

KIDS KARS FRANCHISING, INC.

INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE FEDERAL TRADE COMMISSION

TO PROTECT YOU, WE'VE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVEN'T CHECKED IT, AND DON'T KNOW IF IT'S CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DON'T RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FEDERAL TRADE COMMISSION
Washington, D.C. 20580

CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON AND WISCONSIN REQUIRE FRANCHISORS TO MAKE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR. IF APPLICABLE, THESE ADDITIONAL DISCLOSURES WILL BE FURNISHED TO YOU IN AN ADDENDUM TO THIS OFFERING CIRCULAR.

IN ACCORDANCE WITH THE REQUIREMENTS OF THE FEDERAL TRADE COMMISSION, THIS OFFERING CIRCULAR WAS ISSUED ON JUNE 7, 2004. IF THIS OFFERING IS REGISTERED IN A STATE LISTED ABOVE, THE EFFECTIVE DATE OF THIS OFFERING CIRCULAR WILL BE DISCLOSED IN THE ADDENDUM FOR THAT STATE.



FRANCHISE OFFERING CIRCULAR

KIDS KARS FRANCHISING, LLC
(A Nevada Limited Liability Company)
7231 W. Colonial Street, Suite A303. Boise. Idaho 83709
(208) 322-0763
<http://www.kidskars.com>

We've developed a system for delivering children's entertainment services within a specified geographical location using motorized mini cars and custom built inflatable barriers, along with related equipment, products and services (the "System").

We offer, and award, to qualified applicants, a franchise to operate a single Kids Kars Business (the "Franchised Business") within a specified geographic region (the "Territory") using the Kids Karssm mark, design and System. The initial franchise fee is \$13,000, and the estimated initial investment required ranges from \$60,850 to \$71,250, including the Package Equipment Fee.

You must purchase the Kids Kars mini cars, inflatable barriers, trailers and related Equipment which are part of the Designated Equipment. The Package Equipment Fee is \$44,000 (plus applicable sales tax). If you do not require a trailer, the Package Equipment Fee is \$36,500.

Risk Factors:

THE FRANCHISE AGREEMENT CONTAINS A MANDATORY BINDING ARBITRATION CLAUSE GOVERNING NEARLY ALL DISPUTES BETWEEN YOU AND US, AND ALSO PROVIDES FOR A FACE-TO-FACE MEETING AND MEDIATION TO SETTLE DISPUTES. THE FACE-TO-FACE MEETING, MEDIATION, BINDING ARBITRATION (AND ANY LITIGATION) AND ANY ARBITRATION APPEAL WILL TAKE PLACE NEAR OUR THEN-CURRENT HEADQUARTERS, AND THAT MAY COST YOU MORE THAN IF THOSE PROCEEDINGS TOOK PLACE NEAR YOUR RESIDENCE OR BUSINESS. COSTS OF THE FACE-TO-FACE MEETING, MEDIATION, ARBITRATION AND ANY ARBITRATION APPEAL MAY BE GREATER THAN IN LITIGATION. YOU AND WE WILL GENERALLY BEAR EACH OF OUR OWN COSTS IN ANY DISPUTE, BUT THE ARBITRATOR CAN ASSESS COSTS (BUT NOT ATTORNEY'S FEES) AGAINST A LOSING PARTY. THE FRANCHISE AGREEMENT PROVIDES THAT THE LAW OF IDAHO GOVERNS THE AGREEMENT, THAT LAW MAY NOT PROVIDE YOU WITH THE SAME RIGHTS AND PROTECTIONS AS YOUR LOCAL LAW AND YOU MAY WANT TO

CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS. BY AGREEING TO ARBITRATE, YOU WAIVE YOUR RIGHTS TO A JURY TRIAL, AS WELL AS TO A TRIAL BEFORE A JUDGE IN A COURT OF LAW, AS WELL AS GIVING UP CERTAIN RIGHTS REGARDING CLASS ACTIONS. THE FRANCHISE AGREEMENT ALSO CONTAINS A LIMITATION ON THE TYPES AND AMOUNTS OF DAMAGES RECOVERABLE BY YOU OR US.

YOU SHOULD REVIEW ANY RIDERS OR ADDENDA ATTACHED TO THIS OFFERING CIRCULAR FOR DISCLOSURES REGARDING FRANCHISE LAWS. AS A CONDITION OF REGISTRATION, CERTAIN STATE-SPECIFIC LAWS AND REQUIRED DISCLOSURES MAY SUPERSEDE THE PROVISIONS OF THIS OFFERING CIRCULAR.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information comparing franchisors is available. Call the state administrators listed in Exhibit F or your public library for sources of information

Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in this offering circular is untrue, contact the Federal Trade Commission and the appropriate state authority listed in Exhibit F.

Effective Date: June 7, 2004

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- B-1. Franchise Agreement with Exhibits
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- C. Statement of Prospective Franchisees
- D. State Addenda to the UFOC and Franchise Agreement
- E. Table of Contents of the Manual
- F. List of State Administrators and Agents for Service of Process
- G. List of Current Franchisees
- H. List of Franchisees Who Have Left the System Within the Past 12 Months
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ITEM 1
THE FRANCHISOR, IT'S PREDECESSORS AND AFFILIATES

The Franchisor. Business Form. Names. Address

The Franchisor is Kids Kars Franchising, LLC. To simplify the language in this Offering Circular, "we", "us" or "our" means Kids Kars Franchising, LLC. We do business under the name "KIDS KARS®". "You" or "Your" means the person who buys the Franchise. If a corporation, LLC or partnership buys the franchise, "you" includes the Franchisee's owners, as appropriate. Capitalized terms not defined in this Offering Circular have the meaning described in the KIDS KARS Franchise Agreement attached as Exhibit B.

We were formed in the State of Nevada on January 16, 2004. Our principal place of business is 7231 W. Colonial Street, Suite A303. Boise. Idaho 83709. We have no predecessors.

