ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
OF AMERICAN POOLPLAYERS ASSOCIATION, INC.
STATE OF CALIFORNIA

Date: _____

APA uses the websites is www.poolplayers.com and www.apafranchise.com. OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

ADDENDUM TO ITEM 3

The following language is hereby incorporated into ITEM 3 of this Disclosure Document and made a part thereof:

Neither we nor any broker or person identified in ITEM 2 is subject to any currently effective order of any national securities association or national securities exchange.

APPLICABLE LAW

Except for matters relating to arbitration, trademarks, copyrights, and unfair competition, the Franchise Agreement requires application of the laws of Missouri. This provision may not be enforceable under California Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Sec. 101 et seq.).

The Franchise Agreement contains a covenant not-to-compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a disclosure document in a form approved by the Commissioner of Business Oversight prior to asking you for a material modification of an existing franchise agreement.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement requires binding arbitration. The arbitration will occur in the St. Louis, Missouri Metropolitan Area, with the prevailing party being entitled to

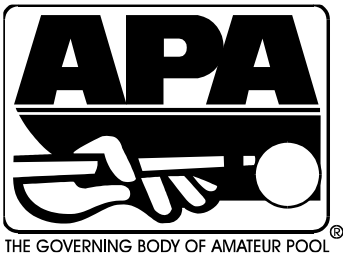
recover its reasonable attorneys' fees and expenses and the parties to bear evenly the cost of the arbitrators' fees and expenses.

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 a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of Missouri. This provision may not be enforceable under California law.

You must sign a general release if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043.15).

FRANCHISE DISCLOSURE DOCUMENT
American Poolplayers Association, Inc.
A Missouri Corporation
1000 Lake Saint Louis Boulevard, Suite 325
Lake Saint Louis, MO 63367
(636) 625-8611
info@poolplayers.com
www.poolplayers.com



The franchise offered is for the operation of an amateur pool league.

The total investment necessary to begin operation of an American Poolplayers Association, Inc. franchise is estimated to be between $22,737.34- $29,242.34. This includes the initial franchise fee, which is based upon the population within the franchise's territory ($10,000 plus $500 for every 50,000 people in the territory over 400,000 people) which is paid to us. You should consult ITEMS **5**, **6** and **7** in this disclosure document for further explanation regarding your total investment.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this 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 availability of disclosures in different formats, contact Amy Huitt, 1000 Lake St. Louis Blvd., Suite 325, Lake St. Louis, MO 63367, 636-625-8611 x5040, ahuitt@poolplayers.com.

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

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

There may also be laws on franchising in your state. Ask your state agencies about them.
Date of Issuance: March 19, 2021

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
How much can I earn?	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 O.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit N includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only American Poolplayers Association business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an American Poolplayers Association franchisee?	Item 20 or Exhibit O lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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 A.

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 and/or litigation only in Missouri. 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 Missouri than in your own state.

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.

TABLE OF CONTENTS

ITEM		PAGE
1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
2	BUSINESS EXPERIENCE	4
3	LITIGATION	6
4	BANKRUPTCY	6
5	INITIAL FEES	6
6	OTHER FEES	8
7	ESTIMATED INITIAL INVESTMENT	19
8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	24
9	FRANCHISEE'S OBLIGATIONS	28
10	FINANCING	30
11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, and TRAINING	30
12	TERRITORY	37
13	TRADEMARKS	40
14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	42
15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	43
16	RESTRICTIONS ON WHAT YOU MAY SELL	44
17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	45
18	PUBLIC FIGURES	49
19	FINANCIAL PERFORMANCE REPRESENTATIONS	50
20	OUTLETS AND FRANCHISEE INFORMATION	50
21	FINANCIAL STATEMENTS	65
22	CONTRACTS	65
23	RECEIPTS	65

EXHIBITS

A List of State Agencies
B Agents for Service of Process
C Franchise Agreement
D State Addendum (if applicable)
E APA Addendum upon Conditional, Initial Regular Term or Successor
F Franchisee Ownership Schedule
G Guaranty & Assumption Agreement of Franchisee's Owners/Spouses
H Confidentiality and Non-Competition Agreement
I Software License Agreement
J Authorization Agreement for Direct Payments
K Confidentiality Agreement
L League Operator Manual, Table of Contents
M Franchisee Release upon Renewal or Transfer
N APA Financial Statements
O List of Franchisees
P Index of Defined Words and Phrases
Q Receipts

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

American Poolplayers Association, Inc. (referred to as "we," "us" or "APA") is a Missouri corporation, incorporated on March 9, 1981. We do business as the American Poolplayers Association and APA. Our principal business address is 1000 Lake Saint Louis Boulevard, Suite 325, Lake Saint Louis, Missouri 63367. In Missouri, our agent for service of process is Greg Fletcher, whose principal business address is 1000 Lake St. Louis Blvd, Suite 325, Lake Saint Louis, Missouri 63367. Our agents for service of process in other states are disclosed in Exhibit B. We do not use a franchise broker or sales agency for the sale of franchises.

Since 1981, we have developed an international amateur pool league operation. We consider APA to be the "Governing Body of Amateur Pool" in the United States. Central to our pool league operation are local pool leagues operated by franchisees (also referred to as "League Operators") under our league system (the "System"). Participants in local APA leagues play pool matches in host locations—often pubs, taverns and billiards rooms ("Host Locations")—within a defined territory.

We have offered franchised local pool league businesses under our System since 1982. As of December 31, 2020, we have 310 local league franchises in 49 states across the country and the District of Columbia, and intend to franchise additional local pool leagues in the future. We have not offered franchises in any other line of business.

The distinguishing characteristics of our System include our uniform rules for league play; ***The Equalizer***® scoring and handicapping system which allows players of all abilities to compete; our Championship Tournaments (defined below); our confidential and proprietary computer software (the "Software Program"); our uniform standards, specifications, policies, procedures, guidelines, rules, methods and know-how for league operation, management and promotion of league play and participation ("System Standards"); and our training and on-going assistance. In addition, the System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of ownership, including our American Poolplayers Association and APA marks, as are designated now or in the future for use with the System (the "APA Marks"). The System and APA Marks may be changed, improved and further developed by us.

The Equalizer® scoring and handicapping system is used in all matches conducted in the local leagues. ***The Equalizer***® system allows Members with different playing abilities to compete.

In addition to our business of franchising local leagues, we are also a membership organization. All players who play in the local leagues under our System become members of our association of amateur pool players ("Members"). Members receive various benefits which currently include eligibility to play in the local leagues and in other APA sanctioned events, discount programs, an annual membership kit, and other benefits that might be offered from time to time at our discretion. We also occasionally offer branded merchandise for sale, such as pool cues and apparel, to League Operators, Members and Host Locations. APA is not required to offer branded merchandise for sale. APA retains sole discretion on whether to offer branded merchandise for sale, when such offers will be made, and what types of merchandise will be offered.

Furthermore, our business includes conducting tournaments. We generally hold four amateur championship tournaments each year, though, in 2020, three of the four championship tournaments were postponed to 2021, and one, the 2020 Junior Championships, was cancelled. The four annual championship tournaments include the APA World Pool Championships and the

APA Poolplayer Championships (collectively the "Championship Tournaments") for players and teams who qualify from the local franchised leagues or regional tournaments. The Championship Tournaments are currently being held at the Westgate Las Vegas Resort & Casino in Las Vegas, Nevada. ***The Equalizer***® scoring and handicapping system is applied to matches conducted as part of the Championship Tournaments just as it is applied to matches played in the local franchised leagues. In addition to the Championship Tournaments, in 1994, as the Governing Body of Amateur Pool, we introduced the U.S. Amateur Championship®, a scratch pool tournament open to the finest APA Members and non-Member amateur players. The U.S. Amateur Championship® has most recently been held in Tampa, Florida. Finally, in 2014, we began offering and administering the Junior Championships, a handicapped pool tournament open to Members who, generally, are under the age of eighteen (18) years old. The Junior Championship is currently held in the St. Louis metropolitan area.

Further, we might, from time to time, acquire international, national, or regional sponsors for league play, tournaments, events or other matters related to the operation of APA's amateur pool leagues. International, national, or regional sponsorships arranged by APA may generate revenue for APA.

We do not conduct other businesses. As of the date of this disclosure document, APA operates six (6) "APA owned" pool leagues. APA intends to operate five (5) of these leagues only until they can be transferred to new franchisees. Although we promote amateur pool playing throughout the nation and solicit Members for our association of pool players, we presently intend to own and operate only one "APA owned" local pool league on a continuing long-term basis: the St. Louis APA in Missouri. Other than the St. Louis APA, we might operate a franchise on a temporary basis as a result of the franchisee's death or disability or pending a transfer. Neither APA, nor any affiliate, operate a franchise or have any plans to operate or franchise any pool league using any other trademark.

Our Predecessors and Affiliates

We have no predecessor or parent and have not offered or sold franchises in any other line of business.

We are affiliated by common ownership with the Canadian Pool League, Inc., an Ontario corporation which has licensed our System and to which we provide management services. Canadian Pool League, Inc. does business as the Canadian Poolplayers Association and is sometimes referred to as "CPA." CPA has its principal place of business at 1000 Lake Saint Louis Blvd., Ste. 325, Lake Saint Louis, Missouri 63367. CPA operates exclusively in Canada, where it has franchised local pool leagues since 1989. CPA has not offered or sold pool league franchises in the United States and does not offer or provide any products or services to APA franchisees. In addition, since 2007, we have licensed a pool league in Japan, doing business as the Japanese Poolplayers Association or "JPA". The JPA currently operates in the Japanese prefectures of Aichi, Chiba, Fukuoka, Gifu, Hiroshima, Hyogo, Ishikawa, Kanagawa, Kyoto, Okinawa, Osaka, Saitama, Tokyo, and Toyama.

The Franchise Offered

We offer a franchise to operate a pool league (the "Franchised League") within an assigned geographic territory (the "Territory") under our System. The franchise may be granted to an individual (a sole proprietor), a partnership of more than one individual franchisees, including married couples, or a business entity (either a corporation or limited liability company) established by one or more individual franchisees. The Franchised League must be operated consistent with the terms and conditions of the Franchise Agreement (Exhibit C). The Franchise Agreement will grant you the right to use our System and APA Marks solely in relation to the operation of the Franchised League.

The word "you" in this Disclosure Document refers to the owner, or owners, of the franchise whether the owner is an individual, partnership created by more than one individual, or a corporation, or limited liability company, owned by one or more individuals. Further, as described in ITEM 15, all of the obligations you have under the Franchise Agreement, including payments due us, must be guaranteed by your spouse if you are a married individual, and by your owners (partners, shareholders, or members) and their spouses, if any, if you are a partnership, corporation or limited liability company.

You must personally manage the Franchised League at all times you own the League. You may not delegate any of your obligations under the Franchise Agreement to any other person or entity without APA's prior written consent. You will ensure that league play consists of only the formats we designate. The primary formats for league play are matches of 8-Ball and 9-Ball played between two teams each made up of 5-to-8 Members. 8-Ball league play is currently referred to as the "APA 8-Ball League." 9-Ball league play is currently referred to as the "APA 9-Ball League". Collectively, they are known as the "APA Pool Leagues". These are the only formats you may use during the Conditional Term of the franchise. [See ITEM **12**]. After the Conditional Term, you may also conduct play in other approved formats, such as ladies, doubles, juniors (for players under age 18), and masters. The names used to refer to our events, or to our leagues, might change from time to time.

You will operate the Franchised League using, and consistent with, our System. We will train you on the System; provide you with access to our League Operators Manual (the "Operations Manual") that thoroughly describes our System and states the System's mandatory processes and procedures and recommended guidance for operating your business; furnish to you our Software Program for league management, which includes ***The Equalizer***® scoring and handicapping system; provide ongoing guidance and assistance in operating your business; provide updates to our Operations Manual to keep you current on updates to, and changes in, our System; give you guidance on how to promote your Franchised League; and make available to you forms needed to operate the Franchised League, and basic promotional materials, such as fliers and posters. In addition, we actively promote amateur pool league play in a number of ways; issue annual membership materials to our Members; establish and update all rules governing league play; resolve disputes by acting as the highest authority regarding the application of our rules to league play; and conduct the Championship Tournaments.

The Franchised League operates essentially year-round with each "League Year" consisting of three sessions, a Summer Session, a Fall Session and a Spring Session. As an APA franchisee, your primary obligation will be to use basic sales techniques to market the Franchised League to Host Locations and solicit potential Members to participate in the League. Your obligations to continually market the Franchised League will continue throughout your time as a franchisee. In addition to marketing participation in the Franchised League, you will be responsible for administering play in the Franchised League. This administration includes scheduling matches, recording scores, computing skill levels (handicapping), distributing score sheets, conducting team meetings, holding clinics to educate Members on our rules and on how to keep score, enforcing the use of good sportsmanship, making rulings, and organizing and administering league and tournament play within your Territory. Every player in the Franchised League must be a Member of APA and pay to us an annual membership fee (the "Membership Fee"). Membership Fee payments can be issued to you on our behalf, in which case you will be responsible for collecting them and remitting them to us. In addition, you will charge every team (or player) participating in the Franchised League a weekly service fee (the "Weekly Team Fee") for every league match scheduled, whether it is played or not. The Weekly Team Fee you charge will be divided between: (1) the "Basic Weekly Fee," which is your principal source of income from the Franchised League's operation, and (2) the "Players Fund," which consists of money designated and set aside for the purchase of awards and rewards for the teams and Members playing in the Franchised League.

Members come from a variety of sources including taverns, businesses, social and fraternal organizations and the like. Interest in pool playing is developed in most areas, however you are expected to solicit both people who have a developed interest in pool, and people who are less familiar with the sport. In addition, Host Locations often assist in developing teams and generating interest among potential players as such efforts result in increased business for the Host Location. ***The Equalizer***® scoring and handicapping system helps promote broad interest and participation in league play by ensuring that players of all abilities, both men and women, can compete, and have the opportunity to advance to local and championship events. League play is open to anyone over 18 years of age, unless individuals under the age of 21 are restricted from entering certain establishments by local laws or Host Location policies, in which case league play in those jurisdictions or Host Locations will be open to anyone over 21 years of age.

Competing amateur pool leagues in the United States are operated by the Valley National Eight Ball Association (VNEA), CueSports International (CSI) which runs the BCA Pool League and USA Pool League, the American Cuesports Alliance (ACS), North American Poolshooters Association (NAPA) and The Association of Pool (TAP). All of these are substantially smaller than APA on a national basis, but might have, or develop, a significant presence in certain local areas. Generally, most of your competition will be from small locally administered leagues. Promoters of other sports and recreational activities might also compete with you for potential players, and/or time and space at potential Host Locations. You should research and investigate the competitive environment, and the availability of pool tables, in your Territory.

Industry Specific Regulations

We are not aware of any laws or regulations directly applicable to operating pool leagues. Some state and local liquor laws restrict sponsorship of events in taverns and pubs by breweries and distilleries. Liquor regulations might also restrict: local sponsorships of teams or league play by liquor distributors, wholesalers or retailers; contributions of prizes and awards by liquor distributors, wholesalers or retailers; or Host Locations where Junior division play may be held. Other states or local areas might have, or develop, such restrictions. Some states and local areas might have restrictions on prizes and awards given to players, or may implement public health orders temporarily prohibiting or limited the use of pool tables, temporarily limiting capacity in Host Locations, temporarily prohibiting indoor service in Host Locations, temporarily prohibiting or limiting recreational sports activities, or temporarily limiting the size of gatherings. Because of the wide variance of laws and regulations, we are not aware of all laws and regulations that could be applicable to your operation as a franchisee and cannot be responsible for the research, interpretation or enforcement of current or future laws or regulations or changes in the law or regulations applicable in your Territory. You should consult an attorney regarding laws and regulations that might be applicable in your Territory.

ITEM 2

BUSINESS EXPERIENCE

The following is the list of directors, principal officers and other individuals who have management responsibility relating to the sale or operations of our Franchised Leagues. Below each individual's name is that individual's business experience, principal position and employers for the past five years, as well as the starting date, ending date and location of each position held. Unless otherwise indicated, the location of each person is at our principal office, at 1000 Lake Saint Louis Blvd., Lake Saint Louis, Missouri 63367.

President: Greg Fletcher

Greg Fletcher has been the President of APA since January, 2020. Mr. Fletcher started his career at APA in 1992 as a graphic designer, a position he held until 1995. Between 1995 and 1999 he worked as a freelance digital artist, and a production artist with DDB Needham Dallas/TLP and as an IT Manager at Moroch and Associates in Dallas, TX. He returned to APA in 1999 as a web architect and art director. Since then, he has served as APA's Director of Marketing, Director of Technology and Vice President of Sales, Marketing and Technology. He has had experience in the line of business associated with the franchise since 1995.

Chairman of the Board: Terry L. Bell

Terry L. Bell has served on APA's Board of Directors since 1981. Mr. Bell previously served as President of APA from its founding in 1981 until February 1988, and again from March, 2019 to January 2020. Mr. Bell also served as APA's Chief Executive Officer from February 1988 until 1995. His business experience includes service as a military officer, owning and operating his own pocket billiard establishment, creating and operating his own pool league and being a nationally ranked professional player. Mr. Bell, and his late co-founder Larry Hubbart, were elected to the Billiards Congress of America Billiards Hall of Fame for meritorious service and their contribution to the sport as founders of APA.

Director/Treasurer: Olendia Bell

Olendia Bell has been APA's Treasurer since June 1984. She was also APA's Chief Financial Officer from June 1984 to December 2018.

Director/Secretary: Nancy Hubbart

Nancy Hubbart has been APA's Corporate Secretary since February 1985 and was APA's Office Manager from August 1983 through November 1991.

Senior Vice-President: Pamela Aston

Pamela Aston was a Franchise Support Representative from March 1988 until June 1990 and then served as Assistant Director of Franchisee Support from June 1990 until December 1993. She served as Director of Franchisee Support from January 1994 until April 1995 when she was promoted to Vice-President. She was made Senior Vice President in January 2020. In March 1999, she was recognized as a Certified Franchise Executive after completing the multi-year franchise program offered by the International Franchise Association.

