used to purchase program equipment (and not for giveaway items) and must be used by you within 90 days of signing the Franchise Agreement or it will be forfeited. The supplies and equipment are not refundable in any circumstances, even if you fail to open your Skyhawks Business.

(n) Pricing. We shall not have control over the day-to-day managerial operations of your Skyhawks Business and you will be free to establish your own prices; however, we will have the right to set minimum and maximum resale prices, minimum advertised price policies and unilateral price policies as part of any national or regional promotion or multi-area marketing plan. You must honor the terms of all rebates, giveaways, promotional or discount programs that we offer to the public and must also provide those services and other items we specify on such terms and at such rates, including free of charge, as we may specify.

(o) Payment Vendors and Methods of Payment. You must have arrangements in existence with all payment vendors we designate from time to time, and accept all payment methods we determine. You agree not to use any payment vendor for which we have not given you our prior written approval or as to which we have revoked

our earlier approval. We may require you to obtain such services through us or our affiliates. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

6.2 Advisory Council. We have established a formal franchisee advisory council\_(the “Advisory Council”). The purpose of the Advisory Council is to provide input regarding the Brand Building Fund, and to promote communications between us and all Franchisees and to provide input regarding key operational business decisions. Members of the Advisory Council consist of both franchisees and corporate representatives. Members of the Advisory Council are selected by us. The Advisory Council serves in an advisory capacity only. We have the power to form, change, or dissolve the Council, in our sole discretion.

6.3 Staffing. All Skyhawks Businesses must be staffed with our certified directors and coaches pursuant to our staffing requirements. All coaches for Skyhawks Businesses must successfully complete the Certified Coach Training before being staffed to any Skyhawks Business. Directors are the on-site supervisor for each Program being offered. Coaches work individually with the participants in the Program to teach, encourage and challenge them.

All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control. We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Franchise Agreement to certify certain of your employees or independent contractors for qualification to perform certain functions for the Skyhawks Business does not directly or indirectly vest in us the power to hire, fire or control any such employee or independent contractor. You alone are solely responsible for all hiring and employment decisions and functions relating to the Skyhawks Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law.

You agree to inform each of your employees and independent contractor that you alone are their employer/contractor, and we are not. You agree to explain to your employees and independent contractors the respective roles of a franchisor and franchisee and our relationship with you and you will request that your employees and contractors sign any acknowledgement or disclosure explaining the differences between us and you, their employer or contractor. Without limiting the generality of anything contained herein, you are responsible for complying with all applicable employment laws.

6.4 Other Operating Standards.

(i) You will, during the term of this Franchise Agreement, engage only in the business covered by this Franchise Agreement and no other, except with our written consent.

(ii) You will not allow the Skyhawks Business to be used for any immoral, unethical, unauthorized, or illegal purpose.

(iii) You will conform to all standards and procedures we establish to insure a uniformity and consistency of operation.

(iv) You must diligently commence and operate the Skyhawks Business.

(v) If you do not provide customers with satisfactory service, or if you violate operating standards or this Franchise Agreement, we may, in addition to our other remedies, complete the customer service, refund customer amounts, and bill you for our costs, or bill the customer for our services.

#### 6.5 Other Agreements.

(i) Routine Maintenance and Upgrades. You must maintain and upgrade at your expense all equipment related to the operation of the Skyhawks Business as-needed. All maintenance deficiencies identified by us shall be addressed immediately. Failure to do so will be a default under this Franchise Agreement.

(ii) Customer Complaints. You must answer all customer complaints within twenty-four hours of receipt. You must forward a copy of the customer complaint and your answer to us. If we deem that our goodwill has been or may be negatively affected because you did not appropriately or fairly handle a customer complaint, we have the right to intervene and resolve the complaint to customer's satisfaction. You will be required to reimburse us for all costs we incur in responding to customer's complaint.

(iii) Complaint Notification. You must contact us immediately (as soon as possible but no later than six hours) if a customer complaint or other issue has resulted in an inquiry or report by the media or government, and you will work with us to prepare a response.

### **SECTION VII RENEWAL, TERMINATION, TRANSFER, AND RELATED INFORMATION**

7.1 Term of the Franchise Agreement. The initial term of this Franchise Agreement is seven years from the Effective Date, unless terminated earlier under this Franchise Agreement. If you are signing this Franchise Agreement as a successor franchise agreement, the references to "term" shall mean the applicable renewal term of the successor franchise agreement.

#### 7.2 Renewal or Extension.

(i) If you are not in default under this Franchise Agreement: (a) and this is your initial term, you may request a renewal of this Franchise Agreement for a consecutive five year term; and (b) this is a successor term, you may request a renewal of this Franchise Agreement, so long as you have not exceeded four consecutive five-year terms. You must submit a written renewal request to us at least seven months, but not more than 12 months before the end of the initial term. Upon expiration of your renewal terms, you can apply for a new Franchise.

(ii) You must pay us a successor franchise fee equal to 15% of the initial franchise fee you paid for the Skyhawks Business under this Franchise Agreement and for each Additional Territory. The successor franchise fee is due upon execution of the renewed franchise agreement.

You must execute our then-current form of Franchise Agreement (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal term) and related documents, including our then-current form of Owners Agreement and guarantees, which may vary in material respects from this Franchise Agreement and its related documents, and which may include without limitation higher fees. You and your owners must also execute general releases, in a form satisfactory to us, of any and all known and unknown claims against us and our affiliates and subsidiaries, and our and their respective members, owners, officers, directors, employees, and agents. You will also be required to update your equipment and other items as are then-required in the Franchise Operations Manual for new franchisees.

(iii) Your right to renew is contingent on satisfactory performance of this Franchise Agreement. We may refuse to renew or extend the franchise if: (a) the franchise is terminable by law or under this Franchise Agreement; (b) you fail to give timely written notice of its exercise of its renewal option; (c) we are withdrawing from the Territory; (d) you fail to satisfy our then-current standards for new franchisees; or (e) you are in default under this Franchise Agreement.

(iv) If we decide not to renew you at the end of the initial term for any cause authorized in this Franchise Agreement, and if you requested renewal in compliance with this Franchise Agreement, we will give you written notice of our intent not to renew at least 180 days before the end of the initial term.

(v) If you do not sign a franchise agreement for a successor franchise after the expiration of the term and you continue to accept the benefits of this Franchise Agreement, then at our option, this Franchise Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise agreement to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the “Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Franchise Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Franchise Agreement will be deemed to take effect upon the termination of the Interim Term.

### 7.3 Default and Termination.

(i) Franchisee. If we violate a material provision of this Franchise Agreement and fail to remedy or to make substantial progress toward curing the violation within 90 days after receiving written notice from you detailing our alleged default, you may terminate this Franchise Agreement after completion of mediation, if so permitted under applicable law.

(ii) Franchisor.

(a) We may terminate this Franchise Agreement on 30 days written notice to you for your breach of this Franchise Agreement or of any other agreement between you and us or our Affiliates, if you fail to cure the breach within the 30 days unless the breach requires more than 30 days to cure and you are in the process of curing the breach to our satisfaction, each of which shall constitute a material event of default under this Franchise Agreement.

(b) We also may terminate this Franchise Agreement on 30 days’ written notice to you for other good cause, if you fail to cure the cause within 30 days. Good cause includes, but not limited to, your failure to: (1) conduct the business in an ethical or

businesslike manner; (2) complete required ongoing training, repairs or renovations; or (3) comply with the Brand Standards.

(c) We may terminate this Franchise Agreement without notice to you if you: (a) misrepresented or omitted facts which induced us to enter into this Franchise Agreement; (b) fail to satisfactorily complete our initial training or to promptly open for business; (c) become insolvent or fail to pay debts as they become due; (d) after 14 days' notice of a threatened or pending proceeding, become bankrupt, make an assignment for the benefit of creditors, allow appointment of a receiver or similar custodian, or dispose of the Assets of the Skyhawks Business out of the ordinary course of business; (e) voluntarily abandon or cease operation of the Skyhawks Business; (f) lose the right to occupy the Premises for any reason; (g) are convicted of, or plead guilty or no contest to a criminal charge of, violating a law material to the Skyhawks Business; (h) make an unauthorized Transfer or make unauthorized use of the Trademarks or unauthorized disclosure of the Brand Standards; (i) endanger public health or safety; or (j) willfully breach for the third time (or any subsequent time) any term of this Franchise Agreement within any 12 month period, for which breach you have been given three or more notices of default.

(iii) Our Right of Entry. If we have the right to terminate this Franchise Agreement as provided elsewhere in this Franchise Agreement (whether you have not cured a curable default or because no opportunity to cure is required), we or our designee may also or instead operate the business on your behalf, for up to six months in which case we will charge you our then-current "Management Fee" (currently \$500 per day for each Skyhawks Business under this Franchise Agreement and for each Skyhawks Business for an Additional Territory that we operate the business), plus our costs and expenses. All revenues received from the operation of the Skyhawks Business will be kept in a separate account, and our costs, expenses and Management Fee shall be charged to such account. If we do so after termination or expiration, we may buy or sell the business and provide you with any net proceeds, within six months after the effective date of termination, under the terms of our post-termination option to purchase described in this Franchise Agreement.

#### 7.4 Effect of Termination or Expiration.

(i) Upon termination or expiration, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, return of proprietary items, and indemnity, will remain in effect.

(ii) Upon any termination or expiration of this Franchise Agreement, you will immediately:

(a) Return to us all copies of the Franchise Operations Manual, and all items containing any Trademarks, and all copyrighted and proprietary items;

(b) Authorize telephone, Internet, email, electronic network, directory, and listing entities to transfer all numbers, addresses, domain names, locators, directories, and listings to us or our designee (as described below);

(c) Provide us a list of your customers for the Skyhawks Business with their contact information;

(d) Cease doing business under any of the Trademarks, cancel any assumed name registration that includes any of the Trademarks, assign all domain names and Internet directory listings that contain the Trademarks to us, and refrain from identifying yourself as our franchisee;

(e) Allow our representatives and us access to the business and your computer systems to verify and secure your compliance with your post-termination obligations, including changing or removing all Trademarks;

(f) Allow us to make a final inspection and audit of your Computer System, books, records and accounts;

(g) Grant us an option to buy in our sole discretion, all of the Assets at their net book value, computed in accordance with generally accepted accounting principles. We may deduct amounts owed to us, our Affiliates, suppliers we deem essential, secured creditors, and the landlord. We will not assume any liabilities, unless we consent in writing. You must, before or on the date of termination or expiration deliver to us an accurate balance sheet and complete schedule of Assets and their net book value as of the date of termination or expiration. We may exercise this option within 30 days of termination or expiration by giving you written notice of our intention to purchase these Assets, setting a date which may not be less than 20 days from the date of the notice, that it will tender the purchase price in full by check. On or before the date set by us, you must deliver possession of the Assets, and a signed bill of sale or our form of purchase and sale agreement. Without limiting the generality of anything contained in this Franchise Agreement, Franchisee understands that the business records, the accounts, the System, the customer list and all other related intellectual property is owned by Franchisor, and shall not be transferred in any assignment nor purchased under this option to purchase.

(h) Allow us for 30 days after expiration or termination the first right of refusal to purchase or assume your interest in the Skyhawks Business, or in its Assets on the same terms as those contained in a bona fide offer from a third party. This right is governed by time limits and procedures described in this Franchise Agreement with respect to our right of refusal in the event of a Transfer.

(i) Abide by the covenants not to compete, confidentiality, indemnity, and all other covenants that expressly or by their nature survive this Franchise Agreement.

(j) Pay us all amounts you owe us.