Our agents for service of process in states requiring franchise registration are disclosed in Exhibit F.

Our Business Activities and the Franchises to be Offered in this State

Our franchise involves the licensing of a system for delivering children's entertainment services within a specified geographical location using motorized mini cars and custom built inflatable barriers, along with related equipment, products and services. We refer to these businesses as "KIDS KARS Businesses" (the "Franchised Business"). We offer, and award to qualified applicants, a franchise to operate a single KIDS KARS Business using the Kids Kars mark, design and system (the "KIDS KARS System" or "System"). As a Franchisee, you may be operating the Franchised Business under different business models. You may operate either from a leased or owned fixed location within your Territory (as defined in Section 2.2 and Exhibit 2.2. of the Franchise Agreement). You may also transport the KIDS KARS mini-cars, barriers and related Equipment from venue to venue within the Territory (i.e., for birthday parties, special events, etc.). Your operations may be a combination of these models, or you may be awarded a franchise for a single fixed venue, in which case you will sign an Amendment to your Franchise Agreement for a Single Permanent Venue (Exhibit B-2 to this Offering Circular). If you are in Good Standing (as defined in Article 22 of the Franchise Agreement), you may be approved to purchase additional Package Equipment to permit you to operate at multiple locations within your Territory. (See Item 5 of this Offering Circular)

We believe that the market for the products and services offered by KIDS KARS Businesses is nationwide and developing. A wide variety of factors may affect the business operations. Outdoor venues are particularly impacted by inclement weather, including high and low temperatures, rain, snow, and wind. A KIDS KARS Business also may be seasonal, depending on the geographic location of the franchise and the availability of suitable indoor venues. Additionally, the school year in a locale will impact hours of use by school age children while classes are in session. Other location variables are demographics (i.e., whether the population in your trade area is mainly adult, or is comprised predominantly of families with children, etc.) and venue characteristics (i.e., the terrain of a venue must have a surface material

and contain sufficient square footage to enable you to set up the barriers and related Equipment and operate your KIDS KARS vehicles).

You will compete with other children's entertainment providers, which may include inflatable bounce houses, carnivals, fun zones, restaurants catering to children, amusement parks and motorized go-kart operations.

Our initial offer of KIDS KARS franchises in this state is being made under this Offering Circular. We have never owned and do not currently own and/or operate any KIDS KARS Business, although we reserve the right to do so.

KIDS KARS is a franchise concept that has not been franchised before, and is for the most part untested as a franchise opportunity. Further, we do not have experience as a KIDS KARS Franchisor. You should expect that additional changes in the System will take place, our limited experience makes it impossible to predict results and, of course, no guarantee can be made that you will be successful in operation of the franchised business.

Industry Regulations

In addition to any city or county business licenses applicable to the services you will be providing, you must comply with all local, state and federal laws, including any business, retail sales, zoning ordinances and similar regulation and licensing requirements, any applicable environmentally-related laws and/or regulations, and any regulations relating to businesses that provide services to children. You are solely responsible for identification of and compliance with all laws, ordinances and/or regulations applicable to your KIDS KARS Business, including any with respect to criminal and other background checks and/or fingerprinting for you, your employees and agents and/or any person who is involved with your KIDS KARS Business and in contact with children. We strongly recommend that you undertake these investigations in the operation of your Franchised Business to the extent that you are lawfully permitted.

You should independently research and review any legal requirements relating to the children's entertainment services industry, particularly as they relate to motorized vehicles, with your attorney before you sign any binding documents or make any investments.

Although we do not require you to manage your Franchised Business personally, if you decide to hire employees, it is your sole responsibility, on an ongoing basis, to investigate and satisfy all employment, worker's compensation, insurance, corporate, tax and similar laws and regulations, since they vary from place to place, can change over time, and may affect the operation of your business.

Additionally, we may establish from time to time new requirements, specifications, standards, policies and procedures relating to sites, venues and site/venue operations to comply with regulatory updates and for other reasons.

Affiliates and Other Information

We have an affiliate, Kids Kars, Inc. (“KKI”). KKI was incorporated in the State of California on December 11, 2002, and began operating a KIDS KARS Business in Boise, Idaho in June, 2004. KKI may choose to discontinue operations at the Boise venue and operate a mobile KIDS KARS Business. KKI is the only authorized supplier of the Package Equipment for the Franchised Business. KKI does not offer franchises in any line of business.

This offering is made exclusively by Kids Kars Franchising, LLC. It is not being made by KKI, or any other affiliate, person or entity. Although KKI is an intended beneficiary of this Agreement and may sue to enforce it, KKI is not a party to this Agreement and is not bound by it. All obligations and rights under this Agreement are directly between you and us.

This Offering Circular describes the terms and conditions on which we currently offer franchises in this state. We reserve the right, in our sole discretion, to award, or not award, a KIDS KARS Business franchise to any prospective franchisee, regardless of the stage of the franchise award process, costs expended by the prospective franchisee or otherwise. We may offer KIDS KARS Franchises on economic and/or other terms that differ from those offered by this Offering Circular. There also may be instances in which we have varied, or will vary, the terms on which we offer franchises to suit the circumstances of a particular transaction, to the extent we are able to do so. We strongly urge you to carefully review all documents, including a comparison to any prior Agreement if a renewal or transfer of an existing Franchise Agreement is involved, as well as this Offering Circular, with independent advisors who can provide legal, business and/or economic guidance, such as a lawyer and/or accountant.

A fundamental requirement of your joining and remaining part of the System will be your commitment to the operation of your Franchised Business in accordance with the then-current System Standards. During the term of the Franchise Agreement, you must at all times develop and operate your Franchised Business in compliance with all System Standards, as we may modify them in the future.

This Offering Circular contains a summary of various provisions of our program and the Franchise Agreement and other documents. We have summarized the main features of our program above, and further information appears at appropriate points throughout this Offering Circular. Of course, the descriptions in this Offering Circular are required to be brief and are for general informational purposes only. In many cases, the Offering Circular contains only excerpts or summaries of other documents. The actual provisions of these documents will control in any case, and you should refer to the Franchise Agreement and other documents for more complete information.