General Counsel: Paul Woody

Paul Woody has served as APA's General Counsel since July, 2015. From 2012 to 2015, Mr. Woody was an attorney with Blitz, Bardgett & Deutsch, L.C. in St. Louis, Missouri. Mr. Woody teaches Franchise Law as an adjunct professor at Saint Louis University School of Law in St. Louis, Missouri. In February, 2017, Mr. Woody was recognized as a Certified Franchise Executive after completing the multi-year franchise program offered by the International Franchise Association.

Director: Michael Bell

Michael Bell has served on the Board of Directors of APA since 1985. He is not an officer of APA and does not participate in the day-to-day management. He is located in Reston, Virginia.

Director: Stacy Rea

Stacy Rea was named as APA's Assistant Secretary in December, 2020. She is the daughter of APA's late co-founder, Larry Hubbart, and APA's Secretary Nancy Hubbart. She was elected to APA's Board of Directors in 2019. She is located in Ventura, California.

ITEM 3

LITIGATION

John and Cynthia Devore v. Jeffrey and Michelle Duda, et. al., Docket No.: 000579, May Term, 2016, pending in the Court of Common Pleas of Philadelphia County, Pennsylvania, filed May 4, 2016, dismissed August 7, 2017 (the "Devore Action").

John Devore was a Member of APA who played in the Philadelphia APA, a franchise independently owned and operated by Jeffrey Duda. In April 2015, Devore entered into a licensing agreement with a pool league that competes with APA. Devore, and his wife, Cynthia Devore, sued Duda, an individual that Devore wrongfully alleged is Duda's wife, and APA alleging that in June, 2015, Duda, or his wife, put a statement on Facebook that did not mention Devore, but that Devore alleges others would believe was about him. Devore alleged that the statement was defamatory, and that, as a result of the statement, he was unable to recruit pool players to join his league, and thus lost his investment. Devore named APA as a defendant based on a one-sentence unsupported allegation that Duda acted as an agent of APA. APA had no involvement with the alleged post, and Devore did not allege that APA had any involvement with the statement, or its posting. Devore's Complaint stated claims for defamation and tortious interference with a contract. Devore's wife stated a claim for loss of consortium. Together, the Devores prayed for damages of $50,000.00 or more.

APA and Duda reported the claim to their mutual insurer, who accepted defense of the case. Legal counsel retained by the insurer to represent Duda and APA filed pleadings with the Court denying any liability for the post. APA denied that Devore had a basis for naming APA as a defendant in the case. Before the Court had the opportunity to consider whether Devore had a claim against APA, the action was settled by the insurer. Under the terms of the confidential settlement agreement, both APA and Duda denied any liability to Devore. Pursuant to the settlement agreement, the insurer paid Devore an amount that was less than the damages sought by Devore in the lawsuit.

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

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this item.

ITEM 5

INITIAL FEES

When you sign the Franchise Agreement, you must pay us an initial franchise fee (the "Initial Franchise Fee"). The amount of the fee will be based upon the population within your assigned Territory. The Initial Franchise Fee for a Territory having a population of 400,000 people, or fewer, will be our base fee of $10,000. If the Territory has a population over 400,000 people, then the Initial Franchise Fee will be the total of the base fee of $10,000 plus $500 for each increment of 50,000 people, or portion thereof, over 400,000 residing in the Territory. Population is determined

by using the Population Estimates Program, Population Division, U.S. Bureau of the Census ("PEP Data"), released July 2020 (www.census.gov) or, when necessary, other online resources. As of July 2021, we plan to use the PEP data released in that month.

Initial Franchise Fee

Example: Pima County, Arizona has a population of 982,154. The base fee is $10,000. Pima County's population exceeds the base population of 400,000 by 582,154 people. There are 12 increments of 50,000 people in 582,154. (*Note*: any amount above a 50,000 increment is calculated at the next highest increment). The Initial Franchise Fee is $16,000, calculated by adding $6,000 (12 x $500) to the $10,000 base fee.

After you have submitted your application, received and read this Disclosure Document for the required review period, successfully completed a Discovery Day and Pre-Training program, and been approved to acquire an APA Franchised League, you must pay us a $500 deposit (the "Deposit"). The Deposit reserves your proposed Territory and a space for you at our next 6-day Training Seminar I. The Deposit is fully earned by us when paid and is not refundable under any circumstance, except as stated below. The Deposit will be applied to your Initial Franchise Fee if you satisfy the requirements to attend, and then successfully complete, Training Seminar I, and we sign and accept your Franchise Agreement. You must also sign a Confidentiality Agreement (Exhibit K) prohibiting unauthorized copying, use and disclosure of information regarding our proprietary System, including our Operations Manual and Training Program. We will then send you an unsigned Franchise Agreement (with all blanks included in Exhibit C filled in) and give you access to our proprietary Operations Manual for your review. During your scheduled training session, you must sign the Franchise Agreement and pay the balance of the Initial Franchise Fee. The Franchise Agreement is not effective unless it is accepted and signed by us after your successful completion of Training Seminar I. When paid, your Initial Franchise Fee is fully earned by us and is not refundable under any circumstance, except we will refund the Initial Franchise Fee paid by you (including the Deposit) only if after you have, in our judgment, successfully completed Training Program I, and we decide, in our sole discretion, not to accept and sign the Franchise Agreement with you, or if we terminate your participation in Training Seminar I early. If we do not sign and accept the Franchise Agreement after your successful completion of Training Seminar I, or if we terminate your participation in Training Seminar I after you have arrived at the location of Training Seminar I but before you have completed it, we will also refund reasonable out-of-pocket expenses for transportation, lodging and meals actually incurred by you in attending Training Seminar I. We will not refund, nor be liable for, any other damages, costs or expenses, including loss of profits, income or employment or any other actual, consequential, special or reliance damages. We do not give refunds of the Initial Franchise Fee or the Deposit under any other circumstances.

APA is a member of the International Franchise Association ("IFA") and participate in the IFA's VetFran Program ("VetFran Program"). As a participant in this program, we will discount 25% of the initial franchise fees or transfer fees owed by veterans of the United States Armed Forces who otherwise meet the requirements of the VetFran Program. If you are a veteran and you wish to be considered for the VetFran Program, you must document that you are eligible to benefit from the VetFran Program (e.g., provide documentation of an honorable and/or medical discharge). For more information about the VetFran Program, go to www.vetfran.com.

You will be subject to any change in VetFran Program rules and regulations without notice, since APA has no control over the terms of the VetFran Program. APA reserves the right to withdraw from the IFA and/or VetFran Program at any time without notice to APA Franchisees. If APA does withdraw from the VetFran Program, no VetFran franchise then in existence will be terminated or otherwise affected because of APA's withdrawal.

Brokers

APA does not use franchise brokers to market franchises. We do not consider our franchisees to be franchise brokers, but we do have a program to reward existing franchisees for the referral of new franchisees. Under the program, an existing franchisee may receive up to $1,000 if the new franchisee has played APA pool in their area within the last two years and another $1,000 if the existing franchisee refers the new franchisee to APA. This amount may be split between multiple existing franchisees if the new franchisee has played in more than one area within the last two years. An additional $3,000, in total, may be received (and, if appropriate split) by the referring franchisee(s) if the new franchisee reaches predetermined team growth goals within two years from the execution of their franchise agreement with APA. No referral award is paid to a franchisee in connection with the sale of all or a portion of its own rights in its franchised Territory. However, APA does incentivize franchisees to sell portions of their franchised Territory by offering the selling franchisee a portion of the royalty APA collects from the purchasing franchisee for up to three (3) years after the sale occurs. These programs may be modified or withdrawn by APA, without notice.

ITEM 6

OTHER FEES

(Column 1) ***Type of fee*** *(Note 1)*	*(Column 2)* ***Amount*** *(Note 11)*	*(Column 3)* ***Due date***	*(column 4)* ***Remarks***
Weekly Royalty	Standard Team 8-Ball: The greater of $2.50 per team or 20% of the Basic Weekly Fee charged each team weekly. 9-Ball and other Formats: 20% of the Basic Weekly Fee charged each team weekly. (Note 2)	Weekly - Due 12 days after the end of the week in which the match is played. Each APA week ends on Friday.	The royalty is payable to us for all matches on which you collect a Weekly Team Fee. (Note 3)
Player Membership Fees	The Annual APA Membership Fee is currently $25 per player per year.	Due on the Wednesday following the date you are invoiced for the Membership Fees that have been paid to you.	All players must be APA Members. If any player, who wishes to play in your Franchised League, has not paid their Membership Fee for the year in which they wish to play, you are responsible for either: ensuring they pay the fee to APA online; or collecting the Membership Fee from the player, and remitting it to us. If you allow a player to

(Column 1) ***Type of fee*** *(Note 1)*	*(Column 2)* ***Amount*** *(Note 11)*	*(Column 3)* ***Due date***	*(column 4)* ***Remarks***
			play without paying their Membership Fee, you will be required to pay to APA their Membership Fee whether or not it is collected by you.
Royalty On Merchandise With APA Marks (Note 4)	You must pay us 5% of the purchase price (including tax) of merchandise bearing any APA Mark purchased for resale from a vendor other than an APA Licensed Supplier, if you choose to purchase such merchandise (Note 4).	Due on the Wednesday following the day you are invoiced for the royalty, or on a later due date designated by us.	
Software Upgrade Fee	From time to time (but no more often than once during a three year period) we reserve the right to charge all franchisees a software upgrade fee for new versions of the Software Program used to operate your Franchised League or for major enhancements or upgrades to the Software Program.	Due on the Wednesday following the day you are invoiced for the fee, or on a later due date designated by us.	The total amount of the Software Upgrade Fees charged to the franchisee network as a whole are limited to 50% of the total cost of the new version, major addition or enhancement.
Software Support And Maintenance Fee (Note 5)	$292 per year. (Subject to change annually. No increase will exceed 10% annually without approval of the League Operator Advisory Board).	Annually. Currently due on the last Wednesday of January.	Support and Maintenance of the Software Program. First 12 months of operations included in Initial Franchise Fee for newly granted franchises (Note 5).
Advertising (Note 6)	As assessed by the advertising plan approved by area franchisees. Maximum - 5% of gross revenue. (Note 7)	Payable upon the plan going into effect unless the plan provides for another due date(s).	Any plan must be approved by two-thirds (2/3) of the votes cast by franchisees in the plan's area. Corporate owned outlets are not eligible to vote on advertising plans.

(Column 1) ***Type of fee*** *(Note 1)*	*(Column 2)* ***Amount*** *(Note 11)*	*(Column 3)* ***Due date***	*(column 4)* ***Remarks***
Audit (Note 8)	If an audit reveals that you have understated amounts due to APA by more than 2% you must pay the full amount owed, plus interest at 1.5% per month, applicable late fees and the costs of the audit.	Within 14 days after notice of the audit's results.	
Late Fee (Memberships)	Unpaid Membership Fees plus $5 per unpaid member and interest of 1.5% per month (or the maximum amount allowed by law if less).	Upon you becoming delinquent on your obligation to pay Membership Fees.	These fees are subject to increase by a change to the Operations Manual.
Late Fee (Royalties)	Past due royalties or other payment plus $20 per late payment and interest of 1.5% per month (or the maximum amount allowed by law if less). Late fees may be assessed again with respect to a delinquent amount if such amount is not paid on or before the due date of the next weekly royalty payment.	Upon your obligation becoming delinquent.	These fees are subject to increase by a change to the Operations Manual.
Bank Fee	$25 bank fee charged upon an Automatic Clearing House (ACH) transfer from your business account being denied due to you having insufficient funds to cover the costs of the failed transfer.	Upon the transfer being denied.	
Late Fee (Scoring Teams Scheduled)	$20/week that matches are not scored after the deadline.	Late fee is charged if 20 or more scheduled matches were played but are not scored (for leagues less than 300 teams) or 10% of the scheduled matches were played but are not scored (for leagues over 300 teams) in the Software Program	These fees are subject to increase by a change to the Operations Manual.

(Column 1) **Type of fee** *(Note 1)*	*(Column 2)* **Amount** *(Note 11)*	*(Column 3)* **Due date**	*(column 4)* **Remarks**
		by the Wednesday following the Friday of the week in which the match was played.	
Late Fee (Local Singles Qualifier Boards)	$24 for each local singles qualifier board submitted 30 or more days after the board was played; $20 additional for each board submitted 60 or more days after it was played.	Upon your obligation being delinquent.	These fees are subject to increase by a change to the Operations Manual.
Late Fee (World Qualifier Paperwork)	$250 per slot for late submission of paperwork packets for each team advancing from your World Qualifier ("WQ").	Fee incurred upon the packets being late, however not due until billed in July. Packets are late if not received by the APA Tournament Team within 10 days of completion of your WQ (5 days if your WQ is held the third weekend of June).	In addition to these fees, you may face a possible loss of team eligibility and possible loss of a tournament slot the following year if packets are not timely submitted. These fees are subject to increase by a change to the Operations Manual.
Late Fee (Skill Level Reevaluation Forms)	$10 per day ($100 maximum)	Charged if skill level reevaluation forms are not returned to APA's Tournament Team by due dates following a tournament you have held.	These fees are subject to increase by a change to the Operations Manual.
Late Fee (Showdown Series Entries And Setup)	$100 for each 8-ball doubles team, 9-ball doubles team, wheelchair entry, and jack-and-jill team entered late; $150 for each masters team entered late; $150 for each team captain team entered late; and $200 for each ladies team entered late.	Fee is charged if (a) a team's entry form for a Showdown Series event is not received by the APA Tournament Team by the due date or (b) the team is not set up in the Software Program by the due date.	These fees are subject to increase by a change to the Operations Manual.
Room Block Fee	Initial late fee of $50, then $25	Twelve days after	Prior to each PPC,

(Column 1) ***Type of fee*** *(Note 1)*	*(Column 2)* ***Amount*** *(Note 11)*	*(Column 3)* ***Due date***	*(column 4)* ***Remarks***
	thereafter for each additional calendar day late, up to a maximum of $250, at which time the sub block will be released.	player rooming list is submitted or the sub block is released.	WPC and Juniors Championship, if you reserve a sub block of rooms at the event hotel, you will be given a deadline to submit rooming lists to fill that block. These fees are charged if the rooming list is not submitted on time. These fees are subject to increase by a change to the Operations Manual.
Late Fee (Execution And Return Of Franchise Documents Or Other Agreements)	$100	This fee is due 12 business days after the franchise agreement, amendment, or other agreement is sent to you for signature.	If APA sends you a renewal or replacement franchise agreement, an amendment to a franchise agreement, or any other agreement related to your franchise, and you do not return it signed, within 12 business days of it being sent to you, APA reserves the right to charge you a $100 late fee. This fee is subject to increase by a change to the Operations Manual.
Unearned Slot Premium	$100-$450	Unearned Slot Premium is due at the time you pay your tournament registration.	Franchised Leagues that do not have a sufficient number of teams participating to earn a slot at the WPC may be awarded, in APA's sole discretion, an unearned slot at that tournament. The premium charged for an unearned slot varies within the

(Column 1) ***Type of fee*** *(Note 1)*	*(Column 2)* ***Amount*** *(Note 11)*	*(Column 3)* ***Due date***	*(column 4)* ***Remarks***
			range stated.
Extension Of Conditional Term (Note 9)	$250	Upon any grant of an extension of the Conditional Term of your Franchise Agreement.	We have no obligation to extend the Conditional Term, but if an extension is granted this fee will be owed.
Franchise Transfer Fee	$1,500	At time of the transfer of your franchise.	There is no charge if the transfer is to a corporation or limited liability company 100% owned by you. This fee is subject to increase by a change to the Operations Manual.
3 Days Of Required Additional Training During First Year (Training Seminar II)	Your expenses in attending such training.	As incurred, but approximately 6 to 9 months after the start of the operation of your franchise.	There is no additional training fee for this session.
Other Additional Training	Your expenses in attending any additional training you, or your employees, choose to participate in, or are required by us to attend, and any training fee we might set (which will be fair and reasonable). If the additional training is performed by an APA representative in your Territory, you may be charged for the costs incurred by APA to have that representative travel to, and stay, in your Territory during the training.	As incurred.	
Additional Assistance Beyond What Is Outlined In The Operations Manual And Franchise	Our expenses plus a reasonable charge for our services.	As incurred.	

(Column 1) ***Type of fee*** *(Note 1)*	*(Column 2)* ***Amount*** *(Note 11)*	*(Column 3)* ***Due date***	*(column 4)* ***Remarks***
Agreement			
Regional Meeting Cancellation Or Non-Use Fee	Will vary under the circumstances.	Due on the due date stated in the invoice for the fee.	When APA holds Regional Meetings, APA covers some of the rooming costs at the hotel hosting annual regional meetings. If you register, but do not attend, all, or part of, a regional meeting, APA reserves the right to charge you for the cost of the unused rooms.
Annual League Operator Convention Cancellation Fee	Will vary under the circumstances	Due on the due date stated in the invoice for the fee.	APA covers the costs of one person from your Franchised League attending the first League Operator Convention held after you sign your first APA franchise agreement. The costs covered by APA are your airfare and hotel room. If you do not travel to the Convention, or if you travel to the Convention, but do not attend the Convention's meetings, sessions and events, APA reserves the right to charge you for some, or all, of the cost of your airfare and/or hotel room.
Field Training Reimbursements	Will vary under the circumstances	Due on the due date stated in the invoice for the fee.	As stated in Item 11, our Training Program includes field training in your territory with an APA Representative. This training is provided to you at no charge.

(Column 1) ***Type of fee*** *(Note 1)*	*(Column 2)* ***Amount*** *(Note 11)*	*(Column 3)* ***Due date***	*(column 4)* ***Remarks***
			However, if you do not work with the APA Representative to schedule the field training at a time that you are available to dedicate yourself to the training, or if you do not participate in some, or all, of the training, APA reserves the right to require you to reimburse it for some, or all, of the costs it incurs to send the APA Representative to your Territory, including the costs of the representative's travel, hotel, meals and fees.
Costs And Attorneys' Fees	Will vary under the circumstances.	As incurred.	Payable by you if you are the non-prevailing party in any litigation or arbitration resulting from a dispute arising out of, or related to, the Franchise Agreement.