(k) If we terminate you for good cause or because you have breached this Franchise Agreement, you agree to pay to us within 15 days after the effective date of this Franchise Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the combined monthly average of Royalties and Brand Building Fund contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open your Skyhawks Business through the date of early termination, multiplied by the lesser of: (i) 36; or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$30,000 for each Skyhawks Business under this Franchise Agreement and for each Skyhawks Business for an Additional Territory. The parties hereto acknowledge and agree that it would be

impracticable to determine precisely the damages we would incur from this Franchise Agreement's termination and the loss of cash flow from Royalties due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalties would have grown over what would have been this Franchise Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages. The liquidated damages provision only covers our damages from the loss of cash flow from the Royalties and Brand Building Fund contributions. It does not cover any other damages, including damages to our reputation with the public and landlords, and damages arising from a violation of any provision of this Franchise Agreement other than the Royalties and Brand Building Fund sections. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Franchise Agreement other than the Royalties and Brand Building Fund sections.

(l) Our damages from your breach of this Franchise Agreement are difficult to determine, and you acknowledge that the foregoing damages in the prior two subsections are a reasonable estimate of those damages. We also are entitled to all other applicable remedies and damages from your breach, including our reasonable attorney's fees and costs of enforcement, and any remedies and damages under trademark, copyright, and Trade Secret laws.

(m) You acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses and email addresses (collectively "Identifiers") used in the operation of your Skyhawks Business constitute our assets, and upon termination or expiration of this Franchise Agreement, you will take such action within five days to cancel or assign to us or our designee as determined by us, all of your right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of your right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at our direction. You agree to take all action required cancel all assumed name or equivalent registrations related to your use of the Trademarks. You acknowledge that, we have the sole rights to, and interest in, all Identifiers used by you to promote your Skyhawks Business and/or associated with the Trademarks. You hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Franchise Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer.

(n) Facilitate our exercise of rights to a separate option to assume the lease for the Premises, if any.

## 7.5 Assignment or Transfer.

(i) You may not make a Transfer without our prior written consent, which shall be granted or withheld in our sole discretion. Any attempted Transfer of any interest in the Skyhawks Business without our prior written consent will be a default under this Franchise Agreement, and will be voidable by us.

(ii) Before or at the effective date of a Transfer, and as a prerequisite to our approval:

(a) The transferee must assume all your obligations in connection with the Skyhawks Business;

(b) You must prove that you have paid all of your debts;

(c) You must not be in default under this Franchise Agreement or any agreement between us or our Affiliates;

(d) You must pay us a non-refundable \$1,000 deposit at the time you apply for the Transfer;

(e) You or the transferee must pay us a transfer fee (“Transfer Fee”) equal to \$10,000 for each Skyhawks Business under this Franchise Agreement and for each Additional Territory that is subject to the transfer, and you must also reimburse us upon receipt of our invoice for all broker commissions, finder’s fees, placement fees, or similar charges we incur as a result of the transfer. In addition to the Transfer Fee and all other costs, if we assist with brokering the sale, you must pay a broker fee to us of up to 10% of the total purchase price;

(f) The transferee must execute all of the documents we then require of new or renewing franchisees including a new franchise agreement and Owners Agreement with terms that may vary materially from this Franchise Agreement, but that are the same generally as other than new and renewing franchisees;

(g) The transferee must meet our subjective and objective standards, for granting or for renewing franchisees;

(h) You and your owners must execute a general release of all known and unknown claims against us, our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees arising before or contemporaneously with the Transfer, to the extent permitted by law;

(i) You must obtain and submit to us satisfactory evidence of transfer or consent of lenders, lessors, and governmental authorities for all material permits, approvals, and licenses.

(j) Notwithstanding the preceding section, you may transfer your rights and obligations under this Franchise Agreement once without our consent, to a wholly owned entity; provided however that such entity must first agree in writing to be bound by this Franchise Agreement. You must notify us first, and agree to enter in to our standard form of Owners Agreement, in a form substantially similar to Attachment B to this Franchise Agreement.

(k) Within seven days after receipt of a bona fide offer acceptable to you to Transfer all or part of the Skyhawks Business, you will notify us of the offer in writing, enclosing a signed copy of the offer. We will then have access to all your books and records in order to evaluate this offer, including your business financial statements and tax returns. We may then purchase the same assets or interest that is the subject of the offer to Transfer at the price and on the same terms and conditions as offered to you (a “Right of First Refusal”). We may assign our First of First Refusal, and if so any rights that we have under this subsection (k) or subsection (l), shall apply to an inure to the benefit of the assignee of the Right of First Refusal. We may substitute cash for any other form of consideration contained in the offer and, at our option, may pay the entire purchase price at closing. We may exercise this Right of First Refusal, by notifying you in writing within 21 days after receiving your notice. We will close the Transfer by the later of: 60 days after our notice to you of exercise of the Right of First Refusal, or the time for closing contained in the original offer.

(l) If we do not exercise our Right of First Refusal within the time set forth in the previous subsection, you may effectuate a Transfer, but not at a lower price or on more favorable terms than previously disclosed to us in writing. Such Transfer is subject to our prior written approval and other conditions specified in this Franchise Agreement. If you do not effectuate a Transfer to the transferee on the same terms offered to us, then you must again extend the Right of First Refusal to us in the manner described above, before another desired Transfer.

(m) Upon and after any Transfer, you must comply with post-termination/expiration obligations of this Franchise Agreement. You must not grant a subfranchise.

(n) If you are a legal entity, your share certificates or other evidence of ownership will bear the following legend, printed legibly and conspicuously:

THE TRANSFER OF THIS INSTRUMENT IS  
SUBJECT TO THE TERMS AND CONDITIONS OF A  
FRANCHISE AGREEMENT WITH SKYHAWKS  
FRANCHISE GROUP, LLC. REFERENCE IS MADE TO THE  
FRANCHISE AGREEMENT AND TO ITS RESTRICTIVE  
PROVISIONS. NO TRANSFER WILL DIMINISH OR  
MINIMIZE YOUR OBLIGATIONS UNDER THE  
FRANCHISE AGREEMENT.

(o) We or any of our Affiliates may sell or assign this Franchise Agreement in whole or in part, and our assignee may enforce this Franchise Agreement in whole or in part. We may sell or issue our stock, other ownership interests, or assets, whether privately or publicly.

7.6 Local Law Addendum. If any provision of this Franchise Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. The parties may execute an Addendum setting forth certain of these amendments applicable in certain jurisdictions, which will apply only so long as and to the extent that then applicable laws referred to in the addendum remain validly in effect.

7.7 Death or Disability. Upon the death or Permanent Disability of an individual Franchisee (or the controlling shareholder, member or partner if Franchisee is an entity), the personal representative of such person shall transfer all right, title and interest in this Franchise Agreement or such interest in Franchisee to any approved third party, which may include an heir or legatee that otherwise satisfies Franchisor's then-current standards and qualifications for new franchisees. Such disposition of this Franchise Agreement or such interest (including, without limitation, transfer by bequest or inheritance, provided such transfer meets the requirements of this Section 7) shall be completed within a reasonable time, not to exceed 180 days from the date of death or Permanent Disability (unless extended by probate proceedings), and shall be subject to all the terms and conditions applicable to transfers contained in this Section. Franchisee's estate or legal representative must apply to Franchisor for the right to transfer within 120 days of Franchisee's death or disability. Franchisor shall have the right, in Franchisor's sole discretion, to operate the Center or to appoint a representative or designee to operate the Skyhawks Business, for a period of up to 180 days, or until Franchisee's interest shall have been transferred to an approved third party, whichever occurs first. Franchisor or the appointed representative shall be entitled to retain all revenues, and shall pay all operating expenses from the operation of the Skyhawks Business, without the right to seek or require reimbursement by Franchisee's estate or personal representative, during the period of operation of the Skyhawks Business. Failure to transfer the interest in this Franchise Agreement or interest in Franchisee within said period of time shall constitute a breach of this Franchise Agreement and Franchisor may terminate this Franchise Agreement without further notice or the opportunity to cure. The term "Permanent Disability" shall mean a mental or physical disability, impairment or condition that prevents Franchisee or Franchisee's controlling shareholder, member or partner from performing the essential functions of Franchisee.

## **SECTION VIII GENERAL PROVISIONS**

### **8.1 Covenant Not to Compete.**

(i) During the term of this Franchise Agreement and for two years after termination or expiration of this Franchise Agreement for any reason, neither you, nor persons associated with you, including owners, managers, employees, immediate family members, or agents, will:

(a) Invest or participate directly or indirectly, or serve in any capacity, in any Competitive Business (as described below). This covenant not to compete in the preceding clause applies: (1) prior to expiration or termination of this Franchise Agreement, everywhere; (2) after expiration or termination within 25 miles radius from your Territory and any franchised, Franchisor-owned or affiliated company-owned territory; and (3) to sales on the Internet. A "Competitive Business" means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from your Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from you Territory (including, but not limited to, the services we authorize), but excludes a Skyhawks Business operating pursuant to a franchise agreement with us.;

(b) After termination, Transfer, and expiration of this Franchise Agreement solicit, service, or sell to, directly or indirectly, any customer who is or was a customer of the Skyhawks Business.

(ii) This covenant not to compete is given in part in consideration for training and access to our confidential and proprietary information and Trade Secrets, and which, if used in a

competitive business without paying royalties and other payments, would give you an unfair advantage over us and our franchisees and Affiliates. The unenforceability of all or part of these covenants in any jurisdiction will not affect the enforceability of these covenants in other jurisdictions, or the enforceability of the remainder of the covenants or of this Franchise Agreement.

## 8.2 Dispute Resolution.

### (i) Enforcement.

(a) You must pay all our damages; expenses; audit and investigation costs; collection costs; attorneys', accounting, and other professional services fees; and interest on the unpaid balances as permitted by law, resulting from your default under or breach of this Franchise Agreement or from the indemnification provisions of this Franchise Agreement.

(b) You will not, on the grounds of our alleged nonperformance of any of our obligations under this Franchise Agreement, or due to any dispute with or claim against us, or for any other reason whatsoever, withhold payment of any amounts due to us. You acknowledge that payments withheld by you may cause irreparable harm to us and to other franchisees by jeopardizing the maintenance of uniform Brand Standards and by hindering our ability to meet our obligations to our other franchisees.

(ii) Negotiation. Except for claims set forth under Section 8.3 of this Franchise Agreement, the parties will first attempt to resolve any dispute relating to or arising out of this Franchise Agreement by negotiation. Any dispute subject to negotiation, and not resolved within 20 days after either party has notified the other in writing of the dispute, must be submitted to nonbinding mediation.

(iii) Mediation. Except for claims set forth under Section 8.3 of this Franchise Agreement, any claim or controversy arising out of, or related to, this Franchise Agreement, or the making, performance, breach, enforceability, interpretation, or termination thereof, must first be submitted to non-binding mediation in the principal city closest to our principal place of business (currently Spokane, Washington). Mediation will not defer or suspend our right to exercise any of our termination rights under Section 7. Mediation will be conducted in accordance with the procedures of the American Arbitration Association. No arbitration or litigation may be commenced on any claim which is subject to mediation under this Section prior to the Mediation Termination Date (as defined below), whether or not the mediation has commenced. Mediation under this Section is not intended to alter or suspend the rights or obligations of the parties under this Franchise Agreement or to determine the validity or effect of any provision of this Franchise Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms. Non-binding mediation hereunder will be concluded within 60 days of the issuance of the request for mediation, or such longer period as may be agreed upon by the parties in writing ("Mediation Termination Date"). All aspects of the mediation process (and the prior negotiation) will be treated as confidential, will not be disclosed to others, and will not be offered or admissible in any other proceeding or legal action whatsoever. The parties will each bear their own costs of mediation, and will share equally in the cost of the mediator or mediation service.