The establishment of a new business, including the Franchised Business, involves substantial business risks. The risks may be greater for a new franchise concept and with a franchisor like us that has limited experience. Significant investment beyond that outlined in this Offering Circular may be required to succeed. Your profit and possible success are primarily dependent on your personal business judgment, your sales ability and efforts as an independent

business operator, your financial management and marketing judgment and other skills, as well as your proper use of the System. We cannot and do not guarantee your success.

ITEM 2
BUSINESS EXPERIENCE

President, CEO and Managing Member: Ryan Stadler

Mr. Stadler has been our President, CEO and Managing Member since our inception in January 2004. From 1998 to 2002, he was self-employed and involved in construction contracting operations in Boise, Idaho and New Zealand. In December 2002, Mr. Stadler formed KKI and serves as CEO and President of that corporation to present day.

Director of Manufacturing: Eric Steele

Mr. Steele has been with us since our inception in January 2004. From March 2000 to the present, he has been a police officer in the Twin Falls, Idaho Police Department. For the year prior to becoming a police officer, Mr. Steele was an assistant foreman with Greer Construction in Twin Falls, Idaho, working primarily in commercial remodeling.

Director of Marketing: Steve Kelly

Mr. Kelly has been our Director of Marketing since our inception in January 2004. From July 2002 to the present, he has been self-employed as a freelance graphic designer/advertising copywriter headquartered in New Zealand. He has been the branding manager and graphic designer for Kids Kars, Inc. since July 2002. He worked as a graphic designer for Synergy Solutions Ltd in Nelson, Australia since April 2002. From November 2000 to September 2001, Mr. Kelly was a Design Consultant for the Lazy Fish Guest House in Picton, New Zealand, where he assisted in redesigning a lodge. From June 2000 to October 2000, he was a snowboard and ski hire manager/technician at the Station Lodge in Ohakune, New Zealand.

We do not employ Franchise Brokers.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Offering Circular.

ITEM 4
BANKRUPTCY

No person previously identified in Items 1 or 2 of this offering circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

ITEM 5
INITIAL FRANCHISE FEE

The Initial Franchise Fee is \$13,000 and is entirely non-refundable, except in the limited instances discussed below. You must pay the Initial Franchise Fee in a lump sum when you sign the Franchise Agreement.

Package Equipment Fee

You must also purchase the KIDS KARS mini cars, inflatable barriers, trailers and related Equipment, collectively referred to as "Package Equipment". The Package Equipment Fee of \$44,000 (plus applicable sales tax) is due in a lump sum on signing the Franchise Agreement. If you do not require a trailer, then the Package Equipment fee is \$36,500 (plus applicable sales tax). The Package Equipment fee is non-refundable except as described below and is payable to us, or an Affiliate of ours, as we direct.

Limited Refunds

We offer refunds only in the following instances. In all instances, you must return the Equipment, Manuals and all other items/materials provided to you, and you (and each affiliate of yours) must sign a General Release and a document that preserves the post-termination provisions of the Franchise Agreement.

1) If you are unable to lawfully obtain the necessary permits, licenses or other authorizations required for you to conduct the KIDS KARS Business within four (4) months of the Effective Date of this Agreement, then we may choose to Terminate the Agreement and refund to you the Package Equipment price and Initial Franchise Fee actually paid by you (minus \$5,000 to cover our sales, training and other expenses). We will deduct the value of any damage to the Equipment while in your possession.

2) If we and/or our franchisees are precluded from distributing/using the Package Equipment and/or licensing or using the KIDS KARS mini cars entertainment business system licensed to you by us, and if we are unable to reasonably obtain and/or provide any applicable substitute and we terminate the Agreement, you will be given a refund equal to the actual Package Equipment price and Initial Franchise Fee paid by you. In that event, we would have no further obligations or liability to you.

Option Agreement

You may elect to enter into an Option Agreement with us by paying 10% of the Initial Franchise Fee, in which event we will grant you an option up to one year to sign the Franchise Agreement and pay the balance of the Initial Franchise Fee and the Package Equipment Fee. We will hold your designated territory until expiration of the option period, and if you sign the Franchise Agreement, we will apply the option fee to payment of your Initial Franchise Fee. The option fee is not refundable. We will not offer the Option Agreement after July 15, 2004.

ITEM 6
OTHER FEES

Name of Fee(1)	Amount	Due Date	Remarks
Marketing/Advertising Service Fee	\$10.00 per event (2)	On registration of data/information	Payable if you register an event in your Territory for promotion on our website
Interest and Late Fees	Interest is highest applicable legal rate not to exceed 1.5% per month	Payable on Demand	Payable on overdue amounts
Successor Fee	\$1,000 (2)	At the time of your election to renew	Non-refundable unless we do not grant a successor agreement
Quarterly Fee	\$750/quarter (2)(3) \$375/quarter (2)(3)	Payable 30 days before the end of each quarter	Applies 12 months after the effective date of the Franchise Agreement.
Additional Training Fees and/or onsite consultations	To be determined, plus travel, living and incidental expenses	As agreed	If we offer additional training or if we provide any on site assistance, we may charge a reasonable fee
Transfer Fee	\$1,000 (2)	At the time of your application for a transfer	

(1) All fees are imposed by and payable to us and are non-refundable unless otherwise noted.

(2) Amounts are subject to inflation adjustment. They may be adjusted by us annually in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor (or any successor index) as compared to the previous year.

(3) If you sign a Permanent Venue Amendment, you will pay a reduced initial quarterly fee of \$375, since you will not have any mobile operations.

ITEM 7
INITIAL INVESTMENT

Certain estimated costs for opening and operating during the initial phase of the business.