(Column 1) ***Type of fee*** *(Note 1)*	*(Column 2)* ***Amount*** *(Note 11)*	*(Column 3)* ***Due date***	*(column 4)* ***Remarks***
Indemnification	Will vary under the circumstances.	As incurred.	You reimburse us if we incur costs, including attorneys' fees, or are held liable for claims arising from your operations. APA indemnifies you from third party claims caused solely by conduct of APA adjudged to be wrongful or a breach of the Franchise Agreement.
Insurance Premium (Note 10)	If you opt to purchase insurance through Worldwide Insurance & Risk Management, Inc., APA will collect your premium in one payment made annually. The amount of the premium will vary year to year. In 2021, the annual premium is $463.34.	If collected by APA, each March, or upon you entering into a Franchise Agreement.	While APA requires each Franchised League to have a minimum amount of insurance, you are not required to purchase the insurance policy arranged by Worldwide Insurance & Risk Management, Inc. If you do, APA will collect your premium payment. If you purchase your insurance through another source, you will be responsible for paying the premium directly to the insurer/broker whenever that premium is due.

NOTES TO ITEM 6 - OTHER FEES

Note 1 All fees are required by APA and are non-refundable.

Note 2 Our standard formats for weekly play are 5-person team 8-Ball and 9-Ball. Other supplemental formats, referred to as "other formats" in this chart (not generally available during your Conditional Term) are described in the Operations Manual. Designated formats may be changed by us. Each player or team is required to pay you, and you are responsible for collecting, a Weekly Team Fee, or the individual player's portion thereof, for scheduled matches, whether played or unplayed. You

are also responsible for disqualifying any player or team that fails to pay the Weekly Team Fee. While we will recommend an amount to be charged as the Weekly Team Fee, you may charge any amount you believe is prudent for your local market. In addition to the royalty fee owed on the Basic Weekly Fee (which is part of the Weekly Team Fee), you will also be required to pay a 20% royalty fee on any other fees, dues or monies received by you from players, teams, Host Locations, team sponsors or local sponsors, except that you do not have to pay royalties on: (a) a Players Fund, which consists of additional dues or fees collected as part of the Weekly Team Fee, from players to fund trophies, tournament travel for teams advancing to Championship Tournaments, banquets, prizes, or similar benefits, awards or rewards for player/team participation and accomplishments achieved while playing in your Franchised League during the League Year; (b) amounts for awards and prizes or in-kind awards or prizes received from Host Locations or team sponsors; and (c) amounts received from local sponsors, local advertising revenue secured by you or amounts received from Host Locations in exchange for conducting tournaments in their facilities. Amounts collected for a Players Fund or from Host Locations or team sponsors and any in-kind awards and prizes must be separately accounted for, held in trust by you, and entirely returned to the players in the form of prizes, awards, tournament travel or awards ceremonies. The amount charged and collected into your Players Fund for the League Year should be closely related to your expected expenses in trophies, tournament travel for advancing teams/players, and the other benefits, awards and rewards you provide for your teams and players for that League Year. If you collect excess funds in your Players Fund (beyond what is needed to pay for your awards and rewards program), it might be permissible for you to roll a reasonable amount of the excess, if justified, into your Players Fund for the next League Year. See our Operations Manual for more details on when rolling over excess Players Fund money is permissible. More commonly, the excess money in your Players Fund, or received from Host Locations or team sponsors may be taken as income by you, provided you pay APA its 20% royalty on the excess taken as income. If your state or locality imposes a sales or similar tax on the Weekly Team Fee, or the Basic Weekly Fee, you must collect that tax on APA's behalf and either pay it to the taxing authority or remit it to us as we designate.

Note 3 You must pay the royalty on the Basic Weekly Fee you collect for all scheduled matches, played or unplayed. If your state or locality imposes a sales or similar tax on the royalty fee, you must collect that tax on APA's behalf and either pay it to the taxing authority or remit it to us as we designate.

Note 4 You may purchase and resell merchandise (e.g., apparel, patches, novelties) bearing the APA Marks ("APA Merchandise") that is offered by APA, a Sponsor or an APA licensed supplier (collectively an "APA Licensed Vendor") without payment of any royalty. You have no obligation to make any such purchases or sell such merchandise. If you choose to purchase certain types of APA Merchandise, you may be required to purchase that APA Merchandise from an APA Licensed Supplier. If you purchase APA Merchandise for the purpose of resale from a vendor other than an APA Licensed Supplier pursuant to the rights granted you in the Franchise Agreement, you must pay us a royalty equal to five percent (5%) of the amount you pay for the APA Merchandise, including tax, which amount shall be due on the Wednesday following the day you are invoiced for the royalty, or on a later due date designated by us. You will be invoiced for the royalty within two weeks of sending us the invoice. No royalty is due for APA Merchandise purchased for distribution as Member incentives or giveaways regardless of the APA Merchandise's source.

Note 5 To manage your Franchised League under our System, you must use our proprietary Software Program, which is highly confidential and a trade secret. The Software Program is an integral part of our System and is necessary to provide uniform scoring and handicapping, safeguard against sandbagging, and otherwise administer your Franchised League and report on your operations within our System. The Software Program might be further developed, enhanced and modified to continue to meet the development, and needs, of our System, and you must utilize the then-current version of the Software Program to operate the Franchised League at all times that you own the League. The license to our System granted by the Franchise Agreement includes the loan of the Software Program, and training in the operation and use of the Software Program. The Software Support and Maintenance Fee pays for corrections made to the Software Program, and minor updates of the Software Program (collectively "Maintenance") and continued telephone support to franchisees regarding operation of the Software Program. The Software Support and Maintenance Fee is paid annually except by new franchisees who have purchased previously unfranchised territory and who are within the first 12 months of their operations at the time that the Software Support and Maintenance Fee becomes due. Telephone support and Maintenance are provided to such new franchisees, at no additional charge during the first 12 months of their operations. If you are a new franchisee, buying previously unfranchised territory, and your initial 12-month period ends before January 1, you will be required to pay a prorated portion of the Software Support and Maintenance Fee. We agree that increases in the Software Support and Maintenance Fee are limited to an increase of no more than ten percent (10%) per year, without approval of the League Operator Advisory Board. We also reserve the right to charge software license fees from time to time for any new or modified versions or upgrades to the Software Program. The Software Program, including any updated versions or other modifications are provided "as is." Access to the Software Program must be limited so as to protect the confidentiality of the System and Software Program for the benefit of our franchisees and us. Only designated APA personnel and third-party contractors designated by APA are authorized to provide support and Maintenance to the Software Program.

Note 6 We might offer, from time to time, an advertising plan covering a specific geographic area (national, regional or local) selected by us in our discretion. If the franchise you operate is within the plan's geographic area and the plan is approved by a vote of the franchisees within the area (see Note 7), you will be obligated to contribute to the advertising plan. Every franchisee within the plan's area is entitled to cast votes based on the number of persons residing in the franchisee's Territory. A franchisee in a Territory of less than 200,000 people may cast one vote; a franchisee with a Territory of 200,000 - 499,999 people has two votes; and a franchisee with a Territory of 500,000 people or more has three votes. If two-thirds (2/3) of the eligible votes are cast in favor of the plan, the plan is approved. We have the sole authority to manage and use the advertising funds, as we feel appropriate, in carrying out the approved plan. We are not obligated to make any advertising expenditures in your Territory that are equal or proportionate to your contribution, nor are we obligated to ensure that you in particular benefit directly or in proportion to the amount of money you were assessed in the plan. If you are assessed under such an advertising plan you may, upon reasonable notice, review the books and records kept by us in administering the plan.

Note 7 Gross revenue means all Basic Weekly Fees charged or required to be paid to you by players and all other fees, dues, and moneys received by you in the operation of the

Franchised League, except Membership Fees and money collected for a Players Fund, during any timeframe established under the advertising plan.

Note 8 We may at any time, without notice, conduct an audit of your Franchised League's books, records, operations and computer data to assure that all member dues and royalty fees are being reported and paid to us. APA may determine the method of audit most appropriate, in our judgment, for the information we review. You may need to compile and send us copies of records that we request in connection with the audit. You may need to complete and send us a report with the information that we request for our audit. We may also, if we consider it appropriate, visit your office to review your books and records. You are to cooperate with our staff in connection with an audit.

Note 9 The Franchise Agreement grants an initial two-year Conditional Term. Within the Conditional Term, you must meet certain performance requirements. (See ITEM **12**). If you do not meet the performance requirements during the Conditional Term, the franchise expires. APA has no obligation to extend a Conditional Term that is set to expire. However, if, in its discretion, APA decides to extend a Conditional Term, the Franchise Agreement gives APA the authority to charge a $250 fee.

Note 10 APA requires that you purchase and maintain, at all times during your ownership of a Franchised League, insurance with such minimum standards, coverage and limits as we require. The requirements are stated in the Operations Manual. Such requirements may be changed or increased by us. We do not require that you purchase the required insurance from any particular source. We have, however, made arrangements with Worldwide Insurance & Risk Management, Inc. to offer an insurance policy issued by American Specialty Insurance & Risk Services, Inc. ("American Specialty") to APA and APA franchisees that meet our coverage requirements. The cost of insurance set forth above is based on each participating franchisee's share of the premium currently being charged by Worldwide Insurance & Risk Management, Inc. For those franchisees that purchase the insurance offered through the Worldwide Insurance & Risk Management, Inc., APA collects each franchisee's premium. The Insurance Program is discussed further in ITEM **8**, below.

Note 11 The fees listed in this Item are uniformly imposed on all our franchisees, except that late fees, bank fees, cancellation and non-use fees, extension of conditional term fees, and franchise transfer fees may be waived, at our sole discretion, if we determine that the circumstances warrant.

ITEM 7

ESTIMATED INITIAL INVESTMENT

Your Estimated Initial Investment (Note A)				
Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
Initial Franchise Fee	Based on Population of	Partial deposit with	$500 deposit due	APA

Your Estimated Initial Investment (Note A)				
Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
	Territory; $10,000-$12,000 (Note B)	the remainder being paid as a lump sum.	at Discovery Day. Remainder due at signing of Franchise Agreement.	
Equipment/ Computer Software and Hardware	$3,307 - $6,012 (Note C)	Paid as equipment is acquired and services are required by the service provider.	Before operations.	Vendors unrelated to APA, chosen by you
Broadband Internet Access	$60 monthly (Note C)	As incurred.	Before operations.	Broadband Internet Service Provider chosen by you
Training Seminar I Expenses	$1,434 - $2,334 (Note D)	As incurred.	At time of training.	Air travel, car rental, hotels, meals
2 Days Additional Training during First Year	$813 - $1,713 (Note D)	As incurred	At the time of training, 6 to 9 months after the start of operation of your franchise.	Air travel, car rental, hotels, meals
Real Estate & Improvements	$0 (Note E)	N/A	N/A	N/A
Initial Inventory	$0 (Note F)	N/A	N/A	N/A
Insurance	$463.34 (Note G)	Lump sum or in regular payments as required by your insurer	Before operations	To APA or to your chosen insurance company or insurance broker
Attorney/	$3,000 (Note H)	As incurred	As required	The attorney

Your Estimated Initial Investment (Note A)				
Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
Accountant fees			under the fee arrangeme-nts you enter into with your attorney or accountant.	and/or accountant of your choice
Additional Funds -3 months	$3,000 (Note I)	As incurred	As incurred	
Total Estimated Initial Investment	$22,737.34 - $29,242.34 (Note J)			

NOTES TO ITEM 7 - INITIAL INVESTMENT

Note A None of the fees in this table are refundable unless otherwise specified. We do not generally offer financing at this time for any of the above listed payments.

Note B The estimate shown is for a newly franchised Territory with a population of up to 600,000 people. The initial fee is based on a base fee of $10,000, plus $500 for every 50,000 people, or portion thereof, over 400,000 in population in the Territory. See ITEM **5**. For example, if the population of the Territory is (a) 500,000 people, the initial fee would be $11,000, (b) 600,000 people, the initial fee would be $12,000. The populations of the Territories we typically grant in new franchise agreements range from 300,000 to 600,000, though Territories can have more than 600,000 and less than 300,000 people. The $500 deposit you are required to make to reserve your Territory and your place at the next available Training Seminar I will be fully applied to your Initial Franchise Fee if you successfully complete Training Seminar I. Your Initial Franchise Fee is non-refundable unless you timely and successfully complete the training program and, thereafter, we decide not to accept your application and do not sign the Franchise Agreement.

Note C You are required to use APA's confidential and proprietary Software Program in operating the Franchised League. The Software Program is loaned to you, partially in exchange for your payment of the Initial Franchise Fee. To use the Software Program in your operations, you must have a computer system and a smart phone and/or tablet meeting the specifications described in ITEM **8**. The estimated cost of a computer system from a typical computer vendor meeting the requirements is $1,800 to $3,000. The estimated cost of a smart phone from a typical phone vendor meeting the requirements is $25.00 per month, or $300 per year, and the estimated cost of a cellular plan for that phone is $55 to $90 per month, or $660 to $1,080 per year. The estimated cost of a tablet meeting the requirements between is between $150-$800. If you do not have a smart phone, and you do not have internet access at your Host Locations, you may need to purchase a cell plan for your tablet so that you can connect the tablet to our Software Program while in your market. You must acquire and maintain Broadband Internet access (such as cable, DSL or other high-speed broadband connection, but not internet provided by satellite). The cost

of Broadband Internet access will vary depending on your location and the services available to you, however, we estimate that the cost of such access should be $60 per month, or $720 per year, but will vary based on the upload and download speeds of the service you choose. We provide you a local league website and email address to use, currently free of charge. You will need to purchase Microsoft Word and Microsoft Excel, which you can purchase individually or as part of Microsoft Office 365. The cost of these programs will likely be between $250 and $350. You will also need to purchase an antivirus program and anti-malware program (or a program that combines both services) for your computer system. The cost of that software is estimated to be $30 to $60 per year. In terms of financial software, you can keep the financial records of your franchised business using a spreadsheet program, like Microsoft Excel. We suggest, however, that you purchase and use a basic business financial software package, such as QuickBooks. Such programs will likely cost between $150 and $450. We also recommend that you have some form of extra storage for the files on your computer, such as a thumb drive, external hard drive and/or online cloud-based back-up service subscription. A 64GB thumb drive should cost you around $17, a 1TB external hard drive will likely cost around $50 and an online cloud based back up service subscription should cost about $72 per year. The external storage allows you to restore data should a hard drive failure occur. Additionally, a cloud backup is a 2nd option for a restore in the event your hard drive crashes and your primary backup fails. We do not receive compensation from Microsoft or any third-party provider of the software or equipment that we require or recommend. You will need a color scanner. We estimate that a scanner can be purchased for between $100 and $600. You will also need a telephone answering/ voice mail system for the landline or cellular phone you use for league operations. We believe an internet or land-line based phone service with an answering/ voice mail system can be purchased for between $30 to $100. Furthermore, basic office furnishings, such as a filing cabinet, desk and desk chair are also necessary.

Note D You must pay a $500 deposit to reserve your Territory and a place at our next available training program. If you fail to attend, without cancelling 7 days before the program and rescheduling for the next regularly scheduled program, your deposit will be forfeited. If you successfully complete Training Seminar I and we accept your application and sign the Franchise Agreement, your $500 deposit is fully applied to your Initial Franchise Fee. You are responsible for all travel, lodging and meal costs associated with attending Training Seminar I and Training Seminar II. The Training Program is conducted in the metropolitan St. Louis, Missouri area, so the closer you are to the site, the lower your travel expenses will be. The cost of air travel will vary greatly depending upon your location and how far in advance you book any flight, and could range from $300 - $1,200 (or more) round-trip. Training Seminar I lasts for up to 6 days. Training Seminar II lasts for 2 days. Car rental prices will also vary, but can be expected to be around $60 per day. Lodging rates near the training site are approximately $75 per night. You should expect meals to average $54 per day. Expenses incurred to attend the Training Program are non-refundable except that certain costs you incur to attend Training Seminar I will be reimbursed if, and only if: you timely and successfully complete the training program and, thereafter, we decide not to accept your application and do not sign the Franchise Agreement; or we terminate your participation in Training Seminar I early. Only in this event will we reimburse you for the travel expenses you actually incur (transportation, lodging and meals) and for which you have receipts. In no event or circumstance will we reimburse you or be liable for any loss of profits, business opportunity, time or wages or any other consequential, incidental, reliance or special damages of any kind. In the interest of protecting you, our staff, and other attendees of our training programs from the risks posed by the novel coronavirus (COVID-19) pandemic, APA may, in its sole discretion, conduct certain Discovery Day, Training Seminar I or Training Seminar II sessions virtually. Virtual programs may be shorter than in-person programs (see the

portion of Item 11 below describing our Training Program). If you are scheduled for a virtual Training Seminar I or virtual Training Seminar II program, you will not be required to incur the costs listed in this chart associated with those programs. If APA decides to conduct a Training Seminar I session virtually, attendees will not have the option of attending in person. APA does not currently have plans to offer virtual options for any of the Training Program sessions it holds in person.

Note E A separate office is often not necessary. Most franchisees, at least initially, work out of their homes.

Note F Reasonable quantities of promotional materials (posters, brochures, etc.), scoresheets, and other forms necessary to get started are supplied to you as part of the Initial Franchise Fee.

Note G At all times that you own and operate the franchise, APA requires that you purchase and maintain insurance with such minimum standards, coverage and limits as we require and state in the Operations Manual. Such requirements may be changed or increased by us. We do not require that you purchase the required insurance from any particular source. We have, however, made arrangements with Worldwide Insurance & Risk Management, Inc. to offer APA franchisees insurance issued by American Specialty that meets our coverage requirements. The cost of insurance set forth above is based on an individual franchisee's share of the annual premium currently being charged by Worldwide Insurance & Risk Management, Inc. during the March 1, 2021 to February 28, 2022 policy year. The Insurance Program is discussed further in ITEM **8**, below.

Note H APA recommends that you retain an attorney and/or accountant licensed in the state where your franchise will be located to advise you on how to structure the ownership of your Franchised League, to advise you regarding compliance with any applicable laws or regulations, and to advise you regarding your tax obligations. APA estimates that the initial costs for retaining these types of professionals is $3,000.00, however rates vary considerably between professionals and even geographic regions. The amounts you pay to your attorney and/or accountant of choice will depend upon the specific rates charged by those professionals, and the amount of work you ask those professionals to do on your behalf.