(iv) Arbitration. Except for claims set forth under Section 8.3 of this Franchise Agreement, any claim or controversy arising out of, or related to, this Franchise Agreement, or

the making, performance, breach, enforceability, interpretation, or termination thereof, and not resolved by mediation within 60 days of submission to mediation by any party, must be resolved exclusively by mandatory and binding arbitration by and in accordance with the rules of the American Arbitration Association in the principal city closest to our principal place of business (currently Spokane, Washington). Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all Parties subject to arbitration so agree. Arbitration shall be before a single independent arbitration. The parties will equally bear the costs of arbitration. No award in arbitration involving us will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration. The arbitration provisions of this Franchise Agreement apply to claims by and against you and us and our respective Affiliates, owners, guarantors, managers, directors, officers, employees, and representatives (collectively referred to in this Section as “Parties” or “Party” subject to arbitration). If the American Arbitration Association or any successor is no longer in existence at the time arbitration is commenced, you and we will agree on another arbitration organization to conduct the arbitration proceeding. Except as required by applicable law, including the required disclosure in our franchise disclosure document, the entire arbitration proceedings and related documents are confidential.

(v) Venue. In any lawsuit arising out of or related to this Franchise Agreement, or under any agreement between the parties, the venue of such action shall be set exclusively in federal or state courts having jurisdiction to the principal city closest to where Franchisor’s headquarters is located, and the parties waive any objection to such venue and agree that such courts have subject matter and personal jurisdiction to hear such matter. Any claim, and any litigation, will be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff or similar basis.

(vi) Time Limitation. Any dispute or claim relating to or arising out of this Franchise Agreement, any other agreement between us, and any dispute between us (including contract, tort, and statutory claims), will be barred unless filed before the expiration of the earlier of: (a) the time period for bringing an action under any applicable statute of limitations; or (b) one year after the date upon which a Party subject to arbitration discovered, or should have discovered, the facts giving rise to an alleged claim.

(vii) Waiver of Jury Trial. The Parties subject to arbitration waive trial by jury in any lawsuit initiated by either of them with respect to a claim or counterclaim arising out of or relating to this Franchise Agreement.

(viii) Preemptive Statutes. Notwithstanding any choice of law provision of this Franchise Agreement, all issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Franchise Agreement are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. This Act preempts any state rules on arbitration, including those relating to the site of arbitration. Judgment on an arbitration award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.

(ix) No Punitive Damages. The parties waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other, except as allowed under law for trademark, Trade Secret, and copyright infringement.

(x) Prevailing Party’s Expense. If either party institutes a legal proceeding, including a permitted court proceeding or arbitration, and prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on this Franchise Agreement, the

prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorney fees, court costs and all of the prevailing party's expenses in connection with any action at law.

(xi) Survival. The parties agree that the provisions of this Section 8.2 shall apply during the Term of this Franchise Agreement and following the termination, expiration, or non-renewal of this Franchise Agreement.

8.3 Injunctive Relief & Provisional Remedies. No party is prohibited from seeking interim or expedited remedies in either judicial or arbitration proceedings (including use of arbitration rules providing emergency measures of protection), in any forum having jurisdiction. and except for any actions brought with respect to: (a) threatened or actual conduct that will cause us, the Trademarks, Confidential Information, and/or the System loss or damage; (b) to prohibit any act or omission by you or your owners or employees that constitutes a violation of any applicable law or is dishonest or misleading to your clients or to the public; (c) issues concerning the alleged violation of federal or state antitrust laws; (d) securing injunctive relief or specific performance; (e) the right to indemnification or the manner in which it is exercised; (f) any action seeking your compliance with post-termination or post-expiration obligations set forth in Franchise Agreement; or (g) any action that involves an alleged breach of any restrictive covenant under this Franchise Agreement.

You agree that we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

An action seeking provisional remedies will be brought in the venue set forth in Section 8.2(v) of this Franchise Agreement; provided that we have the option to bring suit against any you in any other state court or federal district court within the jurisdiction where your Skyhawks Business is or was located or where any of your owners lives for those claims brought in accordance with this Section. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Section 8.3, and the parties waive any objections that they would otherwise have in this regard.

#### 8.4 Interpretation and Execution.

(i) Governing Law. This Franchise Agreement is valid when executed and accepted by us, and except to the extent governed by the United States Trademark Act and the Federal Arbitration Act, this Franchise Agreement is governed by the laws of the State of Delaware. This choice of laws will not affect the scope of any state law, and nothing in this Franchise Agreement will be considered to extend the scope of application of any of those laws, including franchise laws.

(ii) Wording. All words used in this Franchise Agreement, regardless of their gender, include any other gender, as the context requires. Any use of the word "including", or synonymous terms, followed by one or more examples, does not limit in any way the antecedent word or phrase.

(iii) Complete Agreement. This Franchise Agreement constitutes the entire understanding of the parties and supersedes all prior negotiations, commitments, and representations. However, nothing in this Franchise Agreement or in any related agreement is

intended to disclaim any representations that we may have made in the franchise disclosure document. No provision herein expressly identifying any term or breach of this Franchise Agreement as material shall be construed to imply that any other term or breach which is not so identified is not material.

(iv) Titles. Titles of articles and sections are used for convenience of reference only and are not part of the text, nor are they to be construed as limiting or affecting the construction of the provisions.

(v) Cumulative Rights. Our rights and remedies are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

(vi) Attorney-In-Fact. The parties agree to acknowledge, execute, and deliver all further documents, instruments or assurances and to perform all further acts or deeds as may be reasonably required to carry out this Franchise Agreement. To effectuate the purposes of this provision, you hereby irrevocably appoint us as your attorney-in-fact. Upon termination, expiration, or Transfer, you specifically grant us power of attorney to: cancel any assumed name or other registrations that includes any of the Trademarks, assign all phone numbers, directory listings, domain names, and Internet listings or marketing programs that use the Trademarks to us.

(vii) Binding Effect. This Franchise Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Franchise Agreement, which by their terms or by reasonable implication require performance by you after assignment, expiration or termination, remain enforceable notwithstanding the assignment, expiration or termination of this Franchise Agreement, including those pertaining to non-competition, intellectual property protection, confidentiality and indemnity. This Franchise Agreement inures to the benefit of and is binding on the respective heirs, legal representatives, successors, and permitted assigns of the parties.

(viii) Construction. This Franchise Agreement shall not be construed against any party by the drafting or preparation thereof.

(ix) Time of Essence. Time is of the essence for all purposes of this Franchise Agreement.

8.5 Our Discretion. The words “we may,” “our approval,” “our discretion,” “our satisfaction,” and other words giving us the right to take or not take actions or grant approvals, mean that we may do so in our sole and reasonable discretion, unless otherwise specified.

8.6 Modification. This Franchise Agreement may be modified only by written mutual consent of the parties. However, we may unilaterally modify the Franchise Operations Manual, Brand Standards, the System, and the Skyhawks Software to meet competition, protect Trademarks, maintain or improve the quality of the products or services you provide, or for other reason.

8.7 Notices.

(i) All notices sent by one party to the other must be hand-delivered, sent by reputable overnight courier, or by priority mail, delivery confirmation, or transmitted by email or sent via other electronic means, if the sender can verify receipt. Notices must be addressed to us at our office as above designated, or at any other address we designate in writing, and addressed

to you at your last known business address, or at any alternative address in the United States you designate in writing.

(ii) Any notice is considered given and received as follows: when delivered, if hand-delivered; on the next business day after being sent if sent by reputable overnight courier or by email, or by electronic means in which receipt can be verified; and if mailed, on the third business day following the mailing with the U.S. Postal Service if delivery is in the U.S.

8.8 Non Waiver of Rights. Our waiver of any particular right by you will not affect or impair our rights as to any subsequent exercise of that right of the same or a different kind; nor will any delay, forbearance or omission by us to execute any rights affect or impair our rights as to any future exercise of those rights.

8.9 Severability. If any part of this Franchise Agreement, for any reason, is declared invalid by an arbitrator or court, the declaration will not affect the validity of any remaining portion. The remaining portion will remain in force and effect as if this Franchise Agreement were executed with the invalid portion eliminated or curtailed and consistent with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate your obligations under the Franchise Agreement to the fullest extent permitted by law), and you agree to be bound by the modified provisions.

8.10 Representations and Warranties by Franchisee. You warrant and represent that: (i) you have received a copy of our current franchise disclosure document; (ii) you are aware of the fact that other present or future franchisees of ours may operate under different forms of agreement and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances; and (iii) you are aware of the fact that we may have negotiated terms or offered concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

8.11 Joint and Several Liability. If Franchisee has more than one signatory and/or comprises more than one entity, all are jointly and severally bound to all rights, duties, restrictions, covenants and obligations under this Franchise Agreement.

8.12 Further Assurances and Estoppel. The parties agree to sign and provide all further documents, information, and assurances, and to perform all further acts, as may be reasonably required to carry out this Franchise Agreement. To effectuate the purposes of this provision, you hereby irrevocably appoint us as your attorney-in-fact. Upon termination, expiration, or Transfer, you specifically grant us power of attorney to: cancel any assumed name or other registration that include any of the Trademarks; and to assign to us all phone numbers, directory listings, domain names, and Internet listings or marketing programs that use the Trademarks. Upon request by a third party (such as our lender, investor or purchaser), you will sign an estoppel certificate, or other document stating whether or not you have claims against us, and describing any such claim.

8.13 Force Majeure. Neither we nor you shall be liable for any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Franchise Agreement where the delay or failure is solely due to Force Majeure. In the event of Force Majeure, the parties' obligations shall be extended or relieved only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such Force Majeure. As used in this Franchise Agreement, the term "Force Majeure" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party's control and cannot be overcome by use of normal commercial measures. Force Majeure

should be construed narrowly and does not include general economic, market or societal conditions, or any changes thereto, even those that are the direct or indirect result of the Force Majeure event. Each party must use its best efforts to mitigate the effect of the event of Force Majeure upon its performance of the Franchise Agreement and to fulfill its obligations under the Franchise Agreement. Upon completion of the event of Force Majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Franchise Agreement. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the Force Majeure event, nor does that event affect any obligation to pay money owed under the Franchise Agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect Franchisee's obligations to comply with any restrictive covenants in this Franchise Agreement during or after the Force Majeure event.

8.14 Covenant of Good Faith for Franchisor. If applicable law implies a covenant of good faith and fair dealing in this Franchise Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Franchise Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Franchise Agreement (and the relationship of the parties that is inherent in this Franchise Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Franchise Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

*(Signature page follows)*

**IN WITNESS WHEREOF**, the parties hereto have signed this Franchise Agreement as of the Effective Date.

**FRANCHISOR:**

**SKYHAWKS FRANCHISE GROUP, LLC**

Sign:\_\_\_\_\_

Name/Title:\_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

Sign:\_\_\_\_\_

Name/Title:\_\_\_\_\_

Sign:\_\_\_\_\_

Name/Title:\_\_\_\_\_

Sign:\_\_\_\_\_

Name/Title:\_\_\_\_\_

Sign:\_\_\_\_\_

Title:\_\_\_\_\_

(NOTE: MUST BE SIGNED INDIVIDUALLY BY ALL OWNERS AND SPOUSES OF OWNERS OF FRANCHISEE. ALL OWNERS OF 5% OR MORE OF THE OWNERSHIP INTEREST OF AN ENTITY FRANCHISEE AGREE TO SIGN ATTACHMENT B, THE OWNERS AGREEMENT.)

## ATTACHMENT A

### FRANCHISE DATA SHEET

1. The Effective Date set forth in the introductory paragraph of the Franchise Agreement is: \_\_\_\_\_.

2. This is Franchisee's (please check one):

\_\_\_\_\_ Initial Term  
\_\_\_\_\_ Successor Term

If "Successor Term" has been selected above, please complete below:

This is Franchisee's \_\_\_\_\_ successor term.