DESCRIPTION	ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYABLE
Initial Franchise Fee (1)	\$13,000	Lump sum	On signing Franchise Agreement	Us
Expenses While Training (2)	\$750 to \$1,250	As arranged	As incurred	Transportation Lines, Hotel Facilities, etc.
Real Estate (3)	Varies	As arranged	As incurred	Lessor/Owner of Real Estate/Event
Package Equipment Fee (4)	\$36,500 to \$44,000	As agreed	50% on signing Franchise Agreement; balance at delivery	Us/Approved Suppliers, Vendors
Insurance (5)	\$7,250 - \$8,500	As arranged	Upon signing lease or as arranged	Insurance Agencies
Computer/software (6)	\$1,500	Lump sum	Upon signing Franchise Agreement; prior to opening	Suppliers/Vendors
Vehicle (7)	Varies	As arranged	Before opening	Supplier/Vendor
Miscellaneous Costs (8)	\$350 to \$1,000	As arranged	As incurred	Us/Vendors/Suppliers
Additional Funds 3 months (9)	\$2,500 to \$7,500	As arranged	As incurred	Employees, Approved Suppliers, Vendors
TOTAL (10)	\$61,850 to \$76,750			

(1) See Item 5 for the conditions when this fee is partly refundable. You must pay the Initial Franchise Fee in a lump sum when you sign the Franchise Agreement.

(2) You are responsible for arranging your transportation and paying the expenses for transportation, meals and lodging for you and your manager while attending the 2-day training program. The amount you spend will depend on several factors, including the distance you have

to travel and the type of accommodations you choose. We based the estimate upon attendance of two people.

(3) Real estate costs can vary widely depending upon a multitude of factors related to location, including whether the property is purchased or leased, local market conditions, the size, type, condition and location of the property, zoning requirements, and fees assessed by the event. Therefore, it's impossible for us to estimate what your real estate-related costs may be. Since your KIDS KARS Business may include a mobile operation or an operation from a fixed location, or a combination of both, or may be limited to a single permanent venue, your costs will vary significantly. You must have at least a 100x70 square-foot lot and an area to park the trailer containing your KIDS KARS Equipment to operate your KIDS KARS Business. Your actual costs could vary materially depending upon a wide variety of factors, including whether or not you already have adequate space to operate your business and/or park the trailer to store your KIDS KARS Equipment. We may establish facility requirements or specifications regarding sites, venues and site/venue operations, which you are required to follow.

(4) Package Equipment Fee includes KIDS KARS mini cars, barriers, trailer and related Equipment that are part of the Designated Equipment that you must obtain to operate your Franchised Business. If you do not require a trailer, the Fee is \$36,500. The Package Equipment provided to you is listed on Exhibit 3 of the Franchise Agreement and cannot be sold or transferred except in connection with a transfer of the Franchise and the Franchised Business. You must pay 50% of the Fee upon signing the Franchise Agreement, and the remaining balance when the equipment is ready for shipment to you. You must also pay any sales taxes and delivery expense.

(5) You must maintain insurance coverage by approved carriers. Each insurance policy must name us and our affiliates as additional named insureds, will contain a waiver of all subrogation rights against us and our affiliates and any successors and assigns, and must provide for thirty (30) days' prior written notice to us of any material modifications, cancellation, or expiration of the policies. The amounts in the chart are our estimate for one year of coverage.

(6) The cost of the computer equipment and software you will need to operate your franchise will depend upon the manufacturer, the operating features, whether the equipment is already owned by you, is new or used, and whether it is purchased or leased.

(7) If your KIDS KARS Business is a mobile operation, you must have a vehicle capable of hauling an 18 x 8 foot trailer weighing 4,000 to 5,000 pounds. We have no other specific requirements or standards for the vehicle.

(8) Miscellaneous Costs includes items such as incorporation costs, purchase of career apparel, business licenses, permits and fictitious business name statements.

(9) You will need capital to cover business (not personal) expenses during the first three months of operation of your business, such as marketing and other expenses, to the extent that revenues do not cover business costs. This is only an estimate, and we cannot guarantee additional working capital will not be necessary during the start-up phase or afterwards.

(10) We have based these estimates on the experience of our affiliate in operating a KIDS KARS business and the best information otherwise available. Your costs may be greater than the amount in the chart if, for example, you lease or purchase real estate (footnote 3) or a vehicle (footnote 7). You should review these figures carefully with your business and financial advisors before making a decision to purchase the franchise. Other than possible security deposits relating to purchase or lease of real estate or office space and utilities, these expenses are not refundable. We do not offer direct or indirect financing to franchisees for any items.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase, use and offer each of, and only, the types, brands and/or quality of Equipment, products and services we designate for your KIDS KARS Business. Although we are not obligated to do so, we and/or our affiliate(s) may market and sell KIDS KARS branded merchandise to you for resale to your customers, and we may be the only authorized supplier of these products. KKI is currently the only authorized manufacturer of the Package Equipment.

You are not permitted to offer any products or services through your KIDS KARS Business that we do not approve. We may require that you use only the suppliers we designate for your Franchise Business. These suppliers may include, and may be limited to, us and/or companies affiliated with us. We may designate a single supplier or multiple suppliers, and may concentrate purchases with one (1) or more suppliers.

We may condition specification of a supplier on factors we establish, including performance relating to frequency of delivery, standards of service, payments or other consideration to us or our designees. We may approve, revoke or deny approval of particular items or suppliers at our discretion. You can request the approval of an item, service or supplier by notifying us in writing and submitting any information and/or materials we may request. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal. We have no contractual obligation to notify you within a specific period of time if you are authorized to purchase or use the proposed item or to deal with the proposed supplier.

We may sell advertising/promotional space on barriers, mini cars and other Equipment and we may receive revenues from those sales. If we do, you are required to cooperate with and assist us in these advertising and promotional activities, including displaying any materials we choose. We will reasonably compensate you for any assistance you provide, in accordance with our then current policies, procedures and payment practices. You are not permitted to independently engage in the sale of any advertising/promotional space and any similar activities in connection with the Package Equipment or otherwise.