Note I You will need additional funds to pay ongoing expenses you incur in operating your Franchised League (such as automotive expenses and telephone service) to the extent these costs are not covered by league revenue. New businesses often generate negative cash flow. Most APA franchisees start operations with no salaried employees and work out of their homes to reduce their out-of-pocket expenses and need for working capital. Therefore, our estimate of additional funds does not include wages or compensation for you or any employee, nor rent or cost of setting up or maintaining an office. Initial operations will heavily involve calling and traveling to numerous potential Host Locations and organizations to develop interest in the Franchised League. We estimate that the Additional Funds stated in the Table will be sufficient to cover the out-of-pocket expenses you will incur running the Franchised League such as automotive expenses, telephone service, your business license, stationery and business cards, (beyond the 1000 that are provided to you at Training Seminar I) for the first three months that you operate your business. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. Typically, it takes 30-60 days to start active league play. Revenue from this franchise depends entirely on you developing and growing league play—no teams, no revenue; few teams, little revenue. Development of the Franchised League you operate will vary depending on factors such as your effort, your ability, the season, the size of your market

and the competition you face. Accordingly, your revenue from league activity could continue to be minimal well beyond the 3-month estimated start-up phase.

Note J The estimate shown is for a franchised Territory with a population of up to 600,000 people. Please note that a significant portion of your initial investment is the Initial Franchise Fee, which is based on the population of your Territory. A franchisee purchasing a Territory with a larger population will pay a larger initial fee as determined by the formula described in Note B (above) and in ITEM 5. For example: If the Territory's population is 300,000 persons, the initial fee would be $10,000, resulting in an estimated Initial Investment in the range of $22,737.34 to $27,242.34. If the Territory's population is 600,000 persons, the initial investment would be $12,000, resulting in an estimated Initial Investment in the range of $24,737.34 to $29,242.34. We have relied on our 40+ years of experience in pool league operations to compile these estimates. However, you should review these figures carefully with a business advisor and/or investigate how much the expenses referenced in this Item will cost you based on the location where your franchise would be located, before making any decision to purchase the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Computer System

You must purchase a personal computer, printer and related equipment to run the Software Program and administer the Franchised League. You are required to have Broadband Internet access, but prohibited from having internet service provided by satellite. We provide you a local league website and email address to use, currently free of charge. Your computer, printer and related equipment must meet certain specifications in order to operate the Software Program. We strongly recommend that you purchase a computer system capable of being upgraded to meet your future needs. Because of the rapid changes in computer technology, a computer meeting only the following specifications might not be suitable to operate future versions of the Software Program, handle functions that might become required for league operations, or operate other software that you might wish to use in your business. The following describes the minimum required specifications, as well as hardware or software that we recommend you purchase.

Equipment	Required or Recommended Specifications
Computer	Windows-Based Machine (Macintosh systems are not supported)
Processor	Dual Core or higher
Monitor	LCD Monitor (1024 X 768 resolution)
Hard Drive	120 Gigabytes or higher (a SSD is recommended, but not required)
RAM	8 Gigabyte or higher (16 GB if running Microsoft Office and Quickbooks)

Equipment	Required or Recommended Specifications
Webcam	Webcam with microphone
Operating System	Windows 10 (Windows 10 Pro if networking computers)
Printer	HP; Epson; Canon Laserjet; or Inkjet
Broadband Internet Access	Required. Must be high speed, DSL, Cable, or T1. Satellite Internet and Wireless not recommended/not supported.
Internet Browser	Google Chrome
Email	Required
Firewall and Anti-Virus Protection	Required
Accounting Software	Quick Books (recommended)
Scanner	Color, Letter or legal size scanning bed, 600 dpi (minimum)
Smart phone or tablet running iOS or the Android operating system	Must run iOS 11.0 or greater, or Android 6.0 or greater. It is recommended that you purchase a device capable or running updated versions of iOS or Android's operating system as the Software Program's mobile applications will likely only support new versions of the operating system.
External memory storage	Either a thumb drive, 64 GB or larger; an external hard drive; or a cloud back-up subscription

A number of brands of personal computer systems meet the recommended specifications. These are widely available at stores that sell personal computers and equipment. We recommend your computer's operating system be Microsoft Windows 10. We do not currently sell or lease computer hardware or receive revenue from franchisee purchases of computer hardware, and do not expect to in the future. We set our specifications based on the operating features and characteristics needed to run the Software Program and, in our judgment, for efficient operation of the Franchised League and the System. APA is responsible for the support of the Software Program but we recommend that you have locally available support for any other hardware/software issues that are not related to the Software Program. You will need to purchase an HP, Epson, or Canon Laser Jet or Inkjet printer and a color scanner. There are several different versions of all-in-one printers that combine color printing with fax, scanning and photocopying functions. We estimate your computer system will cost approximately $4,027 to $6,732 (about 32% to 39% of your total purchases, excluding your Initial Franchise Fee, in establishing your business).

You must have a local league telephone. We require you to have a smart phone or a tablet. If you opt to use a smart phone instead of, or in addition to, a tablet, that smart phone can serve as part of your local league telephone system if it has a data package. You must have a telephone answering system – which may be the voicemail on your cell phone and/or a landline with an answering machine.

Insurance Requirement

At all times that you own and operate the Franchised League, APA requires that you purchase and maintain insurance with such minimum standards, coverage and limits as we state in the Operations Manual. We may change or increase such requirements in our discretion. We do not require that you purchase the required insurance from any particular source. We have, however, made arrangements with American Specialty, through our broker, Worldwide Insurance & Risk Management, Inc., to offer insurance to APA franchisees that meets our coverage requirements (the "Insurance Program"). Each franchisee participating in the Insurance Program paid $463.34 in premium for coverage during the 2021-2022 policy period. You may participate in the Insurance Program if you choose. The coverage, premium, and other terms and conditions on which American Specialty might offer insurance to APA franchisees might be changed by American Specialty. We cannot promise that the Insurance Program will continue; that American Specialty will continue to offer insurance to franchisees; that insurance with the same coverage, premium, terms and conditions will be offered by American Specialty; or that we will be able to enter into a similar arrangement with any other insurance carrier to provide insurance to franchisees or to provide insurance with similar coverage, premiums, terms and conditions. We estimate that the annual premium for insurance should be less than 5% of your total annual operating expenses, however your total expenses might vary substantially depending on a number of factors, including the size of the Franchised League you operate, the level of other expenses you choose to incur in operating the League and the amount of premium charged by the insurer you chose to purchase your policy from. APA is one of the insureds covered by the insurance policy provided through the Insurance Program, and pays a premium to be covered by that policy. APA does not receive any payment or rebate as a result of franchisees purchasing insurance from American Specialty.

Sponsorships

We might, from time to time, acquire international, national, or regional sponsors to sponsor League play, tournaments, events, and/or other aspects of the System. A sponsor may authorize you to use its name and trademarks subject to restrictions that the sponsor might require as a condition to sponsorship. For example, a sponsor might require that it be named the "title sponsor" of an event; that it have the right to reject other co-sponsors; that we and/or you use the sponsor's product; that we and/or you promote the sponsor's product to the Members or to Host Locations; or that it have the authority to prohibit us and you from using products of, or accepting sponsorship from, the sponsor's competitors. You must abide by the sponsor's rules. Such sponsorships might expire, terminate or change. New sponsors might also be added. Sponsors may add or change their rules. We do not promise the continued sponsorship of any sponsor. Current sponsors and rules are described in our Operations Manual and we will provide you with written updates if sponsors or their rules change. Although you may solicit individuals or entities to be local sponsors of your Franchised League, and/or league play or events ("Local Sponsors"), we must approve of all proposed Local Sponsors and we have the right to reject any Local Sponsor who, in our judgment, would conflict with an international, national or regional sponsor or reflects negatively on our goodwill, trade names, service marks, trademarks, or league system. Sponsorships are arranged by us with the Sponsor at no charge to our franchisees. Franchisees are not required by any current Sponsorship Agreement to use their funds to lease or purchase any product or service offered by a Sponsor. Franchisees can, at their option, purchase pool cues and cue cases bearing the APA logo at wholesale prices from Cuestix, Inc., the supplier of the official cues and cases of APA and a sponsor of the Championship Tournaments. APA's sponsorship agreement with Cuestix prohibits APA or

any APA League Operator from ordering, purchasing, selling or distributing any cue or cue case with the APA logo other than those manufactured by Cuestix. APA has named Billiard Exchange, Inc. d/b/a PoolDawg ("PoolDawg") as an Official Sponsor of APA and the host and operator of the Official APA Online Store, the preferred outlet of APA Branded Billiards Products. You are not required to purchase items from the PoolDawg website or the APA Online Store, however APA's licensing agreement with PoolDawg gives APA the right to approve of the prices assigned to APA Branded Billiards Products offered for sale by PoolDawg in order to ensure value to you and APA Members. At this time, APA receives the same amount of revenue from a franchisee purchasing or leasing a Sponsor's product or service as it does when an APA Member purchases the same product or service. In other words, at this time, APA does not make additional revenue as a result of franchisees purchasing products or services from a Sponsor.

In addition, Franchisees are required to use their League's Players Fund to purchase patches from APA Sponsor, Rixstine Recognition ("Rixstine"), as part of their Franchised League's awards and rewards program. Pursuant to its sponsorship agreement with Rixstine, APA receives trophies, and discounts on Rixstine merchandise purchased by APA.

As part of APA's ongoing business relationship with the Westgate Las Vegas Resort and Casino, host of the APA Poolplayer Championships and the APA World Pool Championships, certain discounted or complimentary goods and services have been negotiated based on APA's performance. These comps include, but are not limited to: comped APA Staff rooms, or reduced rates on APA Staff rooms; complimentary coffee service/non-alcoholic beverages for APA staff at designated work stations; and comped or discounted AV, telephone, and internet services. Receiving complimentary or discounted good and services contractually based upon performance is a normal and expected practice in the hotel industry, and supports APA's ability to host those Championship Tournaments in Las Vegas, which supports our League Operators ability to attract and retain local members and to keep the overall costs to send players to Las Vegas at a competitive level for both APA and the local League Operators. Some League Operators may choose to book rooms on behalf of the players who qualify to play at our Championship Tournaments in Las Vegas. Others award the players with a set amount of travel assistance and allow the players to use that travel assistance to make their own accommodations. You should talk to your consultant about which method is best for your Franchised League, and to obtain more details about your obligations under each method. However, regardless of which method you choose to use, if you properly structure your Franchised League's Players Fund, that Players Fund should have enough money to ensure that you do not have to pay for players' accommodations out of the money you have collected as your income. However, if you choose to attend a Championship Tournament you will be responsible for all costs related to your travel and stay. You cannot use Players Fund to pay for your travel or accommodations or your Franchised League staff's travel or accommodations. At no time are our League Operators required to book rooms for their players at the Westgate Las Vegas; a plethora of hotel rooms at all price ranges and service levels, including Airbnb bookings, are available to all who attend our Las Vegas events.

APA also conducts smaller events at various times of the year in various destinations around the country, including the APA Junior Championships in St. Louis, the U.S. Amateur Championship in Tampa, and League Operator Regional Meetings (locations vary by year) for the ongoing training and enrichment of our League Operator network. APA does receive favorable contract comps based on performance at these events, but the comps are scaled to the size of these events. Accommodations for players are usually paid from the Franchised League's Players Fund. If your Franchised League's Players Fund is properly structured, you should not have to pay for these accommodations for your League's income. However, if you choose to attend one of these events (which you are not required to do) you will have to pay for your own accommodations.

If you attend one of these events, you are not required to stay at the hotel that hosts the event. At Regional Meetings, comps are normally limited to two complimentary upgrades to suites for our

APA Trainers, and at the championship events the comps are typically limited to reduced staff room rates, complimentary upgrades to suites up to a certain number for APA Staff, and a reduced rental fee for event spaces based on performance. When APA holds Regional Meetings, APA provides each League one room at the Regional Meeting of the League Operator's choosing. If you need more than one room to accommodate all of the individuals representing your Franchised League at the Regional Meeting, or if you choose to stay at the Regional Meeting site longer than two nights, you will have to pay for additional accommodations. Representatives from your Franchised League who attend the Regional Meeting are not required to stay at the hotel that is hosting the Regional Meeting.

Merchandise

Franchisees are not required to purchase or sell any league-related merchandise, such as wearing apparel, pool cues, cue cases and other items. We do offer merchandise bearing APA's Marks, and/or other logos or designs associated with APA, for sale to Members and Franchisees. We authorize suppliers to sell APA Merchandise provided they become an APA Licensed Vendor, meaning they have a written license agreement from us authorizing them to make merchandise with APA's Marks, and meet certain quality specifications. The amount of royalties we receive from such arrangements, and the quality specifications required, depend on the nature of the merchandise. Many franchisees find it desirable to market our league-related merchandise because it promotes loyalty and league identity among Members. Franchisees may purchase this merchandise for resale to Members in their local league or to be given away as incentives to the Members in their local leagues. If you purchase APA merchandise from a vendor other than from an APA Licensed Vendor for the purpose of reselling that merchandise to the Members of your Franchised League, you must pay a royalty to APA equal to five percent (5%) of the price you pay to purchase the APA Merchandise (including sales tax). However, as stated above, pursuant to the terms of APA's sponsorship agreement with Cuestix, Inc., you may not order cue sticks or cue cases bearing the APA logo from any source other than Cuestix, Inc., or PoolDawg, the online retailer that sells Cuestix, Inc.'s products. No royalties are due on any APA merchandise purchased by you to use as giveaways to the Members of your Franchised League. We might, in the future, offer programs to franchisees to promote the marketing of merchandise to members.

During the year ending December 31, 2020, we received $190,789.44 in revenue from the sale of APA Merchandise, representing 1.9% of our total revenue of $10,051,062 for that year.

You have no obligation to purchase or lease any items from designated sources, except that patches purchased as part of the Franchised League's awards and rewards program must be purchased from Rixstine. We have no supply or distributor restrictions on any items or services discussed in this Item 8 except for patches, and cues and cases bearing the APA logo as stated earlier. We do not provide any material benefits to you based on your use of designated or approved sources or your purchase of particular products or services. There are no approved suppliers in which any of our officers own an interest.

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	Article/Section in Franchise Agreement	Disclosure Document Item

Obligation	Article/Section in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Not applicable	Not applicable
(b) Pre-opening purchases and leases	Sections 10.4 and 17.1	Items 7 and **8**
(c) Site development and other pre-opening requirements	No site obligations. Other pre-opening obligations: 9.1, 12.1, 13.1, 13.3 and 17.1	Items **6**, **7** and **11**
(d) Initial and ongoing training	Sections 9.1 and 9.2	Item **11**
(e) Opening	Not applicable	Not applicable
(f) Fees	Articles 5 and 6	Items **5** and **6**
(g) Compliance with standards and policies/ Operating Manual	Sections 1.2, 3.3, 3.4, 7.2, 10.1 – 10.5, 10.11, 11.3, 12.1, 13.1, 14.7, 14.8,	Item **11**
(h) Trademarks and proprietary information	Articles 10, 11 and 14; also Sections 6.4, 7.1 - 7.3	Items **13** and **14**
(i) Restrictions on products/services offered	Sections 4.2(d), 6.4, 7.1 - 7.3 and 7.6	Item **16**
(j) Warranty and customer service requirements	Sections 3.3, 8.1 and 20.2(b)(19)	Item **15**
(k) Territorial development and sales quotas	Sections 3.2, 4.2 - 4.3, 12.1, 20.2(a), and 20.2(b)(10)	Item **12**
(l) Ongoing product/service purchases	Sections 10.4 - 10.6, and 17.1	Item **8**
(m) Maintenance, appearance and remodeling requirements	No obligation	No obligation
(n) Insurance	Article 17	Items **7** and **8**
(o) Advertising	Article 12	Items **6** and **11**
(p) Indemnification	Sections 15.4 and 16.3	Item **6**
(q) Franchisee owner participation/management/staffing	Section 13.2	Item **15**
(r) Records/reports	Section 16.1, 24.3	Item **6**
(s) Inspections/audits	Section 16.2	Item **6**
(t) Transfer	Article 19	Item **17**
(u) Renewal	Article 18	Item **17**
(v) Post-termination obligations	Article 14 and 21	Item **17**
(w) Non-competition covenants	Article 14	Item **17**
(x) Dispute resolution	Article 23	Item **17**
(y) Owners/shareholders and their spouses guarantee franchisee's obligations	Section 13.3 and Exhibits F, G, and H	Item **15**

ITEM 10

FINANCING

We do not generally offer financing at this time, nor do we guarantee any notes, leases or obligations.

No agent or affiliate of APA offers direct or indirect financing, guarantees any notes, leases or obligations, has any practice or intent to sell, assign or discount to a third party all or part of any financing arrangement, or receives any direct or indirect payments or other consideration from any person for the placement of financing with a lender.

