

FRANCHISE DISCLOSURE DOCUMENT**Adventure Facility Franchising Inc.**

a Washington Company

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Under this Disclosure Document, we offer a franchise for the operation of an indoor wall-climbing and family entertainment facility operating under the name 'Funtopia', featuring a wide variety of interactive climbing zones that form giant themed climbing surfaces that provide a safe, fun and unique themed challenges especially for kids as well as adults. Funtopia parks operate using the franchisor's proprietary marks, proprietary recipes, system and trade secrets.

The total investment necessary to begin operation of a small Funtopia park wall-climbing park franchise is \$627,097 to \$755,739. This includes from \$354,244 to \$406,032 which must be paid to the Franchisor or its affiliate, as appropriate.

The total investment necessary to begin operation of a medium Funtopia park wall-climbing park with option of cafe/food service inside the facility is \$825,088 to \$1,295,723. This includes from \$455,584 to \$674,540.80 which must be paid to the Franchisor or its affiliate, as appropriate.

The total investment necessary to begin operation of a large Funtopia park wall-climbing park with option of cafe/food service inside the facility is \$1,357,093 to \$1,947,981. This includes from \$608,952.80 to \$815,500 which must be paid to the Franchisor or its affiliate, as appropriate.

We may also offer a Multi-Unit Developer Agreement to an individual or business entity that agrees to develop at least three Funtopia Businesses in a specific geographic area. The total investment necessary to begin operation of a small Funtopia Multi-Unit Development Agreement is \$648,347 to \$777,489. This includes \$36,750 that must be paid to the franchisor or its affiliate(s) as appropriate.

The total investment necessary to begin operation of a medium sized Funtopia Multi-Unit Development Agreement is \$846,338 to 1,317,473. This includes \$36,750 that must be paid to the franchisor or its affiliate(s), as appropriate.

The total investment necessary to begin operation of a medium sized Funtopia Multi-Unit Development Agreement is \$1,378,343 to 1,969,731. This includes \$36,750 that must be paid to the franchisor or its affiliate(s), as appropriate.

A multi-unit developer will pay a reservation fee equal to \$12,250 for each Funtopia park which is payable when you sign the agreement. For example, if you commit to develop Three Funtopia parks either small, medium with cafe/food service or large with cafe/food service, you must pay to us \$36,750.

Funtopia/FDD-03

when you sign the Multi-Unit Operator Agreement. The reservation fee is fully earned by us when received and is not refundable or credited against any other fees you must pay to us. Each time you sign the Franchise Agreement for Funtopia parks to be developed under the Multi-Unit Development Agreement, you must pay a reduced initial franchise fee of half of the then current franchise fee in a lump sum when you sign the Franchise Agreement. We expect that you will sign the Franchise Agreement for your first Funtopia park at the same time you sign the Multi-Unit Development Agreement.

The estimated initial investment to operate as a multi-unit developer will vary depending on the number of Funtopia parks to be developed.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Yasen Nikolov, President at Adventure Facility Franchising, Inc., 2050 Tower Dr. Glenview, Illinois 60026 (778)317-6520.

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

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

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

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STATE COVER PAGE

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

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

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

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

- 1 THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN WASHINGTON. OUT OF STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE AND ARBITRATE WITH US IN WASHINGTON THAN IN YOUR OWN STATE.
- 2 THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT STATE THAT WASHINGTON LAW GOVERNS THE AGREEMENTS AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS.
- 3 THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE COULD BE A HIGHER RISK INVESTMENT THAN A SYSTEM WITH A LONGER OPERATING HISTORY.
- 4 THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
- 5 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$327,097 TO \$1,409,973. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2016, WHICH IS \$7,536.
- 6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

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