We do not provide you with any material incentives or other benefit if you use our recommended or approved suppliers. However, the continuation of the Franchise Agreement depends on your compliance with product and supplier requirements, as well as other terms of the Agreement.

Assuming the estimated minimum initial costs to begin operations and other financial obligations are within the ranges described in Item 7, we estimate that the proportion of your purchases and leases of goods and services from approved suppliers or of products that meet our specifications to be approximately 90-95% of all the purchases and leases in establishing your Franchised Business. It is extremely difficult to estimate what percentage of the ongoing costs of operating your Franchised Business that approved goods and services would represent because we have no franchisee data available, but we estimate the percentage to be approximately 10-35% of your ongoing costs of operating your Franchised Business.

There are no formal or mandatory purchasing or distribution cooperatives in the System.

**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 OFFERING CIRCULAR.

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN OFFERING CIRCULAR
a. Site selection and acquisition/lease	3.1, 3	5, 7, 11
b. Pre-opening purchases/leases	3.1, 3.2, 4, 10.4, 10.5	5, 6, 7, 8
c. Site development and other pre-opening requirements	3.1, 3.2	5, 7
d. Initial and ongoing training	5.1 B, 10.6	5, 11
e. Opening	3.1	6, 7
f. Fees	5.1, 9.1, 9.2, 9.4, 10.1, 10.4, 11. B., 14.1 (3), 15.3 G, Permanent Venue Amendment	5, 6, 7, 11
g. Compliance with standards and policies/Operations Manual	1.1, 2.1 D., 2.3, 3.1 - 3.3, 4, 5.3, 10.1 - 10.2, 10.6 10.7, 11	8, 11
h. Trademarks and proprietary information	6.1, 6.4, 8.1, 17.2	13, 17
i. Restrictions on products/services Offered	2.3, 10.2	8, 16
j. Warranty and customer service requirements	None	None

k.	Territorial development and sales quotas	None	None
l.	On-going product/service Purchases	4	8
m.	Maintenance, appearance and remodeling requirements	3.3, 10.1, 10.6	6, 17
n.	Insurance	10.7	6
o.	Advertising	2.3, 11	7, 11
p.	Indemnification	7.4	None
q.	Owner's participation/management/staffing	5.1, 10.6	6, 15
r.	Records/Reports	12	6
s.	Inspections/Audits	13	6
t.	Transfer	14.1-14.2	6, 17
u.	Renewal	15.2-15.3	6, 17
v.	Post-Termination obligations	8.2, 17.1 - 17.4	17
w.	Non-Competition covenants	8.2, 17.4	17
x.	Dispute resolution ⁽¹⁾	19.1 - 19.8	9, 17
y.	Other	None	None

(1) The Franchise Agreement contains a mandatory arbitration clause governing nearly all disputes between you and us, as well as other clauses covering dispute resolution and which may affect your rights. You should read Articles 19 and 21 of the Franchise Agreement and you may want to consult an attorney regarding the effect of these provisions. You and we agree that the Federal Arbitration Act governs the Franchise Agreement.

ITEM 10 FINANCING

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

ITEM 11 FRANCHISOR'S OBLIGATIONS

Except as listed below, we need not provide any assistance to you. The KIDS KARS System and Business are not complicated and generally require little ongoing support from us. You understand that we do not have, and do not intend to provide, substantial support staff and services, and you should not expect or rely upon the same.

Our Pre-Opening Obligations to You We have the following obligations to you before you open your KIDS KARS Business for business:

- A. We will provide you with initial training (Franchise Agreement, Section 5.1).

B. We will furnish you with standards, specifications and other requirements for your KIDS KARS Business (Franchise Agreement, Section 3.3).

C. Either we or our designated supplier, KKI, will sell to you the Package Equipment for your KIDS KARS Business. (Franchise Agreement, Section 10.4).

Our Obligations During the Operation of Your KIDS KARS Business. We have the following obligations to you during the operation of your business:

A. We will loan you a copy of the Manual (Franchise Agreement, Section 5.3). A copy of the Table of Contents to the Manual is attached to this Offering Circular as Exhibit E. The Manual and the Table of Contents are currently under development and are likely to change during the process. As of the date of this offering circular, the Manual has a total of thirty pages.

B. We will provide limited guidance in the operation of your KIDS KARS Business. We may provide this guidance electronically, in writing or telephonically, among other methods. (Franchise Agreement Section 5.2).

Advertising

We have no formal advertising program or fund. We do not have a right to require an advertising co-operative to be formed.

Your advertising must be in good taste and conform to ethical and legal standards. We may require you to submit samples of all advertising and promotional materials for any media, including the Internet, to us for our review and approval before use. You must not use any materials or programs not approved by us. We can require inclusion of a brief statement regarding the availability of KIDS KARS franchises in advertising used by you and/or that brochures regarding purchase of KIDS KARS franchises be displayed at your KIDS KARS Business.

All use of the Internet, World Wide Web or other electronic media by you for your KIDS KARS Business must meet any requirements that we establish from time to time. We may require that any use be through us, using a designated Internet/Intranet Service Provider (which can be us or an affiliate), and that all pages be accessed through a designated site and/or meet our specifications.

We may require you to pay by credit card, pre-authorized funds transfer, or other method required by us, an Internet/Intranet Service Fee which may be reasonably established by us to support KIDS KARS events registration, promotional activity and other System benefits and which we can collect in advance on an annual or other basis. We currently charge a Service Fee of Ten Dollars (\$10.00) per event for you to register data/information required by us about a public KIDS KARS event in your Territory for promotion on our website.

Computer Hardware and Software

You must purchase, use, maintain and update at your expense software, computer and other systems meeting our specifications. You must comply with our then current terms-of-use policies and any other requirements regarding any internet/intranet site we establish for KIDS KARS Businesses. Currently, our only requirements for computer hardware and software are that you have and maintain a personal computer for use in your KIDS KARS Business and that it must have Internet access.