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 your business, we will provide the following assistance and services to you:

(1) We will determine and assign your Territory. (Franchise Agreement Section 3.1)

(2) We will provide you with training at Discovery Days and Pre-Training and our Training Seminar I in-person in the St. Louis, Missouri metropolitan area, or, at our discretion, virtually, as described below. (Franchise Agreement Section 9.1)

(3) We will supply to you a sufficient number of sales aides, such as posters, brochures at no charge based on the size of your Territory, and on a reasonable estimate of the population in your Territory. (Franchise Agreement Section 9.4)

(4) We will loan to you access to our confidential, proprietary Software Program, through which ***The Equalizer***® scoring and handicapping system is administered and which facilitates the required record keeping, management, and operation of your Franchised League. (Franchise Agreement Section 10.4)

(5) We will give you access to our confidential and proprietary Operations Manual describing all aspects of your Franchised League's operation, including mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by us, which you are obligated to follow under the Franchise Agreement. (The Operations Manual's Table of Contents is attached as Exhibit L.) The Operations Manual is provided to you online, but, if printed out is currently 512 pages. We regularly update the Operations Manual and have the right to change the requirements and specifications included in the Operations Manual. The Operations Manual, and all updates to the Operations Manual, are currently posted on our online, private, Resource Library though we may move it to another online location at our discretion. After you sign a Confidentiality Agreement, access to the Operations Manual will be loaned to you for your review before you purchase the franchise (Exhibit K). (Franchise Agreement Section 10.3)

(6) We will provide you with our proprietary Official Team Manual containing the structure, and rules for the conduct of league play and higher-level tournaments. (Franchise Agreement Sections 8.2 and 9.5)

(7) We will provide you with a local league website and APA email addresses for you and your staff. (Franchise Agreement Section 10.10)

Post-Opening Obligations

During your operation of the Franchised League, we will provide the following assistance and services to you:

(1) We will continually provide you, as we deem appropriate, with advice and written materials to help you in the various phases of your operation of the Franchised League, including required and suggested management procedures, marketing techniques, methods for the efficient operation and administration of the Franchised League, and developments in our System and of the APA Marks. (Franchise Agreement Section 9.3)

(2) We will continue to develop and update our Operations Manual and Official Team Manual as we deem necessary. (Franchise Agreement Sections 8.2, 9.5 and 10.3)

(3) We will provide, upon your request, membership reports and other membership information we believe to be appropriate. (Franchise Agreement Section 9.5)

(4) We will provide membership programs and benefits, as we consider appropriate. (Franchise Agreement Section 8.2)

(5) We will conduct, as we consider appropriate, championship tournaments, including, but not limited to an 8-Ball Team Championship Tournament, a 9-Ball Team Championship Tournament and a Singles Championship Tournament. Each tournament's awards, entry fees, dates and location are set by us as each tournament is scheduled. Typically, we hold championship tournaments annually. However, in 2020, our Championship Tournaments were either cancelled, or postponed, several months due the COVID-19 pandemic. (Franchise Agreement Sections 8.2 and 9.5)

(6) We will continue to develop new promotional materials as we consider appropriate and will make these materials available to you. (Franchise Agreement Section 9.4)

(7) We will provide support and maintenance for our Software Program, or obtain an authorized vendor to provide such services. (Franchise Agreement Section 10.6)

(8) We will assist you with establishing a proper amount for your Weekly Team Fee by recommending an amount that we believe will be appropriate for your local market. However, you are not required to follow our recommendation. (Franchise Agreement Section 6.2)

(9) We will defend any suit or proceeding brought against you based on a claim that use of the Software Program, as specified in the Franchise Agreement, constitutes an infringement of a U.S. patent or copyright or a misappropriation of a trade secret, provided you give us prompt written notice of the claim and the authority, information and assistance needed for the defense or resolution of the claim. We will replace, modify or procure the right to continue using the Software Program if a final, non-appealable judgment is entered that use of the Software Program constitutes an infringement or misappropriation. (Franchise Agreement Section 10.7)

(10) We will defend you against any claim by a third party based upon your use of the APA Marks, provided the claim does not arise out of your unauthorized use or misuse of the APA Marks. (Franchise Agreement Section 11.7)

(11) We will notify you if we receive notice from a taxing authority that any taxes are due on amounts you collect on our behalf. (Franchise Agreement Section 6.6(a))

(12) We will indemnify you against any third-party claims made against you arising solely out of our conduct that is adjudged to be wrongful or a breach of your franchise agreement. (Franchise Agreement Section 15.4(b))

(13) If you die, or become incapacitated or disabled, we will, either at our own discretion, or upon request by you or a representative of you, or your estate, appoint an Interim Manager for the Franchised League at our expense for 90 days, and thereafter upon payment of our reasonable fees and expenses. (Franchise Agreement Section 16.3)

Our Training Program

Training for new League Operators is in six parts: (1) Discovery Day and Pre-Training; (2) The APA Academy; (3) Training Seminar I, which is a comprehensive training program over 6 days at our headquarters facility (or 5 days if held virtually as described in more detail below) that you must successfully complete prior to opening your Franchised League; (4) Field Training, which consists of in-market training where our representative will work with you in developing your marketing strategy, making sales presentations, and effectively organizing your office; (5) our mandatory Webinar Series, which is a series of webinars on league-specific topics; and (6) Training Seminar II, which is follow-up training held at our headquarters facility (or virtually as described in more detail below) approximately 6 months after you begin league operations. The following table summarizes the training you will receive.

In the interest of protecting you, our staff, and other attendees of our training programs from the risks posed by the SARS-coV-2 ("COVID-19") pandemic, APA has, as of the date of this disclosure document, been conducting the in-person portions of its Training Program virtually. These virtual sessions are conducted live, using Zoom, or another online video conferencing program that allows for interaction between our training staff and the trainees.

Virtual sessions of the Discovery Day and Pre-Training program still last 2 days, however, virtual sessions of Training Seminar I last 5 days, and virtual sessions of Training Seminar II last 1.5 days.

APA will, in its sole discretion, continue to conduct these sessions virtually for as long as it feels the circumstances related to the pandemic warrant. Once APA determines it is safe to do so, APA will resume conducting these portions of the Training Program in person. If you are scheduled for a virtual Discovery Day and Pre-Training program, virtual Training Seminar I or virtual Training Seminar II program you will not have the option of attending that session in person. When APA resumes conducing these portions of the Training Program in-person, it does not plan to offer the option of attending those programs virtually.

The time spent on various portions of the Training Program may be different during virtual sessions than in-person sessions. The chart below lists the estimated amount of time spent on each topic during both in-person and virtual sessions. The numbers in Columns 2 and 3 that are not in parentheses show the estimated amount of time spent on that topic during our typical in-person sessions. The numbers in Columns 2 and 3 that are in parentheses show the estimated amount of time spent on that topic during virtual sessions.

TRAINING PROGRAM			
(Column 1) Subject	(Column 2) Hours of Classroom Training	(Column 3) Hours of On-the-Job Training	(Column 4) Location
Pre-Training at Discovery Day	19 (7.25)	2(0)	Lake Saint Louis, MO (unless virtual)
Training Seminar I			
APA Programs; and Franchised League Operation	4.25 (2.75)	0	Lake Saint Louis, MO (unless virtual)
League Administration; Scorekeeping/Handicapping; and Using the Software Program	18 (18)	0	Lake Saint Louis, MO (unless virtual)
Accounting; and Reporting	2.25 (2.25)	0	Lake Saint Louis, MO (unless virtual)
Sales and Marketing	16.25 (11.25)	0	Lake Saint Louis, MO (unless virtual)
Field Training			
In-Market Sales and Marketing; Office Organization	0	24	Franchised Location
Webinar Series			
Training Webinar Series (at APA's discretion)	0	5	Franchised Location
Training Seminar II			
Follow-up Training: League Administration; Sales and Marketing	16 (8.25)	0	Lake Saint Louis, MO (unless virtual)

Pre-Training at Discovery Day

Before you are approved to become a new franchisee, you (or your owners, if you are a corporation, limited liability company, or partnership) must attend Discovery Day and Pre-Training. During Discovery Day and Pre-Training you will receive some initial training on topics including, but not limited to, this Agreement, operations, customer service, setting goals and priorities, and relationship management. Discovery Day and Pre-Training is held at our headquarters facility, unless APA chooses to conduct this program virtually due to the COVID-19 pandemic, in which case it will be conducted using Zoom, or another online video conferencing program that allows for interaction between our training staff and the trainees. If your Discovery Day and Pre-Training is held in person you will also participate in an interactive demonstration of league match play.

The APA Academy

The APA Academy is an online e-learning platform that supplements the in-person components of APA's Training Program. The APA Academy consists of at least 20 courses that are designed to prepare you for, and build upon, the training you receive at Discovery Day and Training Seminar I. You will complete the first course prior to attending Discovery Day. APA may require you to complete 16 additional courses through the APA Academy to prepare you to attend Training Seminar I. In addition, APA may require you to complete 3 final courses within 2 weeks of completing Training Seminar I. Additional courses may be added to the APA Academy in APA's discretion.

Training Seminar I

Prior to the opening of your Franchised League, you (or your managing owner if you are a corporation, limited liability company or partnership) must attend and complete, to our satisfaction, Training Seminar I, the initial training program for new franchisees. If your spouse will be active in operating the Franchised League, your spouse may attend this training as well. We do not charge you or your spouse (or your managing owner or such owner's spouse if you are a corporation, limited liability company or partnership) for this Training Seminar I if you both participate prior to opening your Franchised League. A non-refundable $500 deposit, which will be applied to your Initial Franchise Fee, is required to be paid at Discovery Day. You are responsible for the costs of attending Training Seminar I, including costs associated with transportation, lodging, meals and wages. If any other person associated with your Franchised League attends Training Seminar I or if your spouse attends Training Seminar I after you have begun operating your Franchised League, you must pay our then current fee for each attendee. Additionally, any new management personnel you hire, or contract with, may, at our option, be required to attend Training Seminar I. If so, you must pay APA's then current fee for that management personnel's training. We also offer additional training seminars, as we consider appropriate, at which your attendance is optional unless we otherwise require it. You will be responsible for the costs of attending any additional training seminar, including any charges by APA. These training seminars will be at such times and places as we might designate. (Franchise Agreement Section 9.1).

Training Seminar I is approximately 6 days in duration, and consists of classroom instruction and hands-on training with our Software Program. However, if APA chooses to conduct your Training Seminar I session virtually due to the COVID-19 pandemic the session will last approximately 5 days. The instructional materials used at Training Seminar I include our Operations Manual, and a workbook covering the topics of classroom instruction and related handouts. We require you to sign your Franchise Agreement before you can complete Training Seminar I. Training Seminar I is held on an as-needed basis (generally, at least six times a year) at our headquarters facility in Lake Saint Louis, Missouri. However, as noted above, APA reserves the right to conduct the program virtually using Zoom, or another online video conferencing program that allows for interaction between our training staff and the trainees.

Field Training

After you begin operations an APA training representative will arrange to visit you in your Territory. This visit generally occurs within the first 2 to 8 weeks after you begin operations. However, this visit may occur more than 8 weeks after you begin operations if circumstances related to the COVID-19 pandemic delay our staff being able to travel to your Territory. Field Training is normally conducted over 3 days. Field Training is focused on helping you: plan your strategy for developing league activity within your Territory; make effective sales calls at potential Host Locations within your Territory; and effectively organize your office and implement administration procedures as needed. We do not charge you for Field Training. We pay all travel-related costs of the APA training representative to provide Field Training to you at your location.

However, if you do not fully participate in Field Training, in addition to other remedies APA may have in the Franchise Agreement, APA reserves the right to charge you for the costs it incurs to send the training representative to your Territory.

Webinar Series

APA may ask you to participate in a Webinar Series in the weeks following Training Seminar I. If it does, the Webinar Series will be a weekly series of webinars that will address different aspects of operating your Franchised League. There is no cost to you to participate in the Webinar Series. If APA chooses to include the Webinar Series as part of the Training Program you participate in, attendance is mandatory. Dates for, and information on, the Webinar Series will be provided during Training Seminar I.

Training Seminar II

About 6 months after you start operating your Franchised League, you (or your managing owner if you are a corporation, limited liability company or partnership) must attend, and complete, to our satisfaction, a follow-up training program referred to as Training Seminar II. Training Seminar II consists of 2.5 additional days of training. However, if APA chooses to conduct your Training Seminar II session virtually due to the COVID-19 pandemic the session will last approximately 1.5 days. We do not charge you or your spouse (or your managing owner, or such owner's spouse, if you are a corporation, limited liability company or partnership) for Training Seminar II if you both attend the same training session, however, you are responsible for the costs of transportation, lodging, meals and wages you incur to attend Training Seminar II. If any other person attends Training Seminar II, or if your spouse separately attends a different session of Training Seminar II than you, you must pay our then current fee for each such additional person or your spouse. The training program is held on an as-needed basis, generally at least 4-5 times a year, at our headquarters facility in Lake Saint Louis, Missouri. However, as noted above, APA reserves the right to conduct the program virtually using Zoom, or another online video conferencing program that allows for interaction between our training staff and the trainees.

Our Training Instructors

Traci Tufts: Traci Tufts is APA's Director of Learning and Performance. Ms. Tufts will participate in, and oversee, the training of new APA franchisees during Training Seminars I and II. Ms. Tufts has a Bachelor's Degree in Special Education and has been certified as a Certified Franchise Executive after having completed the multi-year franchise executive certification program offered by the International Franchise Association. Ms. Tufts has over 20 years of experience with APA in training new League Operators and in working in league operation and administration, including proper player handicapping.

Laura Hitz: Laura Hitz is APA's Learning Manager. Ms. Hitz coordinates and implements training for new APA Franchisees during Training Seminar I. Ms. Hitz has a Bachelor's Degree in Education and has been certified as a Certified Franchise Executive after having completed the multi-year franchise executive certification program offered by the International Franchise Association. Ms. Hitz has over 20 years of experience with APA working in league operation and administration and over 10 years of experience training new League Operators.

Other Training Staff: Ms. Tufts will be assisted in Training Seminars I and II by approximately 14 other APA staff members each with at least 5 years prior educational or on-the-job work experience in the specific subject matter(s) on which they provide training. The staff members who assist in training are numerous and may change based on their availability.

Marc Lancaster: Marc Lancaster handles the Field Training of new League Operators and other League Operators as designated. Mr. Lancaster was previously an APA franchisee who owned the Raleigh, Durham, Chapel Hill APA from 2003 to 2017, and was a partner in APA Memphis from 2010 to 2017. He was nominated for League Operator of the Year 8 times, earned a Growth Achievement award 6 times, received APA's President's Club Award and earned multiple APA Administrative and Helping Hands Awards.

Training of League Employees

Occasionally, League Operators choose, or are required, to have employees attend all, or a portion of, our Training Program. Any training provided by us to any of your employees will be limited to training or guiding the employees regarding our System and the delivery of services to our Members in a manner that reflects our System Standards. You are, and will remain, the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. If you decide to employ an individual, or individuals, to assist you in operating the Franchised League, you are responsible for ensuring that your employees receive adequate training, and that those employees follow the System, and comply with our System Standards.

Advertising Program

We have engaged in national advertising at our cost, as we consider appropriate, but are not obligated to do so and are not currently doing so beyond our online and social media presences. Franchisees are expected to market their Franchised League in their Territory. You may use brochures and materials we provide you. You may also develop and use your own advertising materials under the rules described in our Operations Manual, including the rules regarding proper use of the APA Marks and limitations set by Sponsors for use of their trademarks and name. Generally, your own advertising may be conducted only within your Territory.

We do not currently have an advertising fund or program for League Operators to participate in. We might, however, offer a program to franchisees for advertising on a national, regional or local basis. If we do so, we will propose an advertising plan to franchisees within a geographic area. (Franchise Agreement Section 12.2). A proposed plan might include print, radio, television, or online advertising developed by our in-house marketing team or a national or regional advertising agency, as stated in any plan. Any plan will be funded by franchisees within the plan's area and will specify a uniform formula for determining the contribution of these franchisees. The proposed plan will state any compensation we, or any affiliate, will receive for goods or services provided under the plan.

Any advertising plan we might propose will go into effect only if at least two-thirds of the votes cast by franchisees whose Territories fall within the plan's geographic area are cast in support of the plan. If you are within the area covered by the plan, you will be assessed for a portion of the cost of the advertising program based on the cost allocation formula of the approved plan. In voting on approval of any submitted advertising plan, the number of votes each franchisee may cast depends on the population in the franchisee's Territory. A franchisee with a Territory of less than 200,000 in total population is entitled to one (1) vote; a franchisee with a Territory of between 200,000 and 499,999 in total population is entitled to two (2) votes; and a franchisee with a Territory of 500,000 or more in total population is entitled to three (3) votes.

We would have the sole authority to administer and manage the advertising program and any advertising funds collected under that program. We are not obligated to administer the fund in a way that ensures that expenditures are spent in your Territory, in a way that is proportionate to the contribution you made to the fund, or that ensures that you benefit in proportion to the amount you contributed to the fund. We would only be obligated to spend the funds in accordance with the

approved plan. If you are assessed under such an advertising plan, you may, upon reasonable notice, review the books and records kept by us in administering the plan. We are not obligated to audit this fund. We do not currently have an advertising council of franchisees or an advertising cooperative. We will not use any franchisee funded advertising program to promote the sale of new franchises.

Computer Software and System

You must use our proprietary Software Program to manage the Franchised League under our System. The Software Program may be further developed, enhanced and modified to continue to meet the developments and needs of our System. Your obligation to use the most current version of the Software Program (which currently includes our software application, Nexus; our tournament administration software, TMS; the APA Member Services website; the APA Member Services app; and the APA Scorekeeper app) during the Term, and to pay an annual Software Support and Maintenance Fee after your initial 12 months of operation is described in Note 5 to ITEM **6** of this Disclosure. The annual Software Support and Maintenance Fee is currently $292. Among other things, you will use the Software Program to deliver electronic data to us regarding League activity and players in your Franchised League. The Software Program does not otherwise allow us to independently access other information on your computer. Also, as described in ITEM **7**, you must obtain a computer system meeting the specifications we indicate are necessary and sufficient (computer hardware, printer, operating software and related equipment) to operate the Software Program in accordance with our System requirements. A computer system meeting our current specifications should cost between $4,027 - $6,732. Our System requirements might change because of the addition of new or expanded functionality to our Software Program. In such event, you might be required to upgrade your computer system or purchase a new computer system, to meet the new System requirements. We have agreed to consider the cost of any new System requirements in an attempt to keep the cost to you reasonable, however, other than our agreement to consider the cost, there is no obligation to limit the costs to a specific amount or percentage increase. There are no separate restrictions with respect to the use of electronic media, including the internet. Actions that you are permitted to take under your Franchise Agreement with us may be taken by using electronic media if you deem it appropriate.

Start Up of Your Franchised League

It typically takes 30-60 days to start league play after signing the Franchise Agreement. You must have active play in your Franchised League within 90 days. The time that it will take you to begin league operations will depend on the effort you put into marketing participation in your Franchised League to potential players and Host Locations, the degree of interest in pool playing in your market and any existing competition.

ITEM 12

TERRITORY

You will be assigned a specific Territory, which you and APA believe you will be capable of servicing. The boundaries of your Territory may be county lines, or other types of boundaries, including constructed improvements like public roads. We will provide you with a map of your Territory and attach the map to your Franchise Agreement. Unless APA otherwise agrees, you (or your managing owner, if you are a corporation, limited liability company or partnership) must permanently reside in the Territory, or in the Territory assigned to you under any other franchise agreement between you and APA. Your office may be anywhere within the Territory.