Franchisee has \_\_\_\_\_ potential successor terms remaining, which may be exercised solely as described in the Franchise Agreement.

3. The Franchise Owner set forth in the introductory paragraph of the Franchise Agreement is: \_\_\_\_\_.

4. The Initial Franchise Fee set forth in Section 4.1.1 of the Franchise Agreement is \$ \_\_\_\_\_.

5. The amount of the Minimum Royalty Payment that you will be obligated to pay under Section 4.2 of the Franchise Agreement in the Territory is indicated with a check indicating the appropriate chart below.

\_\_\_\_\_ Tier 1 Territory – (Chart A)  
\_\_\_\_\_ Tier 2 Territory – (Chart B)

#### CHART A:

##### Tier 1 Territory

(Territory population of 250,000 or above)

Year	Minimum Monthly Payment	Minimum Royalty Per Quarter
2 <sup>nd</sup> half of Year 1	\$500	\$1,500
Year 2	\$700	\$2,100
Years 3	\$900	\$2,700
Years 4+	\$1,100	\$3,300

#### CHART B:

##### Tier 2 Territory

(Territory population of between 150,000 and 250,000)

Year	Minimum Monthly Payment	Minimum Royalty Per Quarter
2 <sup>nd</sup> half of Year 1	\$250	\$750
Year 2	\$350	\$1,050
Years 3	\$450	\$1,350
Years 4+	\$550	\$1,650



If you enter into an Additional Territory Addendum, you will also be responsible for separate Minimum Royalty Payments per business for the Additional Territory.

6. Minimum Monthly Payment and Technology Fee.

Your first Minimum Monthly Payment will be due in \_\_\_\_\_ in the amount of \$\_\_\_\_\_.

Your first Technology Fee will be due in \_\_\_\_\_ in the amount of \$\_\_\_\_\_.

Your first Minimum Monthly Payment increase will occur in \_\_\_\_\_ and subsequent Minimum Monthly Payment increases will occur annually up to Year 4 shown in the table(s) above.

7. Territory. The Territory referred to in Section I of this Franchise Agreement shall be the geographic area described below and/or as depicted on the following map:

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8. Franchisee: (check one) \_\_\_\_ WILL \_\_\_\_ WILL NOT receive an Additional Territory. If Franchisee will receive an Additional Territory, it shall execute the Additional Territory Addendum, which is attached to the Franchisor's Franchise Disclosure Document in Exhibit G.

9. The Premises within the Territory described in the Franchise Agreement (from which you may operate the Skyhawks Business(es)) is: \_\_\_\_\_ (address).

10. Franchisee: (check one) \_\_\_\_ IS NOT a government venue franchise \_\_\_\_ IS a government venue franchise. If Franchisee is a government venue franchise, it shall execute the Government Venue Franchise Addendum, which is attached to the Franchisor's Franchise Disclosure Document in Exhibit G.

**FRANCHISOR:**

**SKYHAWKS FRANCHISE GROUP, LLC**

**FRANCHISEE:**

\_\_\_\_\_  
Entity name (if any)

Sign: \_\_\_\_\_

Sign: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Sign: \_\_\_\_\_

Name/Title: \_\_\_\_\_

## ATTACHMENT B

### **OWNERS AGREEMENT**

As a condition to the execution by Skyhawks Franchise Group, LLC (“we” or “us”), of a Franchise Agreement with \_\_\_\_\_ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

#### **1. Acknowledgments.**

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of \_\_\_\_\_ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the direct and indirect equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s direct and indirect owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

#### **2. Non-Disclosure and Protection of Confidential Information.**

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

### **3. Covenant Not To Compete and To Not Solicit.**

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

### **4. Continuing Guarantee.**

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement whether now or in the future on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement whether now or in the future on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for, whether now or in the future, by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

4.7 Waiver of Acceptance, Default and Defenses. Owners waive: (i) acceptance and notice of acceptance by us of the forgoing undertakings; (b) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; and (c) any and all other notices and legal or equitable defenses, right of setoff, claim or counterclaim whatsoever to which they may be entitled at any time hereunder.

4.8 Continuing Nature. Owners agree that each of the obligations in this Section 4 shall be continuing and shall not be discharged by: (i) the insolvency of Franchisee or the payment in full of all of the obligations at any time; (ii) the power or authority or lack thereof of Franchisee to incur the obligations; (iii) the validity or invalidity of any of the obligations; (iv) the existence or non-existence of Franchisee as a legal entity; (v) the transfer or assignment of all or a portion of the ownership in Franchisee and/or the assets of Franchisee; (vi) the execution of an owners agreement or any other form of guaranty by any direct, indirect or beneficial owner of Franchisee in favor of us or our successors or assigns; (vii) any statute of limitations affecting the liability of Owners or the ability of us to enforce this Franchise Owner Agreement or the obligations; (viii) any right of offset, counterclaim or defense of any Owner, including, without limitation, those which have been waived by Owners pursuant to this Franchise Owners Agreement; or (ix) the expiration, termination or assignment of the Franchise Agreement or any other agreement between you or Franchisee and us or our affiliates.

## **5. Transfers.**

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree: (a) not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding transfers and assignment, and (b) that any attempt to do so will be a breach of this Owners Agreement and the Franchise Agreement. We may, from time to time, without notice to Owners, assign or transfer any or all of Owners' rights, duties and obligations or any interest therein in this Owners Agreement and, notwithstanding any assignment(s) or transfer(s), the rights, duties and obligations shall be and remain for the purpose of this Owners Agreement. Each and every immediate and successive assignee or transferee of any of the rights, duties or obligations of any interest therein shall, to the extent of such party's interest in the rights duties and/or obligations, be entitled to the benefits of this Owners Agreement to the same extent as if such assignee or transferee were us.

## **6. Notices.**

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Skyhawks Franchise Group, LLC  
1826 E. Sprague Avenue  
Spokane, Washington 99202

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

## **7. Enforcement of This Owners Agreement.**

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

## **8. Miscellaneous.**

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners'

obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Continuing Nature of this Owners Agreement. This Owners Agreement shall be continuing and shall not be discharged, impaired or affected by: (1) the insolvency of Franchisee or the payment in full of all of the obligations under the Franchise Agreement at any time; (2) the validity or invalidity of any of the terms of the Owners Agreement; (3) the existence or non-existence of Franchisee as a legal entity; (4) any statute of limitations affecting the liability of Owners or the ability of us or our successors or assigns to enforce this Owners Agreement; (5) the transfer or assignment of all or a portion of the ownership in Franchisee and/or the assets of Franchisee; (6) the execution of an owners agreement or any other form of guaranty by any additional direct, indirect or beneficial owner of Franchisee in favor of us or our successors or assigns; (7) any right of offset, counterclaim or defense of any Owner; or (8) the expiration, termination or assignment of the Franchise Agreement or any other agreement between you and us.

8.7 Successors. References to “Franchisor” or “the undersigned,” or “you” include the respective parties’ heirs, successors, assigns or transferees.

8.8 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.9 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.10 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

*(Signatures on following page)*

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

**OWNER(S):**

**SPOUSE(S):**

Sign: \_\_\_\_\_  
Printed Name: [Insert Owner Name Here]  
Address: [Insert Address of Owner]

Sign: \_\_\_\_\_  
Printed Name: [Insert Spouse Name Here]  
Address: [Insert Address of Spouse]

Sign: \_\_\_\_\_  
Printed Name: [Insert Owner Name Here]  
Address: [Insert Address of Owner]

Sign: \_\_\_\_\_  
Printed Name: [Insert Spouse Name Here]  
Address: [Insert Address of Spouse]

Sign: \_\_\_\_\_  
Printed Name: [Insert Owner Name Here]  
Address: [Insert Address of Owner]

Sign: \_\_\_\_\_  
Printed Name: [Insert Spouse Name Here]  
Address: [Insert Address of Spouse]

Rev. 030824

Skyhawks Franchise Group, LLC hereby accepts the agreements of the Owner(s) hereunder.

**SKYHAWKS FRANCHISE GROUP, LLC**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT C**  
**STATEMENT OF OWNERSHIP**

Franchisee: \_\_\_\_\_

Form of Ownership  
(Check One)

\_\_\_\_ Individual \_\_\_\_ Partnership \_\_\_\_ Corporation \_\_\_\_ Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: \_\_\_\_\_

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners\*:

Name	Address	Percentage of Stock

\*If any members, stockholders or partners are entities, list the entities and owners of such entities up through the individuals.

Identification of Managing Owner. Your Managing Owner is (name) \_\_\_\_\_. You may not change the Managing Owner without prior written approval.

Identification of Designated Manager. If applicable, your Designated Manager is (name) \_\_\_\_\_. You may not change the Designated Manager without prior written approval.

Franchisee acknowledges that this Statement of Ownership applies to the Skyhawks Business authorized under the Franchise Agreement. Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

**FRANCHISEE:**

Sign: \_\_\_\_\_  
[Printed name], Individually

Sign: \_\_\_\_\_  
[Printed name], Individually

OR:  
(if an Entity)

\_\_\_\_\_  
Company Name

Sign: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Sign: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **EXHIBIT C**

### **LIST OF CURRENT FRANCHISEES AND FORMER FRANCHISEES**

## Current Franchisees as of December 31, 2024:

### For Skyhawks Franchises:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Bebleh	Hanibal	Coach B Sports & Fitness LLC	19641 W. Cherry Lynn Road	Buckeye	AZ	85396	480-749-5270	<a href="mailto:hbebleh@skyhawks.com">hbebleh@skyhawks.com</a>
Plitzuweit	Mark	Arizona Athletics United, LLC	PO Box 1321	Mesa	AZ	85211	614-632-9919	<a href="mailto:phoenix@skyhawks.com">phoenix@skyhawks.com</a>
Wilson <sup>2</sup>	Allison	Wilson Athletics, LLC	3146B Sports Arena Blvd	San Diego	CA	92110	800-804-3509	<a href="mailto:awilson@skyhawks.com">awilson@skyhawks.com</a>
Pouw <sup>2</sup>	Marc	Marc Pouw Program	PO Box 210	Ventura	CA	99210	800-804-2509	<a href="mailto:mpouw@skyhawks.com">mpouw@skyhawks.com</a>
Tung <sup>2</sup>	Eric	Kinetic Kids, LLC	657 Walnut Street #327	San Carlos	CA	94070	909-837-8507	<a href="mailto:etung@skyhawks.com">etung@skyhawks.com</a>
Person	Thomas	DBAT Bakersfield	13000 Pemberley Passage Ave.	Bakersfield	CA	93311	661-444-0927	<a href="mailto:bakersfield@skyhawks.com">bakersfield@skyhawks.com</a>
Parra <sup>2</sup>	Sergio	Squad Estates	6937 Village Parkway	Dublin	CA	94568	925-339-6859	<a href="mailto:Sparra@skyhawks.com">Sparra@skyhawks.com</a>
Wakefield	Kim	SoccerTots LA	PO Box 1295	El Segundo	CA	90245	310-535-3644	<a href="mailto:losangeles@supertotsports.com">losangeles@supertotsports.com</a>
Thirunahari <sup>2</sup>	Ashwin	Greater Sacramento Investment, LLC	1992 Larkhall Circle	Folsom	CA	95630	916-517-2264	<a href="mailto:ashwin@skyhawks.com">ashwin@skyhawks.com</a>
Lenear	Kayla	Lenear Sports LLC	11011 Ayres Avenue	Los Angeles	CA	90064	310-963-4086	<a href="mailto:klenear@skyhawks.com">klenear@skyhawks.com</a>
Mirkia <sup>2</sup>	Kia	SportZania, Inc.	PO Box 3021	Redwood City	CA	94064	650-368-5288	<a href="mailto:kia@skyhawks.com">kia@skyhawks.com</a>
Campbell <sup>3</sup>	Kyle	Sunshine Unlimited	2530 Berryessa Rd	San Jose	CA	95132	408-477-0371	<a href="mailto:kcampbell@skyhawks.com">kcampbell@skyhawks.com</a>
Goldstein <sup>2</sup>	Billy	Z-Sports Inc.	2415 San Ramon Valley Blvd. Ste. 4304	San Ramon	CA	94583	925-269-7575	<a href="mailto:bgoldstein@skyhawks.com">bgoldstein@skyhawks.com</a>
Markley	Matt	Markley Sports	32544 Hislop Way	Temecula	CA	92592	<a href="tel:951-386-3228">951-386-3228</a>	<a href="mailto:mmarkley@skyhawks.com">mmarkley@skyhawks.com</a>
Makela <sup>8</sup>	Tori/Karl	Another Milestone, LLC	PO Box 1111	Frederick	CO	80530	303-222-8039	<a href="mailto:colorado@skyhawks.com">colorado@skyhawks.com</a>
Issoulaimani <sup>2</sup>	Farid	Youth Sports Lauderdale	2478 E. Commercial Blvd #3	Fort Lauderdale	FL	33308	944-955-2573	<a href="mailto:issoulaimani@gmail.com">issoulaimani@gmail.com</a>
Hewitt	Levi	Treasure Valley Youth Sports, LLC	3909 W. Normandie Drive	Boise	ID	83705	208-967-3594	<a href="mailto:boise@skyhawks.com">boise@skyhawks.com</a>
Barry	William	StrawBarry Sports LLC	PO Box 12	Metairie	LA	70004	504-265-9883	<a href="mailto:wbarry@skyhawks.com">wbarry@skyhawks.com</a>
Daberko <sup>2</sup>	Jason	Daberko, LLC	9351 Village Manor Dr	Plymouth	MI	48170	810-986-0504	<a href="mailto:jdaberko@skyhawks.com">jdaberko@skyhawks.com</a>



Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Hanson <sup>8</sup>	Jonathan	Hanson Sports LLC	PO Box 1103	Burnsville	MN	55337	651-998-0418	<a href="mailto:jhanson@skyhawks.com">jhanson@skyhawks.com</a>
Hopkins <sup>2*</sup>	Allison	PO Box 218	PO Box 218	Savage	MN	55378	651-998-0418	<a href="mailto:ahopkins@skyhawks.com">ahopkins@skyhawks.com</a>
O'Daniel	Kyle	Active Kids Stl	1031 Lindemann Rd	Des Peres	MO	63131	314-817-4804	<a href="mailto:kodaniel@skyhawks.com">kodaniel@skyhawks.com</a>
Whelan	Ross	RR&L Youth Sports, LLC	PO Box 15	Poplar Bluff	MO	63901	573-718-9662	<a href="mailto:rwhelan@skyhawks.com">rwhelan@skyhawks.com</a>
VanHooy-donk	Paul	PVH Enterprises, LLC	127 Hillcrest Drive	Clinton	MS	39056	601-790-0868	<a href="mailto:jackson@skyhawks.com">jackson@skyhawks.com</a>
Duca	Miranda	Cape Atlantic Youth Sports Academy	327 Petersburg Rd	Woodbine	NJ	8270	609-525-4096	<a href="mailto:mduca@skyhawks.com">mduca@skyhawks.com</a>
Kissner	Stephanie	Jersey Sports Alliance, LLP	20 Tamarack Dr	Manalapan	NJ	7726	732-440-7604	<a href="mailto:skissner@skyhawks.com">skissner@skyhawks.com</a>
Kono	Derek/Tara	Vegas Aloha Athletics, LLC	525 Lariat Lane	Henderson	NV	89014	702-234-3572	<a href="mailto:kono@skyhawks.com">kono@skyhawks.com</a>
Kuba	Zach	Kuba Sports, LLC	18305 Town Green Dr.	Elmsford	NY	10523	412-551-3735	<a href="mailto:westchester@skyhawks.com">westchester@skyhawks.com</a>
Lestingi	Nick	Mid Hudson Athletic Group	11 Arthur Road	Holmes	NY	12531	718-755-4308	<a href="mailto:nlestingi@skyhawks.com">nlestingi@skyhawks.com</a>
Desroches	Don	4 All Kids, LLC	11 Sandpiper Lane	Levittown	NY	11793	917-868-3746	<a href="mailto:ddesroches@skyhawks.com">ddesroches@skyhawks.com</a>
Kreiley <sup>**</sup>	Evelyn	Genesis Athletics LLC	4520 Union Ridge Road	Burlington	NC	27217	585-738-7360	<a href="mailto:ekrieley@supertotsports.com">ekrieley@supertotsports.com</a>
Stock <sup>***</sup>	John	Recreation Factory Partners, Inc.	109 Birkhaven Drive	Cary	NC	27518	585-738-7360	<a href="mailto:orange@skyhawks.com">orange@skyhawks.com</a>
Kostelnick <sup>2</sup>	Joe	Kostenick Enterprises	7134 Bluffstream Ct.	Columbus	OH	43235	614-356-0294	<a href="mailto:jkostelnick@skyhawks.com">jkostelnick@skyhawks.com</a>
Emerman <sup>**</sup>	Eric	Elevating Baseball Lineups LLC	PO Box 410	Columbus	OH	43210	614-504-4405	<a href="mailto:eric@dbatcolumbus.com">eric@dbatcolumbus.com</a>
Schlucter	James	Three Twenty-Four LLC	145 W. 5 <sup>th</sup> Avenue	Conshohocken	PA	19428	800-804-3509	<a href="mailto:jschlucter@skyhawks.com">jschlucter@skyhawks.com</a>
Maxlino	Dolapo	SuperCoach Skyhawks LLC	14500 Highway 105	Conroe	TX	77304	800-804-3509	<a href="mailto:dmaxlino@skyhawks.com">dmaxlino@skyhawks.com</a>

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Eisold	Alex	Central Texas Youth Sports Academy	17790 Saddle Creek Road	College Station	TX	77845	240-344-4722	<a href="mailto:aeisold@skyhawks.com">aeisold@skyhawks.com</a>
Cavalle <sup>2</sup>	Tony	Maglo Sports, LLC	1100 Mission Lane	Lantana	TX	76226	214-693-7196	<a href="mailto:tcavalle@supertotsports.com">tcavalle@supertotsports.com</a>
Lopez <sup>2</sup>	Daniel	Aspsat, LLC	9 Champions Lane	San Antonio	TX	78257	800-804-3509	<a href="mailto:dlopez@skyhawks.com">dlopez@skyhawks.com</a>
Reid <sup>3</sup>	Ally	Engage & Inspire	5710 Thunder Oaks	San Antonio	TX	78261	210-773-6998	<a href="mailto:areid@skyhawks.com">areid@skyhawks.com</a>
Thorstad	Kevin	Skyhawks Northern Virginia	4229 Mayport Lane	Fairfax Lane	VA	22033	800-804-3509	<a href="mailto:kthorstad@skyhawks.com">kthorstad@skyhawks.com</a>
Chang	Chris	Olympic Youth Sports	1202 North Pearl Street	Tacoma	WA	98406	717-916-7741	<a href="mailto:cchang@skyhawks.com">cchang@skyhawks.com</a>
Attridge <sup>3</sup>	Bryan	Utah Youth Soccer	9159 State St	Sandy	UT	84070	801-362-8063	<a href="mailto:battridge@skyhawks.com">battridge@skyhawks.com</a>

<sup>2</sup>Owens two Skyhawks Businesses

<sup>3</sup>Owens three Skyhawks Businesses

<sup>4</sup>Owens four Skyhawks Businesses

<sup>5</sup>Owens five Skyhawks Businesses

<sup>8</sup>Owens eight Skyhawks Businesses

\*\*\* Owns a Skyhawks-only business

\*\* Owns a SuperTots-only business

\* Owns two Skyhawks Businesses in Wisconsin

### **Franchisees with Unopened Outlets as of December 31, 2024:**

None

### **List of Former Franchisees:**

**For Skyhawks Franchises:** The name and last known address of every franchisee who had a Skyhawks Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2024 to December 31, 2024, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Morton*	Victor	Morton II Youth Sports	2949 Kelly Street	Hayward	CA	94541	510-900-9645	<a href="mailto:vmorton@skyhawks.com">vmorton@skyhawks.com</a>
Jamuar <sup>*(3)</sup>	Rajiv	Sunshine Unlimited	2530 Berryessa Road, Unit 715	San Jose	CA	95132	209-968-9206	<a href="mailto:rjamuar@skyhawks.com">rjamuar@skyhawks.com</a>
Szuchman**	Mark	SportsandSzuch LLC	613 West Johnson Ave	Cheshire	CT	06410	203-615-1260	<a href="mailto:mark@supertotsports.com">mark@supertotsports.com</a>
Bunosso**	Lou	LLC Academies LLC	20 Nutmeg Dr	Trumbull	CT	06479	203-615-1260	<a href="mailto:lou@supertotsports.com">lou@supertotsports.com</a>



Alarcon** <sup>(4)</sup>	Michael	MM&MK Co.	13638 SW Capulet Ln	King City	OR	97224	206-999-7343	malarcon@skyhawks.com
Agarwal***	Mansi	Sai Creatives LLC	872 Bent Creek Dr.	St. Johns	FL	32259	908-247-6806	jax@skyhawks.com

\* Transferred to another Franchisee

\*\* Reacquired by Franchisor

\*\*\* Terminated

<sup>3</sup> Franchisee transferred 3 Skyhawks Businesses

<sup>4</sup> Franchisee had five Skyhawks Businesses which were reacquired by Franchisor. One of these was in WA.