Location of Your Business

You may choose to conduct your KIDS KARS Business from a fixed site at a location within your territory. Fixed locations are typically set up on flat ground, dirt, hard soil, grass or pavement approximately 100 x 70 feet in size. We must approve any fixed location site in advance. We will consider the site size, cost and demographics when evaluating any proposed site. We estimate that we will approve or disapprove a site within two (2) weeks of our receipt of all applicable information. We are not required to approve or disapprove the location you select within a specified period of time. We must review any fixed site lease/space agreement before you execute the agreement.

Typical Length of Time to Open Your Business

We estimate that the typical length of time between the signing of the Franchise Agreement and the payment the Initial Franchise Fee and the opening of a Franchise will be approximately three (3) months. Factors affecting this length of time include locating a site, completion of training, obtaining the Equipment, financing, permits or licenses.

Training

You must complete our initial training program before operating your KIDS KARS Business. The Initial Franchise Fee covers an initial training program for you and your initial KIDS KARS Business manager (which may be you). Initial training lasts approximately two (2) days and is held on an "as needed" basis. Currently, we plan to hold initial training at our Affiliate's location in Boise, Idaho, or at the location of another operating KIDS KARS Business that we choose.

Training will be conducted by Ryan Stadler and/or an employee of our Affiliate with at least three (3) months experience with the KIDS KARS System. The first day will include review of the Manual, a video, log books, checklist, and review and utilization of the Equipment Package. The second day will include on-the-job training at a KIDS KARS Business.

The subjects covered in the initial training program are described below:

Subject	Hours of Class Room Training	Hours of On-the-Job Training	Location	How Often Held
Administration and marketing	3	-0-	At a Kid Kars business location	As needed
Equipment set-up and use	-0-	-3-	At a Kids Kars business location	As needed
Set-up and operation	-0-	6 to 10	At a Kids Kars business location	As needed

ITEM 12 TERRITORY

Under the standard Franchise Agreement, you may operate either from a leased or owned fixed location within your Territory (as defined in Section 2.2 and Exhibit 2.2. of the Franchise Agreement). You may also transport the KIDS KARS mini cars, barriers and related Equipment from venue to venue within the Territory (i.e., for birthday parties, special events, etc.). Your operations may be a combination of these models. Alternatively, you may be awarded a franchise for a single fixed venue, in which case you will sign an Amendment to your Franchise Agreement for a Single Permanent Venue (Exhibit B-2 to this Offering Circular.)

Under the standard Franchise Agreement (without the Single Permanent Venue Amendment), your and our rights are as follows:

Subject to our rights as described below, and for the term of your Agreement, we will not enter into a Franchise Agreement licensing a KIDS KARS Business, or open a Franchisor-owned KIDS KARS Business, inside your "Territory" (described in Exhibit 2.2 of the Franchise Agreement).

We expect that in operating your KIDS KARS Business you will encounter business scheduling conflicts and/or be unavailable to accept certain requests for your KIDS KARS Business Services. It is in your best interest and in best interest of the Brand for the applicable customer request to be met. Therefore, if you are unable or unwilling to service any prospective or existing customer in the Territory (or to make arrangements with another KIDS KARS Business to service such customer), then we and/or those we appoint may service such customer(s) without any obligation to you.

Except for the operation of a KIDS KARS Business within the Territory providing KIDS KARS Products and Services in the Territory, you have no right to exclude, control or impose conditions on the operations/locations of present or future KIDS KARS (or any other brand) businesses or distribution channels of any type, franchised or franchisor-owned, regardless of their location or proximity to the Territory. The Franchise does not grant you any rights with

respect to other and/or related businesses, products and/or services, in which we or any Affiliates of ours may be involved, now or in the future.

You may store your KIDS KARS Equipment and/or manage your KIDS KARS Business from offices outside the Territory, so long as you provide the KIDS KARS Products/Services from venues located exclusively in the Territory. Similarly, we may store our KIDS KARS Equipment and/or manage our operations from offices inside the Territory.

Under the Amendment for a Single Permanent Venue, your and our rights are as follows:

Subject to the terms and conditions of the Franchise Agreement, we grant you a Franchise to operate a KIDS KARS Business and to use the KIDS KARS System in its operation at a single permanent venue approved by us (the "Approved Site"). This is the only right we grant to you regarding a physical location. You do not receive any exclusive or protected territory around the Approved Site, any other territorial rights, any options or rights of first refusal to acquire additional franchises for KIDS KARS Businesses or any similar rights or protections. The Franchise does not permit you to use the KIDS KARS System and Package Equipment at any location other than the Approved Site. The Franchise does not grant you any rights with respect to other and/or related businesses, products and/or services, in which we or any Affiliates of ours may be involved, now or in the future. Your "Territory" is limited to your Approved Site.

If you are not in Good Standing, we may reduce, eliminate or otherwise modify your territorial rights.

The following information applies to Franchises with and without an Amendment for a Single Permanent Venue:

We expressly reserve all other rights inside and outside of the Territory, including among them the rights to:

- 1) market/sell KIDS KARS advertising programs inside and outside the Territory, which may promote the sale by us of advertising space on KIDS KARS mini cars, barriers and other KIDS KARS components;

- 2) Special Accounts (e.g., WalMart, retail toy store chains, etc.) and their respective units. You must deal with Special Accounts (or their individual units) only as we authorize and/or provide Products and Services to these Special Accounts according to requirements we establish;

- 3) sell to customers located anywhere KIDS KARS branded products and other products (such as KIDS KARS T-shirts, KIDS KARS toys, prizes and incentives, etc.), whether at retail or wholesale and through any channels of distribution. You may sell only Products we authorize and only through channels of distribution approved by us.