APA will not operate any "APA owned" pool leagues within your Territory. However, we have the authority to promote amateur pool playing, and solicit members for our association of pool players, throughout the nation including in your Territory. Further, we presently intend to own and operate only one "APA owned" local pool league on a continual, long-term basis, specifically the St. Louis APA. We might operate your franchise on your death, disability or incapacity pending a transfer of your Franchised League. If the Franchise Agreement is terminated or expires, we might operate the franchise until it can be transferred. Neither we, nor any affiliate, operate a franchise, or have any plans to operate, or franchise, any pool league using any other trademark.

The assigned Territory will be exclusive, and we will not license any other person to operate a pool league using the APA Marks within your Territory, **except** as follows:

1. The Territory granted to you is subject to a pre-existing Out of Area Agreement ("OAA") that allows a neighboring League Operator the right to develop and operate teams within one or more Host Locations or a geographic portion of the Territory. If the Territory granted to you is subject to an OAA and the grant occurs during a League Year, APA has the authority, in its sole judgment and discretion, to decide that the teams being operated by the neighboring League Operator within the Territory will continue to play in the neighboring League Operator's league until the conclusion of the neighboring League Operator's next World Qualifier, which will occur following the next Spring Session and not be transferred to you until the start of the next League Year. Any applicable OAA will be disclosed to you prior to you signing the Franchise Agreement.

2. We may solicit, enter agreements with, or develop programs for, national or regional organizations (such as the American Legion, Knights of Columbus, regional or national employers, a union, a chain of national or regional bowling centers, etc.) to organize and operate league play, tournaments or other events involving an organization's members through such an organization's local chapters, locations, or units under a "National Account Program." The terms of the Program developed with one National Account may vary considerably from the Program developed for another National Account. We seek to develop National Account Programs that enhance the APA brand and foster interest in APA League play. Typically, a National Account Program will be aimed at creating an opportunity for you, the local League Operator, to gain new or additional business from the activities of the National Account's chapters or outlets in your local market. What role and compensation may be available to you, if any, from any National Account Program, will depend on the terms of the specific National Account Program. A National Account Program with, for example, the American Legion, could result in a competing amateur pool league organized and managed by a local American Legion Post within your Territory. A National Account Program may permit the national or regional organization and its local outlets to use our trademarks.

If a National Account has chapters or outlets within your Territory, the National Account Program may allow you the opportunity to earn compensation from APA-related league play, tournaments, and events that you service, or for management or administration that you provide for the National Account's locations within your franchised Territory. If a National Account has chapters or outlets in your Territory, you must maintain good relations with and be responsive to the National Account and its local outlets and staff. You are to support and promote the National Account's APA-related activities at National Account chapters, locations and outlets within the Territory. You must also honor and comply with the terms and conditions of a National Account Program and our guidelines for carrying out the program. If you do not service the National Account locations within your Territory, or if your performance or relationship with the National Account is unsatisfactory in our judgment, APA may have such services performed by others, including the staff of APA, another APA League Operator, or the National Account.

APA-related pool play conducted under a National Account Program might be promoted using trade names or trademarks identified with a particular regional or national association through which the

pool playing is organized and publicized. Otherwise, we have not established, nor do we plan to establish, any pool league or other organized competitive pool playing (either franchised or directly owned by APA), within your Territory under any different trademarks.

3. The continuation of your rights in the Territory granted by your Franchise Agreement, depends upon you satisfying certain obligations:

a. Conditional Term Obligations*:* Your initial Franchise Agreement with APA, will be for a two-year Conditional Term. During this Conditional Term you must promptly begin marketing the Franchised League to potential players and locations for league play throughout your Territory in accordance with our System. League play in your Franchised League may be established in our standard 5-8 person team 8-Ball League and 9-Ball League formats during the Conditional Term. You may not use other formats for league play during the Conditional Term, without our approval. League play must begin within 90 days after the Franchise Agreement becomes effective. Prior to the expiration of the Conditional Term, you must satisfy a Team Count Growth Requirement as set forth in your Franchise Agreement (the "Team Count Growth Requirement"). If at the end of the Conditional Term, you have not fully satisfied the Team Count Growth Requirement, the Franchise Agreement expires and your rights in the Territory granted thereunder terminate. To satisfy the Team Count Growth Requirement, you must have a specific number of Standard Format Teams participating in regular league play prior to the end of the Conditional Term. The term "Standard Format Teams" means teams of 5 to 8 players playing our standard weekly 5-match 8-Ball or 9-Ball team formats for a full session schedule of at least ten (10) weeks during the Summer and Fall Session and at least twelve (12) weeks during the Spring Session, and paying the standard weekly team fees established by you for the Franchised League. Teams playing for free or at a discounted promotional weekly team fee will not be counted as Standard Format Teams. Additionally, the number of Standard Format Teams participating in your Franchised League must equal or exceed one-half of the Team Count Growth Requirement stated in the Addendum to your Franchise Agreement (Exhibit E) by the deadline stated in your Franchise Agreement (the "Interim Team Count Growth Requirement"). If you do not satisfy the Interim Team Count Growth Requirement, APA will have the right to terminate the Agreement. If you do not meet the Team Count Growth Requirement by the end of the Conditional Term, or are not otherwise in compliance with the Franchise Agreement, the Agreement will automatically expire. Further, to satisfy the Conditional Term obligations you must make all player membership and royalty payments when due to APA and comply with all other terms and conditions of the Franchise Agreement. If you default on these obligations during the Conditional Term, APA may, at its sole option, terminate your Franchise Agreement or alter the boundaries of your Territory to reduce the size of your Territory.

We have no obligation to extend the Conditional Term when the term expires, and if we do extend it, in our discretion, we may set any requirements or conditions we believe appropriate, including a reduction of your Territory. Further, you must pay APA a $250 administration fee at the time of any extension of the Conditional Term is granted.

b. Obligation to Continuously and Actively Market Your League*:* The continuation of your rights in the Territory granted by your Franchise Agreement depends upon you continuously, actively recruiting new players/members, soliciting new Host Locations for league play and marketing pool playing in your Territory in accordance with our guidelines. If you do not actively and continuously market your Franchised League, the size of your Franchised League might become stagnate and the number of potential pool players who have the opportunity to play under our unique System may be reduced. If your market shows limited, or no, growth in teams participating, or if the number of teams participating declines, we may require you to follow certain guidelines to increase the number of teams

participating and demonstrate that you are actively marketing APA league play. If you do not actively and continuously market your Franchised League, your Franchise Agreement may be terminated or, at our sole option, the scope of your Territory may be reduced.

c. Obligation to Maintain 70% of Highest Team Participation: If the number of Standard Format Teams participating in your Franchised League during any session other than a Summer Session falls below 70% of the highest number of Standard Format Teams you have had participating in the Franchised League at any time during your ownership of the Franchised League, we may, at our sole option, terminate your Franchise Agreement or reduce the scope of your Territory by eliminating portions of your Territory that we believe you are not adequately serving. For the purpose of determining satisfaction of this obligation, your League's Standard Format Team count is equal to the number of Standard Format Teams participating in our standard 8-Ball and 9-Ball 5-match format. If your Franchised League's team count falls below 70%, this default may only be cured by building additional Standard Format Teams.

You may not solicit or conduct league play outside of your assigned Territory (subject to a very limited exception in which you conduct league play in areas contiguous with your Territory with the consent of APA and the franchisee that owns the contiguous territory, if any). If you do so without our consent, and the consent of your neighboring League Operator, if any, we may require that you pay reparations to any neighboring franchisee whose Territory was affected by your activities outside of your assigned Territory (or to APA, if the territory is not assigned), and we may terminate your Franchise Agreement. You may apply for a franchise covering additional, available, Territory in your vicinity and we may grant you the right to operate in that Territory, in our sole discretion, but you have no right or option to acquire any additional Territory. Your rights to your Territory are unaffected by increases in that Territory's population.

ITEM 13

TRADEMARKS

In the Franchise Agreement, we grant you the non-exclusive right to use the APA Marks or current and future trademarks, service marks, trade names, slogans, and logos authorized by us or by a sponsor (collectively "Marks") in promoting and operating your Franchised League. The primary APA Marks are:

Mark	Registration Status	Reg. No.
APA and hand-cue-ball design	Registered - 1/31/95 Principal Register, U.S. Patent and Trademark Office	Reg. No. 1,877,079
THE EQUALIZER®	Registered - 1/23/96 Principal Register, U.S. Patent and Trademark Office	Reg. No. 1,950,550
APA AMERICAN POOLPLAYERS ASSOCIATION and hand-cue-ball design	Registered - 8/8/95 Principal Register, U.S. Patent and Trademark Office	Reg. No. 1,910,580
APA Pool League and pool table design	Registered – 10/24/00 Principal Register, U.S. Patent and Trademark Office	Reg. No. 2,397,675
EVERYONE CAN PLAY . . . ANYONE CAN WIN	Registered – 7/11/00 Principal Register, U.S. Patent and Trademark Office	Reg. No. 2,366,503

Mark	Registration Status	Reg. No.
US AMATEUR CHAMPIONSHIP and pool table design	Registered – 1/21/03 Principal Register, U.S. Patent and Trademark Office	Reg. No. 2,677,634
HAVE FUN. MEET PEOPLE. PLAY POOL.	Registered – 3/23/04 Principal Register, U.S. Patent and Trademark Office	Reg. No. 2,825,309

We own and claim trademark rights over several other related APA Marks. These other APA Marks are described in our Operations Manual and you may also use them to promote your Franchised League as authorized in the Franchise Agreement and the Operations Manual. We have no "intent to use" applications on file with the U.S. Patent and Trademark Office. We presently plan to make all required filings to maintain the registrations (i.e., affidavits of use/renewals) on all federally registered primary APA Marks that are in active use at the time such filings are due.

In addition, through sponsorship agreements we have, or might have in the future (directly or through an affiliate) with other companies or organizations, franchisees might have the right, and potentially, the obligation, to use certain Marks in their franchised local league operations.

Any agreement or relationship with a sponsor might terminate or not be renewed. The names under which our local leagues are operated might change from time to time as sponsorships start and end. We do not promise or guarantee that any sponsorship will continue in the future, or that we will replace any previous sponsor with a new sponsor. If a sponsorship agreement terminates, you must discontinue use of the Sponsor's Marks, if any. You agree to this risk in signing the Franchise Agreement. Other than the Franchise Agreement, there are no agreements currently in effect which significantly limit our rights to use, or license the use of, the Marks in a manner material to you.

You must comply with our rules, including rules required by sponsors, relating to your use of the authorized Marks. Our rules are described in the Operations Manual. We may add, change or discontinue Marks, or the rules that apply to your use of the Marks, at any time, in our discretion. We will provide you written updates advising you of the changes. You must comply with such changes. You may use the Marks, as authorized by our rules, in conducting and promoting your Franchised League. You must use, and prominently display, the Marks on business materials in the manner we designate. You may not use any other mark, trade name, symbol, or logo in your business other than the Marks we designate from time to time. We will supply, or make available, business and promotional materials using the authorized Marks. Sponsors might also need to agree to your use of Marks covered by a sponsorship agreement. You may not change or modify the Marks in any way.

We grant you the right to create your own materials and merchandise that include the Marks for your use solely in connection with your Franchised League and to purchase such materials from either a vendor that we have authorized, or from a third-party supplier of your choice that is reasonably acceptable to us. This right does not apply to a Sponsor's Marks. Although we do not have to pre-approve such materials or merchandise that you create, before they are made, if you purchase them from a third-party supplier you must send us samples for our review upon receipt of the merchandise, and you must discontinue use of such materials or merchandise if we object to them. If you purchase merchandise for the purpose of resale from a supplier other than one approved by APA, you will owe us a royalty based on the purchase price of that merchandise.

You cannot use the Marks as part of your corporate name. However, you, or your corporation must operate the Franchised League using the fictitious name we assign to it. You must obtain such

fictitious or assumed business name registrations as we might require, or as necessary to operate the Franchised League under the fictitious name we assign to it. You must identify yourself as the owner of the Franchised League on all checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all such materials your name must be followed by the phrase "An independent franchisee of American Poolplayers Association, Inc." or such other phrase as we might direct from time to time. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in the Operations Manual or otherwise in writing by us. You must use the Marks as depicted by us. Except for your right to purchase goods from a third-party supplier as described above, you may not use or authorize anyone to use the Marks on any merchandise unless we give you prior written permission.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the trademark administrator of any state or any court involving the Marks, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the Marks.

You must immediately notify us if you acquire information concerning any use by others of names or marks which are the same as, or confusingly similar to, any of the Marks. We will evaluate the situation and take action if we believe it is appropriate, in our discretion. We are not obligated by the Franchise Agreement to take action. You may not take such action on your own. You must also immediately notify us of any claim or challenge to your use of any of the Marks. We will defend you against any such claim or challenge, provided the claim does not arise out of your unauthorized use or misuse of a Mark. We have the sole right to defend or settle the claim as we see fit, and you may not defend or settle the case on your own.

You do not own the Marks. Your usage of the Marks and any goodwill you establish is for our exclusive benefit. You must modify or discontinue the use of a Mark if we modify or discontinue it. If we require you to modify or discontinue use of a Mark, we might reimburse you for your tangible costs of compliance (for example, changing signs), but we will not be liable, and will not reimburse you, for any loss of business, profits, costs, expenses, or actual, special, consequential or reliance damages. You may not dispute our ownership, title, right or interest in our name, the Marks, or any trade secrets, methods, procedures and advertising techniques which are part of our business, or contest our sole right to register, use or license others to use such names and Marks, trade secrets, methods, procedures and/or techniques. You must stop using the Marks immediately if your franchise agreement expires or is terminated.

There are no infringing uses actually known to us that could materially affect your use of the Marks or other commercial symbols in any state in which a franchise business is to be located.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We claim copyright protection in our Operations Manual, Official Team Manual, the Software Program, and other business and promotional materials. The Official Team Manual has been registered with the Registrar of Copyrights. The other materials have not been registered. All of these materials are considered our sole property, and in the case of the Operations Manual and Software Program, confidential. You may only use them as provided in the Franchise Agreement and our Operations Manual. There are no currently effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license APA's confidential, proprietary and copyrighted materials.

We do not have actual knowledge of any infringement that could materially affect your use of the copyrighted materials in any state. You must immediately notify us of any infringement of, or challenge to, our copyrighted materials. If a challenge is made, or if we become aware of any incident of infringement, we have the sole right and discretion to take whatever action we think appropriate, and we may bring, defend or settle any claim. We are not required by the Franchise Agreement to protect or defend copyrights. You may not assert any infringement claim on your own. If we decide to modify or discontinue the use of any manual or other material for any reason, you must also do so, and we will have no obligation to reimburse you for any cost of complying with this obligation other than to reimburse you for the delivery cost of returning the manual to us. We will not, under any circumstances, reimburse you, or be liable to you, for any lost business, lost profits, actual, special, consequential or reliance damages, and costs and expenses (except as specifically stated above) that result from any infringement, or claim, or the change or discontinuance of any material.

We will disclose to you certain confidential and proprietary information, all of which we consider to be our trade secrets ("Proprietary Information"), to help you operate your Franchised League. Our Proprietary Information includes the contents of the Operations Manual, software programs, including the Software Program, ***The Equalizer®*** scoring and handicapping system, membership lists, and our methods, procedures, standards, plans, and know-how for operating and promoting local APA leagues and conducting league play. You must keep our Proprietary Information confidential and may not disclose it or make it available to any other person. The Proprietary Information belongs to us and you may not keep it or use it after the expiration or termination of your Franchise Agreement. You may not use the information for any other purpose other than operating the Franchised League, nor can you use it for the benefit of any other person or endeavor other than the operation of your Franchised League.

You may not contest, at any time, our ownership, title, right or interest in our copyrights and Proprietary Information nor our sole right to register, use or license others to use such copyrights and Proprietary Information.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you must be the manager of your Franchised League, and you will be solely responsible for the day-to-day activities of the Franchised League (the "Manager"). If you and your spouse own the Franchised League, one or both of you must be designated as the Manager(s). If you are a partnership, one general partner must be designated as the Manager. If you are a corporation or limited liability company, the majority owner must be designated as the Manager, unless the ownership is divided so that no one owns more than 50% of the stock or interest, in which case one of the individual owners with the largest ownership interest must be designated as the Manager.

The Manager must personally manage the Franchised League and assure compliance with the Franchise Agreement and our high standards. The Manager's responsibilities include, without limitation: organizing and administering league play and the business; growing the Franchised League; properly maintaining player scores and handicaps; assuring fees are collected and all amounts due to APA are timely and completely paid; maintaining all required records; accurately keeping, and reporting, the results of league play and player handicaps; enforcing the rules of play set by APA; and soliciting and maintaining good relationships with Members, teams and Host Locations. You must maintain good relations with Members, teams, Sponsors and Host Locations,

because Members, teams, Sponsors and Host Locations are so important to the success of your Franchised League, and therefore to APA and the System.

The Manager may not delegate any of their authority or obligations under the Franchise Agreement to another person unless we give prior written consent to the delegation of management functions to another person. We are not required to give our consent. In our sole discretion we may refuse consent or give consent pursuant to conditions we believe appropriate. Generally, you must successfully complete the Conditional Term, and quality for a Regular Full Term Franchise Agreement and have at least 100 teams regularly participating in local league play before we will consider consenting to any delegation.

The Manager must successfully complete our training program. The Manager must permanently reside within the assigned Territory at all times or within a Territory assigned under another franchise agreement between you and APA. You, and/or if applicable, your owners, officers, directors, supervisory employees, agents and their respective spouses, your Manager, and his or her spouse, cannot have any ownership interest in, be employed by, or be affiliated in any capacity with, any of our competitors, although you may own less than 5% of any publicly held company regardless of whether it is a competitor.

If you are a corporation, limited liability company or partnership, each shareholder, member or partner must personally guaranty your obligations under the Franchise Agreement and be bound by, and personally liable for breach of, all provisions of the Franchise Agreement, including the provisions on confidentiality and non-competition. Your spouse, if you are an individual, and the spouses of your shareholders, members or partners, if you are a corporation, limited liability company or partnership, must also guaranty your obligations under, and be bound by the provisions of, the Franchise Agreement. No partnership, limited liability company or corporation owning a franchise may engage in any business other than that granted by the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT YOU MAY SELL

League play must be conducted under our System. This means that play must be conducted only using our designated formats for league play and must use our scoring and handicapping system. You may only use our basic 5-8 person team 8-Ball and 9-Ball formats during the Conditional Term of the franchise unless we approve of you using other formats in writing. We may add, change or discontinue required or authorized formats in our sole discretion. Additionally, all players participating in league play must be Members of APA and pay the annual Membership Fee, which may be paid to you on our behalf in which case you are responsible for collecting and submitting the Membership Fee payment to us. Furthermore, under sponsorship agreements we have, or might enter into, a sponsor might be designated as the "title sponsor" of league play, tournaments or other events or an official "product sponsor" of our leagues. These sponsorship agreements might restrict you from using products or equipment of the sponsor's competitors or engaging a competitor of the sponsor as a local sponsor.