## **EXHIBIT D**

### **STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

# **LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

<p><b><u>CALIFORNIA</u></b>  <u>State Administrator and Agent for Service of Process:</u></p> <p>Commissioner  Department of Financial  Protection and Innovation  320 W. 4<sup>th</sup> Street, #750  Los Angeles, CA 90013  (213) 576-7500  (866) 275-2677</p> <p><b><u>HAWAII</u></b>  Commissioner of Securities of  the State of Hawaii  335 Merchant Street, Room 203  Honolulu, HI 96813  (808) 586-2722</p> <p><u>Agent for Service of Process:</u></p> <p>Commissioner of Securities of the  State of Hawaii  Department of Commerce and  Consumer Affairs  Business Registration Division  335 Merchant Street, Room 203  Honolulu, HI 96813  (808) 586-2722</p> <p><b><u>ILLINOIS</u></b>  Illinois Attorney General  Chief, Franchise Division  500 S. Second Street  Springfield, IL 62706  (217) 782-4465</p> <p><b><u>INDIANA</u></b>  Secretary of State  Securities Division  Room E-018  302 W. Washington Street  Indianapolis, IN 46204  (317) 232-6681</p> <p><b><u>MARYLAND</u></b>  Office of the Attorney General  Securities Division  200 St. Paul Place  Baltimore, MD 21202  (410) 576-6360</p>	<p><b><u>MARYLAND CONTINUED</u></b>  <u>Agent for Service of Process:</u></p> <p>Maryland Securities Commissioner  200 St. Paul Place  Baltimore, MD 21202-2020</p> <p><b><u>MICHIGAN</u></b>  Michigan Department of Attorney General  Consumer Protection Division  525 W. Ottawa Street  Lansing, MI 48913  (517) 373-7117</p> <p><b><u>MINNESOTA</u></b>  Department of Commerce  Commissioner of Commerce  85 Seventh Place East, Suite 280  St. Paul, MN 55101-3165  (651) 539-1600</p> <p><b><u>NEW YORK</u></b>  <u>Administrator:</u></p> <p>NYS Department of Law  Investor Protection Bureau  28 Liberty Street, 21<sup>st</sup> Floor  New York, NY 10005  (212) 416-8222</p> <p><u>Agent for Service of Process:</u></p> <p>Secretary of State  99 Washington Avenue  Albany, NY 12231</p> <p><b><u>NORTH DAKOTA</u></b>  <u>Administrator:</u></p> <p>North Dakota Securities Department  600 East Boulevard Avenue  State Capitol, Fourteenth Floor, Dept. 414  Bismarck, ND 58505-0510  (701) 328-4712</p> <p><u>Agent for Service of Process:</u></p> <p>Securities Commissioner  600 East Boulevard Avenue  State Capitol, Fourteenth Floor, Dept. 414  Bismarck, ND 58505-0510</p>	<p><b><u>RHODE ISLAND</u></b>  Department of Business Regulation  1511 Pontiac Avenue, Bldg. 68-2  Cranston, RI 02920  (401) 462-9527</p> <p><b><u>SOUTH DAKOTA</u></b>  Division of Insurance  Securities Regulation  124 South Euclid, Suite 104  Pierre, SD 57501  (605) 773-3563</p> <p><b><u>VIRGINIA</u></b>  State Corporation Commission  Division of Securities and  Retail Franchising  1300 E. Main Street, 9<sup>th</sup> Floor  Richmond, VA 23219</p> <p><u>Agent for Service of Process:</u></p> <p>Clerk of the State Corporation Commission  1300 E. Main Street, 1<sup>st</sup> Floor  Richmond, VA 23219</p> <p><b><u>WASHINGTON</u></b>  <u>State Administrator:</u></p> <p>Washington Department of Financial  Institutions  Securities Division  P.O. Box 41200  Olympia, WA 98504-1200  (360) 902-8760</p> <p><u>Agent for Service for Process:</u></p> <p>Director of Department of Financial  Institutions  Securities Division  150 Israel Road SW  Tumwater, WA 98501</p> <p><b><u>WISCONSIN</u></b>  Department of Financial Institutions  Division of Securities  201 W. Washington Avenue  Madison, WI 53703  (608) 266-3364</p>
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Rev. 090723

**EXHIBIT E**

**STATE ADDENDA**  
**AND AGREEMENT RIDERS**

## STATE ADDENDA AND AGREEMENT RIDERS

### ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR SKYHAWKS FRANCHISE GROUP, LLC

The following modifications are made to the Skyhawks Franchise Group, LLC (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means Delaware. When the term “**Supplemental Agreements**” is used, it means none.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

#### **CALIFORNIA**

##### AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FDD 14 DAYS PRIOR TO EXECUTION OF THE AGREEMENT.

Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.

California Corporations Code Section 310.114.1 requires us to disclose the following information about the Franchise Agreement:

The Franchise Agreement contains provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Washington. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum



outside the State of California. The Franchise Agreement contains a mediation provision. The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

The Franchise Agreement requires the application of the law of Delaware. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement provides for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

Section 8.10 of the Franchise Agreement is revised to state: Representations and Warranties by Franchisee. You warrant and represent that: (i) you are aware of the fact that other present or future franchisees of ours may operate under different forms of agreement and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances; and (ii) you are aware of the fact that we may have negotiated terms or offered concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

The following Risk Factor is added to the Special Risks To Consider About *This* Franchise page:

**Territory Not Exclusive.** Your territory is not exclusive. You may face competition from other franchisees, from franchisor owned outlets or from other channels of distribution or competitive brands franchisor controls.

Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.”

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; (d) Violations of any provision of this division.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **HAWAII**

The following is added to the Cover Page:

**THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED**

**TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS  
AND OBLIGATIONS OF BOTH US AND YOU.**

Registered agent in the state authorized to receive service of process:

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

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit I of the FDD on the page entitled, "State Effective Dates."
2. States which have refused, by order or otherwise, to register these Franchises are:  
  
None
3. States which have revoked or suspended the right to offer the Franchises are:  
  
None
4. States in which the proposed registration of these Franchises has been withdrawn are:  
  
None

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ILLINOIS**

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Items 5 and 7 of the Franchise Disclosure Document and Section IV of the Franchise Agreement are revised to include the following: Payment of the Initial Franchise Fee is deferred until all of our initial obligations under the Franchise Agreement have been fulfilled by us and you have commenced doing business pursuant to the Franchise Agreement. This requirement has been imposed by the Illinois Attorney General's Office based on our financial condition.

See the last page of this Exhibit E for your required signature.

## **INDIANA**

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Territory.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Washington. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue,

choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Delaware law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Delaware law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **IOWA**

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

## NOTICE OF CANCELLATION

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Skyhawks Franchise Group, LLC, 1826 E. Sprague Avenue, Spokane, Washington 99202, or send a fax to Skyhawks Franchise Group, LLC at (509) 466-6906 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## **MARYLAND**

### AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND FRANCHISE DISCLOSURE QUESTIONNAIRE

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the FDD and sections of the Franchise Agreement are amended to state: "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise."

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state: "All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are

not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

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

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months’ advance notice of our intent not to renew the Franchise.
- (e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

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

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

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

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

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
525 W. Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the

franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **MINNESOTA**

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
9. Item 6 of the FDD and Section of 4.9 of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.
10. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.
11. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer:**”

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum,**” and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements - No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **NORTH DAKOTA**

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 8.1 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **OHIO**

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials \_\_\_\_\_ Date \_\_\_\_\_

### **NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Skyhawks Franchise Group, LLC, 1826 E. Sprague Avenue, Spokane, Washington 99202, or send a fax to Skyhawks Franchise Group, LLC at (509) 466-6906 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

## **RHODE ISLAND**

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

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.



No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **SOUTH DAKOTA**

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **VIRGINIA**

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Skyhawks Franchise Group, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **WASHINGTON**

### **WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.
- As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and

is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

### **WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

*(Signatures on following page)*

### **APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐ California  
☐ Hawaii  
☐ Illinois  
☐ Iowa  
☐ Indiana  
☐ Maryland

☐ Michigan  
☐ Minnesota  
☐ New York  
☐ North Dakota  
☐ Ohio

☐ Rhode Island  
☐ South Dakota  
☐ Virginia  
☐ Washington  
☐ Wisconsin

Dated: \_\_\_\_\_

#### **FRANCHISOR:**

SKYHAWKS FRANCHISE GROUP, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

#### **FRANCHISEE:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Rev. 071823

## EXHIBIT F

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## **EXHIBIT G**

### **CONTRACTS FOR USE WITH SKYHAWKS FRANCHISE GROUP, LLC**

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Skyhawks Business. The following are the forms of contracts that Skyhawks Franchise Group, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

## EXHIBIT G-1

### SKYHAWKS FRANCHISE GROUP, LLC

### SAMPLE GENERAL RELEASE AGREEMENT

#### WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of \_\_\_\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Skyhawks Franchise Group, LLC, a Delaware limited liability company ("Franchisor," and together with Releasor, the "Parties").

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Skyhawks business;

**WHEREAS**, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or (the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release), and Franchisor has consented to such (transfer/successor franchise agreement/amendment/termination/other reason); and

**WHEREAS**, as a condition to Franchisor's consent to (transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason), Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim. Releasor represents and warrants to the



Released Parties, and agrees, that it may later learn of new or different facts, but that still, it is Releasor's intention to fully, finally, and forever release all of the claims that are released above. This includes the Releasor's waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor").

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the state where the Franchisee's territory is located.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

i. This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, and the rules adopted thereunder in accordance with RCW 19.100.220.

**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_, a  
\_\_\_\_\_

Sign: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE'S OWNERS:**

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

Rev. 060524

## EXHIBIT G-2

### SKYHAWKS FRANCHISE GROUP, LLC

#### SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of Skyhawks Franchise Group, LLC, a Delaware limited liability company, and its successors and assigns (“us,” “we” or “our”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from your Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from you Territory (including, but not limited to, the services we authorize), but excludes a Skyhawks Business operating pursuant to a franchise agreement with us.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Skyhawks business or the solicitation or offer of a Skyhawks franchise, whether now in existence or created in the future.

“*Franchisee*” means the Skyhawks franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Skyhawks business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Skyhawks business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Skyhawks business, including “SKYHAWKS,” and any other trademarks, service marks, or trade names that we designate for use by a Skyhawks business. The term “Marks” also includes any distinctive trade dress used to identify a Skyhawks business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of 5% or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

“*Restricted Period*” means the two-year period after you cease to be a manager or officer of Franchisee’s Skyhawks business; provided, however, that if a court of competent jurisdiction determines

that this period of time is too long to be enforceable, then the “Restricted Period” means the one (1) year period after you cease to be a manager or officer of Franchisee’s Skyhawks business.

“*Restricted Territory*” means the geographic area within: 25 miles radius from any franchised, Franchisor-owned or affiliated company-owned territory; and (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from your Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from your Territory (including, but not limited to, the services we authorize), but excludes a Skyhawks Business operating pursuant to a franchise agreement with us; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 12.5-mile radius from Franchisee’s Skyhawks business (and including the premises of the approved location of Franchisee).

“*System*” means our system for the establishment, development, operation, and management of a Skyhawks business, including Know-how, proprietary programs and products, Manual, and operating system.

**2. Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the Skyhawks business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s Skyhawks business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

**4. Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s Skyhawks business by engaging in any Prohibited Activities.

**5. Unfair Competition After Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

**6. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether

you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

**7. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**8. Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Skyhawks franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**9. Miscellaneous.**

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of the state where the Franchisee Territory is located, and the courts in the state of Delaware shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

*(Signature on following page)*

EXECUTED on the date stated below.

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

Rev. 120619

## EXHIBIT G-3

### SKYHAWKS FRANCHISE GROUP, LLC

### SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of Skyhawks Franchise Group, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Skyhawks franchisees to use, sell, or display in connection with the marketing and/or operation of a Skyhawks Business, whether now in existence or created in the future.

“*Franchisee*” means the Skyhawks franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Skyhawks Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Skyhawks Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Skyhawks Business, including “SKYHAWKS” and any other trademarks, service marks, or trade names that we designate for use by a Skyhawks Business. The term “Marks” also includes any distinctive trade dress used to identify a Skyhawks Business, whether now in existence or hereafter created.

“*Skyhawks Business*” means a business that offers sports-related and other child development programs to children in various formats, including classes, camps, leagues, and parties, using a variety of skill-based games and other related products and services using our Intellectual Property.

“*System*” means our system for the establishment, development, operation, and management of a Skyhawks Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

**2. Background.** You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

**3. Know-How and Intellectual Property: Nondisclosure and Ownership.** You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Skyhawks Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you

will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Skyhawks Franchise Group, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

**4. Immediate Family Members.** You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

**5. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**6. Breach.** You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Skyhawks franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**7. Miscellaneous.**

a. Although this Agreement is entered into in favor of Skyhawks Franchise Group, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of state where the Franchisee's territory is located, and the courts in the state of Delaware shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

Rev. 032916

## EXHIBIT G-4

### SAMPLE AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

#### **Franchisee Information:**

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

#### **Bank Account Information:**

Bank Name		
Bank Mailing Address (street, city, state, zip)		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

#### **Authorization:**

Franchisee hereby authorizes Skyhawks Franchise Group, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: \_\_\_\_\_

Federal Tax ID Number: \_\_\_\_\_

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

REV. 032916

## EXHIBIT G-5

### SKYHAWKS FRANCHISE GROUP, LLC

#### SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment (“**Agreement**”) is entered into dated \_\_\_\_\_, between Skyhawks Franchise Group, LLC (“**Franchisor**”), a Delaware limited liability company, \_\_\_\_\_ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and \_\_\_\_\_, a [State] [corporation/limited liability company] (“**New Franchisee**”).

#### RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated \_\_\_\_\_ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate a Skyhawks franchise located at \_\_\_\_\_ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee’s rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under

the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Skyhawks franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the state where the Franchisee's territory is located.

*(Signatures on following page)*

**IN WITNESS WHEREOF**, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR:**

SKYHAWKS FRANCHISE GROUP, LLC

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FORMER FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**NEW FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Rev. 031821

## EXHIBIT G-6

### SKYHAWKS FRANCHISE GROUP, LLC

#### SAMPLE LEASE ADDENDUM

This Addendum to Lease (“**Addendum**”), dated \_\_\_\_\_, is entered into by and between \_\_\_\_\_ (“**Landlord**”), \_\_\_\_\_ (“**Tenant**”) and Skyhawks Franchise Group, LLC (“**Franchisor**”), collectively referred to herein as the “**Parties**”.

A. Landlord and Tenant have entered into a certain Lease Agreement dated \_\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ (“**Lease**”).

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises (“**Premises**”) pursuant to a Franchise Agreement (“**Franchise Agreement**”) with Franchisor under Franchisor’s trademarks and other names designated by Franchisor (herein referred to as “**Franchised Business**” or “**Franchise Business**”).

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

**NOW, THEREFORE**, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Franchise System. Landlord hereby consents to Tenant’s use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Tenant’s use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. Assignment. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant’s right, title, and interest in the Lease to a Franchise Assignee (defined below) at any time during the term of the Lease, including any extensions or renewals thereof. In addition, if Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, a Franchise Assignee, will, at its option, have the right, but not the obligation, to take an assignment of Tenant’s interest under the Collateral Assignment of Lease or other form of assignment and assumption document reasonably acceptable to Landlord, provided such Franchise Assignee cures any then-existing material defaults of the Lease no later than ten (10) days following the end of Tenant’s cure period. No assignment shall be effective until: (i) the Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchise Assignee has cured all material defaults of the Lease for which it has received notice from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or

subtenant shall retain all of the Tenant's rights granted in the Lease including without limitation: (x) any grant of a protected territory or use exclusivity; and (y) the renewal or extension of the Lease term. With respect to any assignment proposed or consummated under this Addendum, Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten (10) day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

b. All notices to Franchisor shall be sent by a reputable overnight delivery service to the following address:

Skyhawks Franchise Group, LLC  
1826 E. Sprague Avenue  
Spokane, Washington 99202

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

c. Tenant and Landlord agree not to terminate, or materially amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of the Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.

6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor's approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

b. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor, and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Landlord has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

7. Amendments. No amendment or variation of this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copies herein in full.

**IN TESTIMONY WHEREOF**, witness the signatures of the Parties hereto as of the day, month, and year first written above.

**LANDLORD:**

**TENANT:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISOR:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Rev. 022324

**EXHIBIT G-6 Attachment 1**

**ATTACHMENT 1 TO LEASE ADDENDUM**

**COLLATERAL ASSIGNMENT OF LEASE**

FOR VALUE RECEIVED, as of \_\_\_\_\_ (“**Effective Date**”), the undersigned, \_\_\_\_\_ (“**Assignor**”) hereby assigns, transfers and sets over unto \_\_\_\_\_ (“**Assignee**”) all of Assignor’s right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A (“Lease”)** with respect to the premises located at \_\_\_\_\_. This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignor’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

*(Signatures on following page)*

**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

**ASSIGNOR:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name \_\_\_\_\_

Its: \_\_\_\_\_

**ASSIGNEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name \_\_\_\_\_

Its: \_\_\_\_\_

Rev. 022324

EXHIBIT G-7

**SKYHAWKS FRANCHISE GROUP, LLC**

**SAMPLE ADDITIONAL TERRITORY ADDENDUM**

**THIS ADDITIONAL TERRITORY ADDENDUM** (this “**Addendum**”) to the Franchise Agreement (“**Agreement**”) is dated to be effective as of this \_\_\_\_ day of \_\_\_\_\_, 201\_\_ (“**Effective Date**”), by and between Skyhawks Franchise Group, LLC, a Delaware limited liability company (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”), to amend and supplement the terms and conditions contained in the Agreement. By execution and compliance with this Addendum and the Agreement, Franchisee shall be authorized to operate one additional territory (the “**Additional Territory**”) subject to the terms and conditions of the Agreement, as amended in this Addendum. Capitalized terms not defined herein shall be as defined in the Agreement.

The parties therefore agree as follows:

**1. Additional Territory Grant.** Franchisee is hereby granted the right to operate in the Additional Territory described below. Except as otherwise noted herein, the terms of the Agreement, including any and all exhibits and addendums to the Agreement shall apply to the Additional Territory. Without limiting the generality of the foregoing, all references to “Territory” in Article II of the Agreement, shall be deemed to include the Additional Territory.

**2. Additional Territory Description.** The Additional Territory referred to above shall be the geographic area described below and/or as depicted on the following map:

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**3.** The Premises within the Territory described in the Franchise Agreement (from which you may operate the Skyhawks Business(es)) is:

\_\_\_\_\_ (address)

**4. Additional Territory Fee.** Upon execution of this Addendum, Franchisee will pay Franchisor an additional territory fee (the “**Additional Territory Fee**”) as described below:

\$ \_\_\_\_\_

Additional Territory Fee is not refundable under any circumstances except as described in Section 4.1.1 of the Agreement.

**5. Minimum Royalty Payment for Additional Territory.** The amount of the Minimum Royalty Payment that you will be obligated to pay under Section 4.2 of the Franchise Agreement for the Additional Territory per Skyhawks Business is indicated with a check indicating the appropriate chart below.

\_\_\_\_\_ Tier 1 Skyhawks Franchise (Chart A)  
\_\_\_\_\_ Tier 2 Skyhawks Franchise (Chart B)



CHART A:  
Tier 1 Territory  
(Territory population of 250,000 or above)

Year	Minimum Monthly Payment	Minimum Royalty Per Quarter
Second Half of Year 1	\$500	\$1,500
Year 2	\$700	\$2,100
Years 3	\$900	\$2,700
Years 4+	\$1,100	\$3,300

CHART B:  
Tier 2 Territory  
(Territory population of between 150,000 and 250,000)

Year	Minimum Monthly Payment	Minimum Royalty Per Quarter
Second Half of Year 1	\$250	\$750
Year 2	\$350	\$1,050
Years 3	\$450	\$1,350
Years 4+	\$550	\$1,650

As described in the Agreement, you will also be responsible for separate Minimum Royalty Payments per business for the original Territory described in the Agreement. For purposes of clarification and not by way of limitation, your obligation to pay Royalties will begin in the month you being operations, and the Minimum Monthly Payment will begin after the sixth month of operation.

**6. Additional Fees.** For all additional expenses and fees owed under the Franchise Agreement, including program supplies fees, any management fees, any transfer fee, any successor fees, any additional support fees, and liquidated damages, Franchisee shall owe such expense and fee for each Skyhawks Business purchased for each of the original Territory and the Additional Territory.

**7. Term.** Unless terminated early pursuant to the Agreement, this Addendum shall be effective on the date listed above and shall remain in effect until termination (for any reason) or expiration of the Agreement. Upon the termination or the expiration of the term of this Addendum, or any extension hereof, Franchisee must cease operating the Skyhawks Business in the Additional Territory in accordance with the post-termination obligations of Franchisee under the Agreement.

**8. Commencement of Operations.** Franchisee shall commence operation of Skyhawks Business in the Additional Territory on:

- ☐ The same day that Franchisee commences operation of its original Territory, or
- ☐ The date that is \_\_\_\_ days after the Effective Date of this Addendum, or
- ☐ \_\_\_\_\_ (fill in date).

**9. Territory and Reservation of Rights.** Franchisee understands and acknowledges that the Territory granted under the Agreement is extended to also include the Additional Territory.

Otherwise, Franchisee is not granted any additional rights, and Franchisor and its affiliates reserve all other rights described in the Agreement.

**10. Inconsistent Terms.** To the extent that the terms of this Addendum are inconsistent with the Agreement, the terms of this Addendum shall prevail in connection with the operation of the Skyhawks Business in the Additional Territory, and shall supersede any inconsistent terms in the Agreement. Except as modified herein, the other terms and conditions of the Agreement shall govern and remain in full force and effect between Franchisor and Franchisee and shall apply to the Additional Territory.

**IN WITNESS WHEREOF**, the parties have executed this Addendum to Franchise Agreement to be effective as of the Effective Date.

**SKYHAWKS FRANCHISE GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT G-8

### SKYHAWKS FRANCHISE GROUP, LLC

### SAMPLE GOVERNMENT VENUE FRANCHISE ADDENDUM

THIS GOVERNMENT VENUE FRANCHISE ADDENDUM (“**Addendum**”) is entered into on the date set forth in Attachment A between Skyhawks Franchise Group, LLC, a Delaware limited liability company (“**Franchisor**”), and the franchisee identified on the signature page of this Addendum (“**Franchisee**”).

### RECITALS

A. Franchisor and Franchisee have entered that certain franchise agreement of even date herewith (“**Franchise Agreement**”), pursuant to which Franchisee will operate a Skyhawks franchise in a Government Venue as defined in this Addendum.

B. Franchisor and Franchisee desire to amend the terms of the Franchise Agreement to incorporate certain terms of this Addendum into the Franchise Agreement. Capitalized terms not defined in this Addendum shall have the meanings set forth in the Franchise Agreement.

### AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties and subject to the following terms and conditions, it is agreed as follows:

1. **DEFINITIONS.** Section 1 of the Franchise Agreement is hereby amended to add, delete or modify the following defined terms:

The term “Government Venue” is hereby added to Section 1 the Franchise Agreement to mean “Skyhawks Business(es) located in or through local, state or federal government agencies and institutions including, but not limited to, schools, daycare centers, recreational departments, housing developments, military bases, libraries and museums.” The Government Venue is further described on Attachment A.”

The term “Premises” as defined in Article 1 of the Franchise Agreement is hereby amended and restated as follows: “Premises” means the location within or on the Government Venue from which you may manage the business operations of the Skyhawks Business(es) described on Attachment A using the Brand Standards.”

The term “Territory” as defined in Article 1 of the Franchise Agreement is hereby deleted. To the extent that the term Territory appears anywhere in the Franchise Agreement as modified by this Addendum, it is hereby deleted and replaced with the term “Government Venue.”

2. **RESERVED RIGHTS.** Section 2.2 of the Franchise Agreement is hereby amended and restated as follows:

“Reserved Rights. You may operate the Skyhawks Business only from the Government Venue. You may not operate the Skyhawks Business or offer any Skyhawks Program outside of the Government Venue. Our acceptance of the Government Venue shall not constitute, nor be deemed, a judgment or guaranty as to the likelihood of success of your Skyhawks Business.

3. **LOCATION OF PREMISES.** Section 2.9(ii) of the Franchise Agreement is hereby deleted in its entirety.

4. **TRAINING.** Section 3.6 of the Franchise Agreement is hereby deleted in its entirety.

5. **INITIAL FRANCHISE FEE.** Section 4.1 is hereby amended and restated as follows:

“You will pay us a non-refundable initial franchise fee (“Initial Franchise Fee”) upon signing this Franchise Agreement in the amount set forth in Attachment A. The Initial Franchise Fee is fully earned upon payment and is non-refundable under all circumstances. If you fail to open your Skyhawks Business and conduct at least one Skyhawks Program within three months after signing the Franchise Agreement, or if you do not complete the Initial Training to our satisfaction, we may terminate the Franchise Agreement. You will also be required to pay us the Program Supplies Fees (as described in Section 6.1 below).”

Franchisee is not granted the right to acquire any additional Government Venues under the Franchise Agreement. Section 4.1.2 of the Franchise Agreement is hereby deleted in its entirety. All references to “Additional Territory” anywhere in the Franchise Agreement are hereby deleted.