We and Franchisor-Related Persons/Entities may:

- operate:
- 1) own and/or operate ourselves, and/or authorize others to own and/or operate:
 - a) any kind of business in the Territory, whether or not using the Marks and System, except for a KIDS KARS Business located and providing KIDS KARS branded Products and Services in the Territory; and
 - b) any kind of business outside of the Territory, including without limitation, KIDS KARS Businesses, whether or not using the KIDS KARS Marks and System.
 - 2) develop or become associated with other concepts (including dual branding and/or other franchise systems) and award franchises under these other concepts for locations anywhere;
 - 3) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. These transactions may include arrangements involving competing outlets and brand conversions (to or from the KIDS KARS Marks and System). These transactions are expressly permitted under the Franchise Agreement, and you must participate at your expense in any conversion as instructed by us.

We reserve the right to restrict your solicitation, acceptance and/or performance of any business order, opportunity or event due to our safety, regulatory or training concerns, or any other concerns related to quality standards.

Relocation

You must have our prior written acceptance of a proposed relocation of a fixed site. We will not unreasonably withhold our acceptance or notice.

ITEM 13 TRADEMARKS

Our principal Marks are registered on the Supplemental Trademark Register of the U.S. Patent and Trademark Office as the Marks do not currently qualify to be registered on the Principal Trademark Register (Registration No. 2793341, December 9, 2003). By not having a Principal Register federal registration for the Marks, we do not have certain presumptive legal rights granted by a registration. KKI assigned the principal Marks to us on January 29, 2004. We granted KKI a non-exclusive license to use the Marks in the operation of its business in an agreement dated January 29, 2004.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement opposition or cancellation proceedings or material litigation, involving the Marks. There are no infringing uses actually known to us that could materially affect your use of these trademarks, service marks, trade names, logotypes or other commercial symbols in this state.

You must notify us immediately of any apparent or actual infringement of, or challenge to, your use of the Marks, or any claim by any person of any rights in the Marks. We have an exclusive right to control any settlement, litigation or proceeding arising out of or related to the Marks. The franchise agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed to you by us, or if the proceeding is resolved unfavorably to you. The franchise agreement requires you to assist us if necessary in an administrative or judicial proceeding involving a trademark licensed to you by us.

You must comply at your expense with any directions from us to discontinue, modify, substitute or add Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise may not be required for any reason, and we will have no liability or obligation to you. Under the Franchise Agreement, you agree not to make any claim related to any modification, discontinuance or other action, and/or with any dispute regarding the Marks.

You should understand that there is always a possibility there might be one or more businesses, similar to the businesses covered by the franchises offered in this Offering Circular, operating in or near the area(s) where you may do business, using a name and/or trademarks similar to ours and with superior rights to the name and/or trademarks. We strongly suggest that you research this possibility, using telephone directories, local filings and other means, before you pay any money, sign any binding documents or make any binding commitments.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents which are material to the Franchise.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any copyrighted materials, although we claim common law copyrights in our manuals and other materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

In general, our proprietary information includes "Confidential Information" as defined in Article 8 of the Franchise Agreement, some of which is contained in our Manual, and includes among other things: a) techniques, policies, procedures, information systems and knowledge

regarding the development, marketing, operation and franchising of a KIDS KARS Business b) information regarding and suppliers of Products and Services used in a KIDS KARS Business; and c) all information regarding customers, including any statistical and/or financial information and all lists. We disclose to you Confidential Information and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

You must agree to maintain the confidentiality of all the Confidential Information during and for five (5) years after the term of the Franchise Agreement and that you will not use any of the Confidential Information in any other business or in any manner we do not specifically authorize in writing. You also agree to fully and promptly disclose all ideas, techniques and other similar information relating to the franchise business that are conceived or developed by you and/or your employees. We will have an ongoing right to use, and to authorize others to use, these ideas, etc. without compensation or other obligation.

You must cause each of your employees, agents, principals and affiliates to sign and deliver to you an agreement containing substantially the same provisions described in this Item 14 (in forms specified by us) and will deliver to us copies on request. (Franchise Agreement, Section 8.1)

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

Your KIDS KARS Business must be managed by a person who has successfully completed mandatory training and met then-current standards.

Each of your employees, agents, principals and Affiliates must sign a form of confidentiality agreement as approved by us. You will provide us copies of the confidentiality agreements upon request. You will hire all employees of your Franchised Business and will be solely responsible for their supervision, possible termination, terms of employment and compensation and proper training.

If the Franchisee is a business entity, we do not require the manager to have an equity interest in the Franchise.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must operate your Franchised Business in accordance with the System Standards (including required products and services), which we may modify occasionally. You may not use your Franchised Business for any other purposes other than the operation of a KIDS KARS Business in full compliance with the Franchise Agreement and Manuals, without our prior written approval. You must purchase, use and offer each of and only the types, brands and or quality of Products and Services we designate. You will not (without our prior written consent) operate your Franchised Business outside the Territory or, if you sign an Amendment for a

Single Permanent Venue, outside your approved venue. See Items 8 and 12 for restrictions on products and services and customers you may service.

Our current policy is that you may market to customers located anywhere (although you are only authorized to service locations in your Territory), but we can change this policy at any time in our discretion, and you must comply with any restrictions we impose.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise and related agreements. You should read these provisions in the agreement attached to this offering circular.

Provision	Section In Franchise Agreement	Summary
a. Term of the franchise	2 1	10 years
b. Renewal or extension of the term	15.1	Unlimited 10 year renewal terms subject contractual requirements.
c. Requirements for you to renew or Extend	15.2 — 15.3	Notice; good standing; currently operational, qualification and training requirements; pay all amounts owed; sign new agreement and release; pay fee
d. Termination by you	None	
e. Termination by us without cause	None	
f. Termination by us with cause	16.1 — 16.3	We can terminate only if you default
g. "Cause" defined-defaults which can be cured	16.2	Failure to: submit information; make payments; meet obligations to others; comply with Manuals; maintain insurance; correct dangerous conditions; other
h. Cause" defined-defaults which cannot be cured	16.1	False application; bankruptcy; felony or misconduct adversely affecting franchise; unauthorized transfer; misuse of Confidential Information/Marks; violation of non-compete; fraud; customer complaints; alteration of Package Equipment; other
i. Your obligations on termination/nonrenewal	17.1— 17.4	Cease operations/use of Marks; de-identify business; pay amounts owed; return/destroy Manuals, signage; other