You may not own, operate or manage a bar, pool room or other Host Location within your Territory without APA's prior written approval. Some people might think that there is a natural fit or "synergy" between owning an APA pool league and owning a pool room or bar with pool tables. Our experience has time and time again proven this to be incorrect. There are two major reasons why we prohibit a League Operator's ownership or management of a location: (1) running a bar or pool room takes up an incredible amount of time that is better spent building teams and building relationships with your Host Locations; and (2) when you own or operate a bar or pool room, you and your APA League will be perceived as a competitor by Host Locations in your area rather than

as a no-cost benefit to their business. You will be perceived as favoring your bar or pool room over other locations, or as favoring the teams that play out of your location, no matter how fair you are.

You have no obligation to purchase or lease any items from designated sources other than the Software Program listed in ITEM **8**. We do from time to time offer APA Merchandise, league-related products bearing APA logos or Marks, to you, Members and others. You may purchase these products for resale to our Members playing in your Franchised League. Such products include, for example, t-shirts, caps, clothing, pool cues and accessories, and novelty items. You are not required to purchase any such products as a condition of the Franchise Agreement. Subject to payment of a royalty on your purchase price, and compliance with the Franchise Agreement and the Operations Manual, you may purchase from third-parties, and sell, merchandise that bears APA Marks in connection with the operation of your franchise. You may not otherwise make or sell any merchandise that bears APA Marks, or a sponsor's marks, unless it is received from APA, a sponsor or an APA licensed supplier (from whom APA may receive a royalty).

You may not promote any non-APA business or enterprise to our Members and may not solicit, market or sell to Members any goods or services that are not directly related to your Franchise League, without our written permission.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read the specific provisions in the Franchise Agreement attached to this disclosure document. The summaries below do not affect, replace or supersede the cited contractual language in the agreements.

Provision	Section in Franchise or other Agreement	Summary
a. Length of the franchise term	Article 4	Two-year Conditional Term. Your franchise extends for an additional 5-year Regular Term only if you meet certain requirements during the Conditional Term.
b. Renewal or Extension	Articles 4 and 18	In addition to the extension noted in the Summary of Item 17(a) above, 10-year renewals are granted if you meet certain requirements.
c. Requirements for franchise to renew or extend	Article 18	"Renewal" means extension of the term of your franchise upon execution by you and us of APA's then current form of Franchise Agreement. Renewal requires written notice from you at least 6 months (but no sooner than 9 months) before the term's expiration; certification of compliance with all obligations under the Franchise Agreement; execution of the then current

Provision	Section in Franchise or other Agreement	Summary
		form of the Franchise Agreement; compliance with the then current qualifications and training requirements; execution of a release. Our then current Franchise Agreement at the time of renewal may have materially different terms and conditions than the Franchise Agreement being renewed.
d. Termination by franchisee	Section 20.1	During Conditional Term by giving 60 days written notice. During any regular term, by giving 120 days written notice. No reason or justification is required.
e. Termination by franchisor without cause	Not Applicable	We may not terminate you without cause.
f. Termination by franchisor with cause	Section 20.2	We can terminate for listed defaults or reasons listed in the Franchise Agreement and for failing to meet growth requirements.
g. "Cause" defined – curable defaults	Section 20.2	The Franchise Agreement does not define "cause" but your Franchise Agreement can be terminated if you do not cure certain defaults. You must immediately cure any improper activities you engage in outside your Territory. You have 10 days to cure non-payment of amounts due us. In addition, upon receiving written notice, you have 10 days to cure a failure to submit Membership Fees or membership applications to us for players participating in your Franchised League if it is the first time in the prior 24-months that you have failed to timely submit Membership Fees or membership applications to us. You have 90 days to cure a failure to maintain 70% team participation. You have 24 hours to cure the giving of a no account or insufficient funds on a payment made to APA. If you default under any other agreement with APA, you have the time to cure (if any) allowed in such agreement. You have 30 days to cure any failure to obtain confidentiality and non-competition agreements from persons that later join your business and to cure all other defaults (except non-curable defaults summarized in 17.h. below).

Provision	Section in Franchise or other Agreement	Summary
h. "Cause" Defined – non-curable defaults	Section 20.2	Your Franchise Agreement can be terminated if you commit the following non-curable defaults: material misrepresentations or omissions in application; abandonment of franchise; repeated defaults even if cured; trademark misuse; unauthorized use or disclosure of confidential information; unapproved transfers; your loss of control over the operation of the Franchised League; insolvency; bankruptcy; assignment for benefit of creditors; receivership; failure to satisfy judgment; failure to properly use or account for Players Fund money; criminal misconduct or fraud; failure to comply with non-competition obligations; failure to comply with conditional term obligations; failure to provide customer service within standards (subject to your receipt of a prior customer service default); failure to properly apply or enforce ***The Equalizer®*** scoring and handicapping system (subject to your receipt of a prior handicapping default).
i. Franchisee's obligations on termination/ non-renewal	Articles 14 and 21	You must cease operating franchised business; cease use of proprietary information and Marks and return all manuals, software and materials to us; delete electronic copies of all manuals, software or materials in your possession or control; provide us with all membership and player performance records; revoke assumed or fictitious name registration; transfer telephone numbers, websites and social media accounts associated with the Franchised League; complete de-identification; pay outstanding amounts to us; deliver control of Players Funds; cooperate with APA to affect the termination; comply with non-competition, confidentiality and all continuing obligations.
j. Assignment of contract by franchisor	Section 19.1	No restriction on our right to transfer or assign.
k. "Transfer" by franchisee-defined	Section 19.2 - 19.3	Includes any transfer of the Franchise Agreement or assets; any encumbrance of the franchise; any change in control or

Provision	Section in Franchise or other Agreement	Summary
		ownership.
l. Franchisor approval of transfer by franchisee	Section 19.2 - 19.5	We must approve all transfers of an ownership interest in the franchise. This includes, without limitation, a sale or transfer of your Franchised League, a portion of your Territory, or an ownership interest (such as stock or a partnership interest) if your franchise is held by an entity.
m. Conditions for franchisor approval of transfer	Section 19.4 - 19.5	Provide APA with written notice of the proposed transfer, and its terms; full compliance with all obligations, including payments owed us; proposed transferee applies, qualifies and is approved to be a franchisee by us; payment of transfer fee; sign general releases; demonstrate that the full balance of the Players Fund will be transferred to the transferee; escrow deposit (if we require); new franchisee successfully completes training; new franchisee signs our then-current Franchise Agreement; compliance with all ownership restrictions and, as applicable, partners, shareholders and spouses guaranty obligations and are bound.
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	
o. Franchisor's option to purchase franchisees business	Not applicable	
p. Death or disability of franchisee	Section 19.6	Family member may apply for franchise, but must meet our criteria and conditions and be approved. Franchise must be transferred to an approved buyer under regular transfer rules within 90 days (or 180 days if Interim Manager is requested). We might temporarily operate your franchise on your death or disability or pending a transfer.
q. Non-competition covenants during the term of the franchise	Section 14.3	No involvement in any competing business anywhere (but may own less than 5% of a publicly held company). Binding on all franchisees, their spouses, their owners (proprietor, partners, members, and shareholders) and the owners' spouses, the

Provision	Section in Franchise or other Agreement	Summary
		manager and employees, if any.
r. Non-competition covenants after the franchise is terminated or expires	Section 14.4	No involvement for 2 years in any pool league within your assigned Territory and any adjacent county, or with a national or regional licensor or operator of pool leagues (but may own less than 5% of a publicly held company). Binding on all franchisees, their spouses, their owners (proprietor, partners, members, and shareholders) and the owners' spouses, the manager and employees, if any.
s. Modification of agreement	Section 22.2 and 24.7	No unwritten modifications generally, but Operations Manual subject to change.
t. Integration/merger clause	Section 24.7	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 23	Three step process of (1) negotiation, (2) non-binding mediation in the St. Louis, Missouri metropolitan area under AAA rules and (3) binding arbitration in St. Louis, Missouri metropolitan area, under AAA or IFA rules.
v. Choice of forum	Section 23.9	Mediation, arbitration and any permitted litigation must be in St. Louis, Missouri metropolitan area (subject to state law).
w. Choice of law	Section 23.8	U.S. Arbitration Act exclusively applies to arbitration provision, and Missouri law applies to all other provisions (unless prohibited by laws of state where your franchise is located).

ITEM 18

PUBLIC FIGURES

We do not currently use a public figure in the name or symbol of the franchise nor to endorse or recommend the franchise to prospective franchisees, and as such, we do not provide any compensation or benefit to a public figure for doing so. No public figures are involved in the actual management or control of APA.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Greg Fletcher, President, American Poolplayers Association, Inc., 1000 Lake Saint Louis Boulevard, Suite 325, Lake Saint Louis, Missouri 63367, (636) 625-8611, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2018-2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	305	300	-5
	2019	300	308	+8
	2020	308	310	+2
Company Owned	2018	4	7	+3
	2019	7	5	-2
	2020	5	6	+1
Total Outlets	2018	309	307	-2
	2019	307	313	+6
	2020	313	316	+3

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For years 2018 to 2020

State[+]	Year	Number of Transfers
AK	2018	1
	2019	0
	2020	0
AL	2018	1
	2019	0
	2020	0
AR	2018	1
	2019	1
	2020	0
AZ	2018	0
	2019	0
	2020	1[9]
CA	2018	1
	2019	2
	2020	0
CO	2018	2
	2019	0
	2020	1
FL	2018	2[1]
	2019	2[6]
	2020	4
GA	2018	3[2]
	2019	1
	2020	1[12]
IL	2018	1

State+	Year	Number of Transfers
	2019	4
	2020	5[10]
IN	2018	1
	2019	4
	2020	1
KY	2018	0
	2019	1
	2020	2[11]
LA	2018	0
	2019	1
	2020	0
MA	2018	1[3]
	2019	1[7]
	2020	1
MI	2018	1
	2019	1
	2020	1
MS	2018	2
	2019	0
	2020	0
MO	2018	0
	2019	0
	2020	2
NC	2018	0
	2019	0
	2020	1
NH	2018	2

State+	Year	Number of Transfers
	2019	0
	2020	0
NJ	2018	0
	2019	2
	2020	0
NM	2018	1
	2019	0
	2020	0
NV	2018	0
	2019	1
	2020	0
NY	2018	3[4]
	2019	1
	2020	2
OH	2018	2
	2019	1
	2020	0
OK	2018	0
	2019	0
	2020	1
PA	2018	1
	2019	0
	2020	0
RI	2018	0
	2019	1
	2020	0
SC	2018	2[5]

State[+]	Year	Number of Transfers
	2019	1
	2020	2[12]
SD	2018	0
	2019	1
	2020	1
TN	2018	1
	2019	0
	2020	0
TX	2018	0
	2019	4[8]
	2020	3[13]
VT	2018	0
	2019	0
	2020	0
VA	2018	1
	2019	0
	2020	1
WV	2018	1
	2019	0
	2020	0
Total	2018	31
	2019	27
	2020	30

[+]No applicable transfers occurred during 2018-2020 in states not listed in this chart.
[1] Two separate existing franchisees in the state of FL each transferred a portion of their Territory to separate new franchisees. The transferors each retained portions of their Territories that were not transferred.
[2] Included in this number is a transfer in which an existing franchisee in the state of GA transferred a portion of Territory to a new franchisee.

[3] An existing franchisee in the state of MA transferred a portion of Territory to a new franchisee.
[4] Included in this number is a transfer in which a franchisee in the state of NY transferred a portion of Territory to a new franchisee.
[5] A prior franchisee in the state of SC transferred all of their Territory to two separate new franchisees who each own a portion of the prior franchisee's Territory.
[6] A prior franchisee in the state of FL transferred all of their Territory to two separate new franchisees who each own a portion of the prior franchisee's Territory.
[7] An existing franchisee in the state of MA transferred a portion of its Territory to a new franchisee.
[8] In four unrelated transactions: two separate existing franchisees in the state of TX transferred portions of their Territories to new franchisees; one existing franchisee transferred two portions of its Territory to two separate new franchisees; and another existing franchisee transferred one portion of its Territory to a new franchisee.
[9] An existing franchisee in the state of AZ transferred a portion of its Territory to a new franchisee.
[10] Included in this number are the four following transactions involving franchises located in the state of IL. one prior franchisee transferred all of its Territory through two separate transactions: the first transaction transferred a portion of the prior franchisee's Territory to an existing franchisee, and the second transaction transferred the prior franchisee's remaining Territory to a new franchisee. Separately, a prior franchisee transferred a portion of its Territory to an existing franchisee. Finally, an existing franchisee transferred a portion of its Territory to a new franchisee.
[11] An existing franchisee in the state of KY transferred two portions of its Territory to two separate new franchisees, and retained the portion of its Territory that was not transferred.
[12] A prior franchisee in the state of GA and SC transferred all of its Territory in the state of GA and a portion of its Territory in SC to a new franchisee; in a separate transaction, the prior franchisee transferred its remaining Territory in SC to a new franchisee.
[13] Included in this number is a transfer in which a prior franchisee in the state of TX transferred its Territory to another existing franchisee who is operating it as a separate outlet.

Table No. 3

Status of Franchise Outlets
For years 2018-2020

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
AK	2018	2	0	0	0	0	0	1[1]
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
AL	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
AZ	2018	3	1	0	0	0	1	3
	2019	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2020	3	1	0	0	0	0	4
AR	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
CA	2018	17	1	0	0	0	0	18
	2019	18	1	0	0	0	0	19
	2020	19	1	0	1	0	0	18[7]
CO	2018	6	0	0	0	0	0	6
	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
CT	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
DE	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
DC	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
FL	2018	21	2	0	0	0	0	23
	2019	23	2	0	0	0	0	25
	2020	25	0	0	0	0	0	25
GA	2018	9	0	0	0	0	0	9
	2019	9	0	0	0	0	0	9
	2020	9	0	0	0	0	0	9
HI	2018	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
ID	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
IL	2018	26	0	0	0	0	0	26
	2019	26	0	0	0	0	0	26
	2020	26	1	0	0	1	0	24[8]
IN	2018	12	0	0	0	2	0	10
	2019	10	2	0	0	0	0	12
	2020	12	0	0	0	0	0	12
IA	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
KS	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
KY	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
	2019	5	2	0	0	1	0	6
LA	2018	6	0	0	0	0	0	6
	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
ME	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
MD	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
MA	2018	4	1	0	0	0	0	5
	2019	5	1	0	0	0	0	6
	2020	6	0	0	0	0	0	6
MI	2018	8	0	0	0	1	0	7
	2019	7	1	0	0	0	0	8
	2020	8	0	0	0	0	0	8
MN	2018	3	1	0	0	0	0	3[2]
	2019	3	0	0	0	0	0	3
	2020	3	0	1	0	0	0	2
MS	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	1	0	0	0	0	4
MO	2018	10	0	0	0	0	0	10
	2019	10	0	0	0	1	0	9
	2020	9	0	0	0	0	1	8
MT	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
NE	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
NV	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2020	2	0	0	0	0	0	2
NH	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
NJ	2018	9	0	0	0	0	0	9
	2019	9	0	0	0	0	0	9
	2020	9	1	0	0	0	0	10
NM	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
NY	2018	15	1	0	0	0	0	14[3]
	2019	14	0	0	0	0	0	14
	2020	14	0	0	0	0	0	14
NC	2018	10	0	0	0	0	0	10
	2019	10	0	0	0	0	0	10
	2020	10	0	0	0	0	0	10
OH	2018	12	0	0	0	1	0	11
	2019	11	1	0	0	1	0	11
	2020	11	0	0	0	0	0	11
OK	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
OR	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
PA	2018	17	0	0	0	0	0	16[4]

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2019	16	0	0	0	0	0	15[6]
	2020	15	0	0	0	0	0	15
PR	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
RI	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
SC	2018	6	1	0	0	0	0	7
	2019	7	0	0	0	0	0	7
	2020	7	1	0	0	0	0	8
SD	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
TN	2018	7	0	0	0	0	0	7
	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
TX	2018	27	0	0	0	0	1	26
	2019	26	4	0	0	1	0	29
	2020	29	1	0	0	0	0	30
UT	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
VT	2018	3	0	0	0	0	1	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
VA	2018	8	0	0	0	0	0	7[5]
	2019	7	0	0	0	0	0	7
	2020	7	1[9]	0	0	0	0	8
WA	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
WI	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
WV	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
WY	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Total	2018	305	8	0	0	4	3	300[1-5]
	2019	300	12	0	0	3	0	308[6]
	2020	308	10	1	1	2	1	310[7-9]

[1] – Existing franchisee in AK purchased all of the Territory of a separate franchisee, and then combined the two Territories into a single franchise in 2018.
[2] – Separate from the opening of the new outlet shown in Column 4, an existing franchisee in MN owned two separate franchises and opted to combine both franchises into one in 2018.
[3] – Separate from the opening of the new outlet shown in Column 4, two existing franchisees in NY each owned two separate franchises and both opted to combine their two franchises into one in 2018.
[4] – A prior franchisee owned two separate franchises in the state of PA, and in 2018 sold them both to a new franchisee who combined them into one franchise.
[5] – A prior franchisee owned two separate franchises in the state of VA, and in 2018 sold them both to a new franchisee who combined them into one franchise.

[6]- An existing franchisee in PA owned two separate franchises and opted to combine both franchises into one in 2019.
[7] – Separate from the opening of the new outlet referenced in Column 4, and the non-renewal referenced in Column 6, an existing franchisee in CA owned two separate franchises and opted to combine both franchises into one in 2020.
[8] – Separate from the opening of the new outlet referenced in Column 4, and the outlet reacquisition referenced in Column 7, two separate transactions occurred that affected the number of outlets in IL. An existing franchisee in IL owned two separate franchises and opted to combine both franchises into one in 2020. In addition, a prior franchisee sold its Territory to an existing franchisee. The existing franchisee opted to combine both franchises into one.
[9] – An existing franchisee in the state of NC expanded its franchised Territory into the state of VA.