6. **ROYALTIES.** Section 4.2 of the Franchise Agreement is hereby amended and restated as follows:

“Royalties. You must pay us royalties (“Royalties”) which are due on or before the tenth day of each calendar month (for the preceding month); the Royalties are ongoing payments that allow you to use the Marks and the other intellectual property of the System and that pay for our ongoing support and assistance. For each Skyhawks Franchise at the Government Venue, your Royalty during the term of the Franchise Agreement will be the greater of the monthly minimum royalty listed below (“Minimum Royalty”) or the “Percentage Royalty,” identified below. You will be required to make a minimum monthly royalty payment (“Minimum Monthly Payment”) as listed in the chart below for each Skyhawks Franchise that you operate under this Franchise Agreement.

Government Venue Franchise

Year	Minimum Monthly Payment	Minimum Royalty Per Quarter
Second Half of Year 1	\$250	\$750
Year 2	\$350	\$1,050
Years 3	\$450	\$1,350
Years 4+	\$550	\$1,650

The Percentage Royalty payable in the below chart is based on your Gross Revenue for each Skyhawks Franchise that you run at any particular facility within the Government Venue in a calendar year. Gross Revenue for all your Skyhawks Franchises shall not be aggregated.

Gross Revenue in a calendar year	Royalty Fee equal to Percentage of Gross Revenue
\$0 - \$1M	9%
\$1M - \$1.25M	8%
\$1.25M - \$1.5M	7%
Over \$1.5 M	6%

The Percentage Royalty identified in this chart applies to that portion of your Gross Revenue for each column. For example, if your Gross Revenue exceeds \$1M in a given calendar year, you will still pay a Percentage Royalty of nine percent (9%) (or the Minimum Royalty, whichever is greater) on the first \$1M of Gross Revenue for that year.

We will not begin to collect the Minimum Royalty until six months after you sign the Franchise Agreement. Once we begin collecting the Minimum Royalty, the Minimum Monthly Payment will be deducted using EFT. After each quarter, we will reconcile the Minimum Monthly Payments paid against the actual Royalties earned from the Gross Revenue for such quarter (the Percentage Royalty). We will bill you within 30 days of the end of each “Calendar Quarter” for any amounts that the Percentage Royalty for such quarter exceeds the Minimum Royalty. For purposes of the Franchise Agreement, a “Calendar Quarter” is a period of three consecutive months with the first quarter starting January 1 through March 31, second quarter April 1 through June 30, third quarter from July 1 through September 30, and fourth quarter from October 1 through December 31. If a Skyhawks Program for your Skyhawks Business is booked through and paid to us, we reserve the right to retain the Royalty (and any past-due Royalties owed to us) from the amounts paid for the Skyhawks Program and distribute the remaining balance to you. We will send bi-weekly checks each month for any Skyhawks Program booked through us. If we are required to refund a customer of your Skyhawks Business, we will either deduct the refund paid from the next registration booked with us or bill you at the end of the corresponding month and EFT debit the amount.

You will be required to pay us a payment service fee of up to three percent (3%) of the purchase if a program, party or business for your Skyhawks Business is booked through us or our corporate website, which will be automatically deducted from your EFT account. Additionally, your customers will also pay our then-current program processing fee (currently, \$5 per program) to us as specified in the Franchise Operations Manual.”

7. **BRAND STANDARDS.** Section 6.1(i) of the Franchise Agreement is hereby amended to add the following after the third sentence of the section.

“Franchisor and Franchisee acknowledge and agree that the System and Brand Standards for the Government Venue may differ from that of a traditional Skyhawks Business. Franchisor is not required to enforce the Brand Standards or certain provisions of the Manual with

respect to the Government Venue in the same manner that it enforces them against operators of traditional Skyhawks Businesses.”

8. **SUPPLIES.** Section 6.1(i)(m) of the Franchise Agreement is hereby deleted in its entirety.

9. **PERSONAL PARTICIPATION.** Section 6.1(l) of the Franchise agreement is hereby amended and restated as follows:

“**Designated Manager.** You must at all times during the term of this Franchise Agreement appoint and employ a designated manager (a “**Designated Manager**”) who will participate personally and full-time in the Skyhawks Business and who is reasonably acceptable to us. You may not change the Designated Manager without our prior written approval. We will not approve and you may not employ any Designated Manager who does not complete our Initial Training Program to our satisfaction.”

All references to “Managing Owner” anywhere in the Franchise Agreement are hereby deleted from the Franchise Agreement.

10. **TERMINATION RIGHTS.** Section 7.4(ii)(n) of the Franchise Agreement is hereby deleted in its entirety.

11. **TRANSFER OR ASSIGNMENT.** Section 7.5 of the Franchise Agreement is amended and restated as follows:

“You may not make a Transfer without our prior written consent, which shall be granted or withheld in our sole discretion. We have no contractual or other obligation to review or approve any Transfer by you, however, prior to approving any Transfer by you, we may impose any terms, conditions or prerequisites that we deem necessary or advisable in our sole discretion. You agree not to challenge any decision that we make with respect to any Transfer that you propose. Any attempted Transfer of any interest in the Skyhawks Business without our prior written consent will be a default under this Franchise Agreement and will be voidable by us.

We or any of our Affiliates may sell or assign this Franchise Agreement in whole or in part, and our assignee may enforce this Franchise Agreement in whole or in part. We may sell or issue our stock, other ownership interests, or assets, whether privately or publicly.”

12. **DEATH OR DISABILITY.** Section 7.7 of the Franchise Agreement is hereby deleted in its entirety.

13. **FRANCHISE DATA SHEET.** The Franchise Data Sheet attached to the Franchise Agreement as Attachment A is hereby deleted in its entirety and replaced with the Franchise Data Sheet attached to this Addendum as Exhibit A.

14. **OWNERS AGREEMENT.** Neither Franchisee nor any employee, officer, agent or representative of Franchisee shall be required to sign the Owners Agreement attached to the Franchise Agreement as Attachment B.

15. **CONFIDENTIALITY.** Franchisee agrees to keep the terms of this Addendum confidential and not disclose the contents of this Addendum to any third party, excluding Franchisee’s representatives, without the prior written consent of Franchisor.

16. **ADDENDUM BINDING.** This Addendum will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

17. **FURTHER ASSURANCE.** Each of the parties will, upon reasonable request of the other, sign any additional documents necessary or advisable, to fully implement the terms and conditions of this Addendum.

18. **MISCELLANEOUS.** This Addendum will be considered an integral part of the Franchise Agreement, and the terms of this Addendum will be controlling with respect to the subject matter hereof. Except as specifically provided in this Addendum, all of the terms, conditions, and provisions of the Franchise Agreement will remain in full force and effect as originally written and signed. In the event of any inconsistency between the provisions of the Franchise Agreement and this Addendum, the terms of this Addendum shall control.

IN WITNESS WHEREOF, the parties duly executed this Addendum as of the date first above written.

**FRANCHISEE:**

**FRANCHISOR:**

**SKYHAWKS FRANCHISE GROUP, LLC**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT G-8 Exhibit A**

**EXHIBIT A TO GOVERNMENT VENUE FRANCHISE ADDENDUM**

**FRANCHISE DATA SHEET (GOVERNMENT VENUE)**

1. The Effective Date set forth in the introductory paragraph of the Franchise Agreement is: \_\_\_\_\_.

2. This is Franchisee's (please check one):

\_\_\_\_\_ Initial Term  
\_\_\_\_\_ Successor Term

If "Successor Term" has been selected above, please complete below:

This is Franchisee's \_\_\_\_\_ successor term.

Franchisee has \_\_\_\_\_ potential successor terms remaining, which may be exercised solely as described in the Franchise Agreement.

3. The Franchise Owner set forth in the introductory paragraph of the Franchise Agreement is: \_\_\_\_\_.

4. The Initial Franchise Fee set forth in Section 4.1.1 of the Franchise Agreement is \$ \_\_\_\_\_.

5. Territory. No Territory is offered for a Government Venue franchise.

6. The Premises within the Territory described in the Franchise Agreement (from which you may operate the Skyhawks Business(es)) is: \_\_\_\_\_ (address).

7. The Government Venue is: \_\_\_\_\_

**FRANCHISEE:**

**FRANCHISOR:**

**SKYHAWKS FRANCHISE GROUP, LLC**

a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_



**EXHIBIT H**  
**FRANCHISE DISCLOSURE QUESTIONNAIRE**

## FRANCHISE DISCLOSURE QUESTIONNAIRE

**(This questionnaire is not to be used for any franchise sale in or to residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)**

As you know, Skyhawks Franchise Group, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a Skyhawks Franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

**Do not sign this Questionnaire if you are a resident of Maryland or the franchise is to be operated in Maryland.**

1.        Yes\_\_\_    No\_\_\_    Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
2.        Yes\_\_\_    No\_\_\_    Have you received and personally reviewed the Franchise Disclosure Document we provided?
3.        Yes\_\_\_    No\_\_\_    Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4.        Yes\_\_\_    No\_\_\_    Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
5.        Yes\_\_\_    No\_\_\_    Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor or had the opportunity to do so but chose not to?
6.        Yes\_\_\_    No\_\_\_    Have you discussed the benefits and risks of developing and operating a Skyhawks Franchise with an existing Skyhawks Franchisee?
7.        Yes\_\_\_    No\_\_\_    Do you understand the risks of developing and operating a Skyhawks Franchise?
8.        Yes\_\_\_    No\_\_\_    Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
9.        Yes\_\_\_    No\_\_\_    Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated in Delaware, if not resolved informally or by mediation (subject to state law)?
10.       Yes\_\_\_    No\_\_\_    Do you understand that you must satisfactorily complete the initial training course before we will allow your Skyhawks Business to open or consent to a transfer?

11.      Yes\_\_    No\_\_      Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Skyhawks Franchise, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12.      Yes\_\_    No\_\_      Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13.      Yes\_\_    No\_\_      Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Skyhawks Franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14.      Yes\_\_    No\_\_      Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Skyhawks Franchise?
15.      Yes\_\_    No\_\_      Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Date \_\_\_\_\_

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EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Questionnaire Number	Explanation of Negative Response

REV. 030123

**EXHIBIT I**  
**STATE EFFECTIVE DATES**

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	September 22, 2025
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	April 30, 2025
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## EXHIBIT J

## RECEIPT

**RECEIPT**  
**(Retain This Copy)**

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 Skyhawks Franchise Group, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Skyhawks Franchise Group, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Skyhawks Franchise Group, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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

The name, principal business address and telephone number of each franchise seller offering the franchise is:	
Jason Frazier at 1826 E. Sprague Avenue, Spokane, Washington 99202; 800-804-3509	
Debbie Liberg at 1826 E. Sprague Avenue, Spokane, Washington 99202; 800-804-3509	

Issuance Date: April 30, 2025, as amended September 29, 2025

I received a Franchise Disclosure Document issued April 30, 2025, as amended September 29, 2025 that included the following exhibits:

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	List of Current and Former Franchisees
Exhibit D	List of State Administrators and Agents for Service of Process
Exhibit E	State Addenda and Agreement Riders
Exhibit F	Franchise Operations Manual Table of Contents
Exhibit G	Contracts for use with the Skyhawks Franchise
Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Effective Dates
Exhibit J	Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name

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**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**



**RECEIPT  
(Our Copy)**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Skyhawks Franchise Group, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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

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Debbie Liberg at 1826 E. Sprague Avenue, Spokane, Washington 99202; 800-804-3509

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Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Effective Dates
Exhibit J	Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name

Rev. 012417

**Please sign this copy of the receipt, date your signature, and return it to Skyhawks Franchise Group, LLC, 1826 E. Sprague Avenue, Spokane, Washington 99202.**