j. Assignment of contract by us	14.1	No restrictions on our right to transfer
k. "Transfer" by you-definition	14.1.B	Includes transfer of ownership, possession or control of your business, or of its assets
l. Our approval of transfer by you	14.1	Transfer subject to our prior written consent
m. Conditions for our approval of transfer	14.1	Must be in compliance; transferee qualifies and assumes obligations; transfer fee; sign release, other
n. Our right of first refusal to acquire your business	14.2	We have the right to match offer, require terms and conditions
o. Our option to purchase your business	18	We may buy Package Equipment from you on termination or expiration of franchise
p. Your death or disability	14.1 E.	Transfer to third party within 6 months
q. Non-competition covenants during the term	8.2	No involvement in similar business.
r. Non-competition covenants after the franchise is terminated or expires	8.2, 14.1, 17.4, 19.6	2 years within marketing area of any Kids Kars Business or your Territory.
s. Modification of the agreement	19.8	May be modified in writing by all parties. Manuals and System are subject to change by us
t. Integration/merger clause	21	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises are not enforceable.
u. Dispute resolution by arbitration on mediation	19.1 – 19.16	Except for certain claims, all disputes are resolved through meeting, mediation, and/or binding arbitration at a neutral site at our location
v. Choice of forum	19.1, 19.2	The county in which our headquarters is located.
w. Choice of law	19.14	Idaho law applies

These states have statutes which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise: ARKANSAS [Code Sections 4-72-201-4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000-200043], CONNECTICUT [42-133e et seq.], DELAWARE [Code, Title 6, Chapter 25, Sections 2551-25561], HAWAII [Rev. Stat. 482E-6], ILLINOIS [815 ILCS 705/19 and 705/20], INDIANA [Code Sections 23-2-2.7 (1) - (7)], IOWA [Sections 523H.1-523H.17], MICHIGAN [19.854 (27)1], MISSISSIPPI [Code Sections 75-24-51-75-24-63], MISSOURI [Stat. Sections

407.400-407.410] NEBRASKA [Re. Stat. Sections 87-401 - 87-410], NEW JERSEY [Rev Stat. Sections 56:10-1-56:10-12], SOUTH DAKOTA [Codified Laws Section 37-SA-Si], VIRGINIA [Code Sections 13.1-557 through 13.1-574], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03], DISTRICT OF COLUMBIA [Code Sections 29-1201-29-1208], PUERTO RICO [Annotated Laws Sections 278 - 278d], VIRGIN ISLANDS [Annotated Code Sections 130 - 139]. These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

ITEM 18
ARRANGEMENTS WITH PUBLIC FIGURES

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

ITEM 19
EARNINGS CLAIMS

We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Kids Kars franchise. Actual results vary from unit to unit, and we cannot estimate the results of any particular franchise. We recommend that prospective franchisees make their own independent investigation to determine whether or not the franchise and the franchised territory may be profitable, including contacting any existing franchisees listed in Exhibit G, and consult with an attorney, a certified public accountant, or other advisors prior to executing the Franchise Agreement.

ITEM 20
LIST OF OUTLETS

FRANCHISED STORE STATUS SUMMARY FOR YEARS 2003/2002/2001

State	Transfers	Canceled Or Terminated	Not Renewed	Reacquired By WFP	Left the System Other	Total From Left Column (2)	Franchises Operating At Year End
Totals	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0

- 1) Note: All numbers are as of December 31 for each year.
- 2) The numbers in the "Total" column may exceed the number of stores affected because several events may have affected the same store. For example, the same store may have had multiple owners.

3) We first began offering franchises on the date of this Offering Circular. Therefore, we do not have any Franchises that have been transferred, cancelled or terminated, not renewed, reacquired by us or otherwise left the system.

STATUS OF COMPANY OWNED(1) BUSINESSES
FOR FISCAL YEARS 2003/2002/2001 (2)

State	Stores Closed During Year	Business Opened During Year	Total Stores Operating At Year End
Totals:	0/0/0	0/0/0	0/0/0

1. We do not own/operate any KIDS KARS Businesses. Our affiliate, KKI, owns and began operating a KIDS KARS Business in Boise, Idaho in June, 2004.

2. For the fiscal year ending December 31st

2004 PROJECTED OPENINGS

State	Franchise Agreements Signed But Store Not Open	Projected Franchised New Stores In Fiscal Year 2004	Projected Company Owned Openings In Fiscal Year 2004
Florida	-0-	1	-0-
Illinois	-0-	1	-0-
New York	-0-	1	-0-
Ohio	-0-	1	-0-
Texas	-0-	2	-0-
Virginia	-0-	2	-0-
Washington	-0-	2	-0-
Totals:	0	1	0

Attached to this offering circular as Exhibit G is a list of the names, addresses and telephone numbers of all franchisees as of December 31, 2003. Attached to this offering circular as Exhibit H is a list of the name and last known address and telephone number of every franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this offering circular.

ITEM 21
FINANCIAL STATEMENTS

Exhibit A contains an audited Balance Sheet of Kids Kars Franchising, LLC as of February 18, 2004.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this Offering Circular:

- Exhibit B-1 Franchise Agreement with Exhibits
- Exhibit B-2 Franchise Agreement Amendment No. 1 For A Single, Permanent Venue
- Exhibit C Statement of Prospective Franchisee
- Exhibit I Nondisclosure and Noncompetition Agreement
- Exhibit J Personal Guarantee
- Exhibit K Option Agreement

ITEM 23
RECEIPT

Two copies of an acknowledgment of your receipt of this Offering Circular appear as Exhibit L. Please sign and date one copy and return it to us. Retain the other copy for your records. You should also complete and return the Statement of Prospective Franchisee (Exhibit C) to us before you sign any Franchise Agreement or pay any sums.