The actual number of Franchisees as of the date of this disclosure document is 280. The number of franchises, in each state, as shown in the Franchise Status Summary table, totals more than 280 because some franchisees operate more than one franchise. Numbers for 2018 are as of December 31, 2018, numbers for 2019 are as of December 31, 2019 and numbers for 2020 are as of December 31, 2020.

Exhibit O lists the names, addresses and telephone numbers of our current franchisees (Part I) and those former franchisees that left our system during the past year (Part II). In the case of a corporation, the manager actually operating the local pool league (together with home telephone) is listed with the franchise business address in Part I. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Table No. 4

Status of Company-Owned Outlets
For years 2018-2020

State+	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
CA	2018	1	0	0	0	1	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
IL	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	1	0	0	1
IN	2018	0	0	2	0	0	2
	2019	2	0	0	0	2	0
	2020	0	0	0	0	0	0

State+	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
KY	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	1	0	0	1
MI	2018	1	0	1	0	0	2
	2019	2	0	0	0	1	1
	2020	1	0	0	0	0	1
MO	2018	1	0	0	0	0	1
	2019	1	0	1	0	0	1[1]
	2020	1	0	0	0	0	1
MS	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
OH	2018	0	0	1	0	0	1
	2019	1	0	1	0	1	1
	2020	1	0	0	0	0	1
TX	2018	0	0	0	0	0	0
	2019	0	0	1	0	0	1
	2020	1	0	0	0	1	0
Totals	2018	4	0	4	0	1	7
	2019	7	0	3	0	4	5[1]
	2020	5	0	2	0	1	6

+ No applicable transfers occurred during 2018-2020 in states not listed in this chart.
[1] In 2019, Franchisor reacquired an outlet from a franchisee who chose to voluntarily terminate their franchise agreement. Franchisor combined that outlet's territory with the territory of Franchisor's existing corporate-owned outlet.

Table No. 5

Projected New Franchised Outlets
As of December 31, 2020

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
California	0	1	0
Utah	0	1	0
Texas	0	1	0
Wisconsin	0	1	0
Totals	0	4	0

We estimate that we will grant approximately 4 franchises nationwide during the one (1) year period following the date of this disclosure document. Because we do not target any particular states or regions and because franchise inquiries are received randomly, we cannot predict the placement of future franchises by state.

All current and former franchisees have signed provisions restricting their ability to speak openly about their experiences with the System with respect to the confidential and proprietary aspects of our System (such as the workings of ***The Equalizer***® scoring and handicapping system). You may wish to speak with current and former franchisees, but be aware that such franchisees will not be able to communicate all information about us with you.

Franchisee Organizations

The League Operators Advisory Board ("LOAB") is a franchisee organization created, sponsored and endorsed by APA. The LOAB is an advisory board of League Operators. Each League Operator on LOAB represents a geographic region of the franchisee network, and is elected by their fellow League Operators in that region. LOAB meets periodically with APA's management team to review plans and discuss problems and concerns. The purpose of the LOAB is to promote candid and open communication between the franchisee network and APA management. We also strive to make all franchisees an integral part of our strategic planning for the growth and development of the APA System. Finally, LOAB can be instrumental in addressing and resolving concerns of general interest before they develop into major issues. LOAB serves in an advisory capacity and does not have the authority to directly dictate or modify APA policies. APA management, however, heavily weighs the recommendations of LOAB when formulating plans, programs and policies that affect the entire network. The League Operators currently serving on LOAB are as follows:

League Operators Advisory Board (LOAB)				
Region	League Operator	Term Ends	Telephone No.	Email
Great Lakes	Jim Cavender	Fall 2021	517-416-0745	jlcapa@yahoo.com
Mid Atlantic	Walter Jarrett	Fall 2022	610-703-7065	apabluemtn@yahoo.com
Mid South	Preston Granger	Fall 2022	337-407-2267	lgranger@apaleagues.com
Midwest	Randy Jones	Fall 2023	515-321-9114	centraliowa@apaleagues.com
Mountain	John Amelsberg	Fall 2022	406-899-7665	apaleague@icloud.com

Northeast	Gregg Cordero	Fall 2023	607-743-7474	gcordero@apaleagues.com
Southeast	Matt Miley	Fall 2023	850-450-4610	westfloridaapa@gmail.com
Western	Taz Brooker	Fall 2021	805-388-2036	Taz@SouthCoastAPA.com
Canada	Craig Misener	Fall 2021	705-730-2560	craig.s.misener@gmail.com

You can contact the League Operator member of LOAB that represents the region where your Territory is situated, as well as any other members of the Board, at the telephone numbers and email addresses stated above.

The following independent franchisee organization has asked to be included in this disclosure document: Some of our franchisees are members of F.O.A., Inc., an independent franchisee association incorporated as a not-for-profit corporation under the laws of the State of Missouri. You may contact this association through its president:

Jim Cavender, President
6103 Brooklyn Rd.
Jackson, MI 49201
Telephone: 517-416-0745
Email: jlcapa@yahoo.com

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit N are our audited fiscal year-end financial statements for 2020, 2019, 2018.

ITEM 22

CONTRACTS

The following contracts are attached to this disclosure document in the following order:

Exhibit	*Document*
C	Franchise Agreement
D	State Addendum (if applicable)
E	APA Addendum
F	Franchisee Ownership Schedule
G	Guaranty & Assumption Agreement of Franchisee's Owners/Spouses
H	Confidentiality and Non-Competition Agreement
I	Software License Agreement
J	Authorization Agreement for Direct Payments
K	Confidentiality Agreement
M	Franchisee Release upon Renewal or Transfer

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this disclosure document are attached as Exhibit Q. Please return one copy to us and retain the other for your records.

Exhibit A

List of State Agencies

CALIFORNIA

California Corporations Commissioner
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559

FLORIDA

Florida Department of Agriculture
& Consumer Services
PO Office Box 6700
Tallahassee, FL 32314-6700
(850) 488-2221

HAWAII

Department of Commerce and Consumer Affairs
State of Hawaii
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS

Office of the Attorney General
State of Illinois
500 South Second Street
Springfield, IL 62706
(217) 782-1090

INDIANA

Securities Commissioner
Securities Division
302 West Washington Street, Room E111
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, MD 21202-2020
(410) 576-7039

MICHIGAN

Department of Attorney General
Consumer Protection Division
PO Box 30213
Lansing, MI 48909
(877) 765-8388

MINNESOTA

Minnesota Department of Commerce
85 7th Place E.
Suite 280
St. Paul, MN 55101
(651) 539-1500

NEW YORK

New York Division of Economic Justice
Investor Protection Bureau
120 Broadway, 23rd Floor
New York, NY 10271
(212) 416-8236

NORTH DAKOTA

Securities Department
State Capitol - 5th Floor
600 East Boulevard
Bismarck, ND 58505-0510
(701) 328-2910

RHODE ISLAND

Senior Securities Examiner
Department of Business Regulation
SECURITIES DIVISION
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

TEXAS

Statutory Document Section
1019 Brazos Street
Austin, TX 78701
(512) 475-0775

VIRGINIA

Division of Securities and Retail Franchising
1300 East Main St. 9th Floor
Richmond, VA 23219
(804) 371-9206

WASHINGTON

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

WISCONSIN

Securities Examiner
Office of the Commissioner of Securities
345 W. Washington Avenue, 4th Floor
Madison, WI 53703
(608) 266-1064

Exhibit B

Agents for Service of Process

CALIFORNIA

Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, CA 94104

FLORIDA

CT Corporation
1200 South Pine Island Road
Plantation, FL 33324

HAWAII

Department of Commerce and Consumer Affairs
Business Registration Division
Commissioner of Securities
King Kalakaua Building
335 Merchant Street, Room 205
Honolulu, HI 96813

ILLINOIS

Office of the Attorney General
State of Illinois
500 South Second Street
Springfield, IL 62706

INDIANA

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, IN 46204

MARYLAND

Maryland Securities Commissioner
Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN

Department of Attorney General
Consumer Protection Division
PO Box 30213
Lansing, MI 48909

MINNESOTA

Minnesota Department of Commerce
85 7th Place E.
Suite 280
St. Paul, MN 55101

NEW YORK

Secretary of State of the State of New York
162 Washington Avenue
Albany, NY 12231

NORTH DAKOTA

North Dakota Securities Commissioner
600 East Boulevard, 5th Floor
Bismarck, ND 58505-0510

RHODE ISLAND

Department of Business Regulation
SECURITIES DIVISION
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

TEXAS

CT Corporation
1999 Bryan Street
Suite 900
Dallas, TX 75201

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street, 9th Floor
Richmond, VA 23219

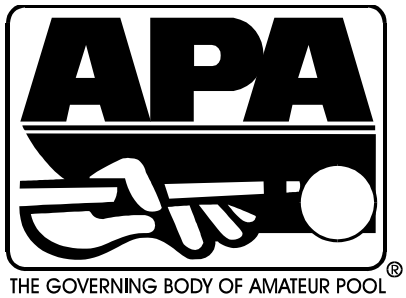
WASHINGTON

Director of Dept. of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, WA 98501

WISCONSIN

Commissioner of Securities
Franchise Investment Division
345 W. Washington Avenue, 4th Floor
Madison, WI 53703

EXHIBIT C



AMERICAN POOLPLAYERS ASSOCIATION, INC.

FRANCHISE AGREEMENT

TABLE OF CONTENTS

PAGE

ARTICLE 1 ACKNOWLEDGMENTS 1
1.1 Development of System 1
1.2 Review of Document 1
1.3 Rights Created Under Agreement 2

ARTICLE 2 GRANT OF FRANCHISE AND LICENSE 2
2.1 Franchise Granted 2

ARTICLE 3 TERRITORY 2
3.1 Your Territory 2
3.2 Coverage of Territory 2
3.3 National Accounts 3
3.4 Marketing, Other League Activity and Local APA Specialty Tournaments Outside of Territory Prohibited Except in Limited Circumstances 4
3.5 Territory Subject to Pre Existing Out of Area Agreement 5
3.6 No Right or Option to Expand Territory or Acquire Another Territory 5

ARTICLE 4 TERM 5
4.1 Term of Your Franchise Agreement 5
4.2 The Conditional Term 5
4.3 Initial Regular Term Franchise Agreement 7
4.4 Successor Regular Term Franchise Agreement 7

ARTICLE 5 INITIAL FRANCHISE FEE 8
5.1 Fees Due Upon Execution Of This Agreement 8
5.2 Initial Franchise Fee 8
5.3 VetFran Program 8
5.4 Exception - Refund if APA Does Not Accept This Agreement 8

ARTICLE 6 ROYALTIES AND FEES 9
6.1 Annual Membership Fees 9
6.2 Weekly Royalties 9
6.3 Royalties on Other Receipts 10
6.4 Annual Software Support and Maintenance Fee; Fees for Upgrades and Enhancements to the Software Program 10
6.5 Royalties on Merchandise and APA Merchandise 11
6.6 Other Payments to APA 11
6.7 Application of Payments 11
6.8 Interest and Late Fees: 11

ARTICLE 7 SPONSORS 12
7.1 APA Sponsors 12
7.2 Sponsor's Rules Binding 12
7.3 Termination of Sponsorship 12
7.4 Cooperative Agreements 13
7.5 Relations with APA Sponsors 13
7.6 APA Approval of Local Sponsors 13

ARTICLE 8 APA MEMBERS 13
8.1 APA's Rights in Members 13
8.2 Membership Benefits 14

ARTICLE 9 TRAINING AND GUIDANCE 14
9.1 Training Program 14
9.2 Additional Training 15
9.3 Continuing Guidance 15
9.4 Promotional Materials 15
9.5 Other Support 15

ARTICLE 10 UNIFORM SYSTEM CONFIDENTIAL & PROPRIETARY OPERATIONS MANUAL, SOFTWARE AND SYSTEM INFORMATION 16
10.1 APA's Uniform Proprietary System 16
10.2 Ownership of Proprietary Materials and Information 16
10.3 Loan of Operations Manual and Obligation to Conform to System Standards 17
10.4 License of APA's Software Program/ Application; Obligation to Use and Maintain; and Equipment Requirements 17
10.5 Software Program and Computer Requirements May Change 18
10.6 Software Support and Maintenance 18
10.7 Claims and Disputes Involving Software Program 18
10.8 Claims and Disputes Involving Copyrights 19
10.9 Use of Member, Player, and Team Lists and Other Records 19
10.10 League Websites, Social Media, Email Addresses and Telephone Numbers 19
10.11 Obligation To Comply With Privacy Laws And Privacy Policies 20

ARTICLE 11 MARKS 20
11.1 Limited License Only 20
11.2 Use of APA Marks on Purchased Goods 20
11.3 Obligation to Follow APA and Sponsor Rules 21
11.4 Obligation to Use Only the Marks 21
11.5 Authorized Marks Subject to Discontinuance, Substitution, Change 21

11.6 Ownership of Marks 22
11.7 Claims and Disputes Involving Marks.....22

ARTICLE 12 MARKETING AND ADVERTISING 22
12.1 Active Marketing Required.....22
12.2 Advertising Fund 23

ARTICLE 13 FRANCHISEE ENTITY, OBLIGATION TO MANAGE BUSINESS, AND GUARANTY OF OBLIGATIONS 23
13.1 Franchisee Entity 23
13.2 Obligation to Manage League.....24
13.3 All Owners of Franchisee and Spouses Must Guaranty Obligations.....24

ARTICLE 14 CONFIDENTIALITY AND NON-COMPETITION AGREEMENT 25
14.1 Acknowledgments.....25
14.2 Obligation to Maintain Confidentiality.....25
14.3 Non-Competition During This Agreement 25
14.4 Non-Competition After this Agreement 26
14.5 Persons That Later Join Your Business 26
14.6 APA's Right to Enforce Obligations 26
14.7 Host Location Ownership or Affiliation is Not Allowed.....26
14.8 Other Activities at APA Events 27

ARTICLE 15 RELATIONSHIP OF THE PARTIES.....27
15.1 Independent Contractor.....27
15.2 No Employment Relationship.....27
15.3 Taxes.....28
15.4 Indemnification:.....28

ARTICLE 16 RECORDS, REPORTING AND AUDIT.....29
16.1 Reporting and Records.....29
16.2 Inspection and Audit.....29
16.3 APA's Right to Interim Management of Franchised League 30

ARTICLE 17 INSURANCE.....32
17.1 Insurance Required 32
17.2 APA's Right to Purchase Insurance at Your Cost 32

ARTICLE 18 RENEWAL 32
18.1 Your Renewal Right 32
18.2 Manner of Renewal.....33

18.3 Successor Agreement 34

ARTICLE 19 TRANSFER OR ENCUMBRANCE 34
19.1 Transfer by APA 34
19.2 Transfer by You 34
19.3 Sub-Franchise or Partial Transfer Prohibited 35
19.4 Transfer During Conditional Term 35
19.5 Transfer During Regular Term 35
19.6 Transfer Because of Death or Disability 37
19.7 APA Procures Purchaser 37
19.8 Transfer to a Wholly-Owned Corporation or Limited Liability Company 38

ARTICLE 20 TERMINATION OF FRANCHISE 38
20.1 Termination By Franchisee 38
20.2 Termination By APA: 38
20.3 APA's Alternative Right to Reduce Territory or Impose Other Conditions 42

ARTICLE 21 OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION 43
21.1 Meaning of "Termination" and "Expiration" 43
21.2 Payment of Amounts Owed APA 43
21.3 Your Rights in System and Franchised League End 43
21.4 Obligations Regarding the Marks 43
21.5 Obligations Regarding Operations Manual and System Information 44
21.6 Obligations Regarding Records and Cooperation 44
21.7 Attorney-In-Fact 44
21.8 Continuing Obligations 44

ARTICLE 22 SEVERABILITY AND SUBSTITUTION OF ENFORCEABLE TERMS 45
22.1 Severability 45
22.2 Substitution of Enforceable Terms 45
22.3 Right to Contest Determinations 45

ARTICLE 23 DISPUTE RESOLUTION, APPLICABLE LAW AND CONSENT TO JURISDICTION 45
23.1 Negotiation of Disputes 45
23.2 Mediation of Disputes 46
23.3 Arbitration of Disputes 46
23.4 Powers of the Arbitrators 46
23.5 Arbitration Award Binding 47
23.6 Class Arbitration Waiver 47
23.7 Injunctive Relief Pending Negotiation, Mediation or Arbitration 47

23.8 Governing Law 47
23.9 Consent to Jurisdiction.....47
23.10 Waiver of Punitive Damages 48
23.11 Waiver of Jury Trial.....48
23.12 Limitation of Claims 48
23.13 Costs and Attorneys' Fees 48
23.14 Remedies Cumulative 48
23.15 Joint and Several Liability of Owners of Franchisee and Spouses.....48

ARTICLE 24 MISCELLANEOUS 49
24.1 Non-Waiver.....49
24.2 Delivery and Receipt of Notices 49
24.3 Receipt and Delivery of Payments and Reports 49
24.4 Interpretation.....49
24.5 Duplicate Originals 50
24.6 APA's Cure of Your Obligations.....50
24.7 Entire Agreement and APA's Acceptance.....50
24.8 Good Faith 50
24.9 Right to Associate 50
24.10 Force Majeure 51
24.11 Index of Defined Words and Phrases.....52

EXHIBITS REFERENCED IN FRANCHISE AGREEMENT
D State Addendum (if applicable)
E APA Addendum
F Franchisee Ownership Schedule
G Guaranty & Assumption Agreement of Franchisee's Owners/Spouses
H Confidentiality and Non-Competition Agreement
I Software License Agreement
J Authorization Agreement for Direct Payments

AMERICAN POOLPLAYERS ASSOCIATION, INC.

FRANCHISE AGREEMENT

This Franchise Agreement is entered into between the AMERICAN POOLPLAYERS ASSOCIATION, INC., a Missouri corporation (referred to as "we", "us" or "APA"), and _____, a _____ (referred to as "you" or "franchisee") and is effective the date designated by you and APA herein upon it being accepted and signed by APA (the "Effective Date"). If no effective date is designated herein, the Effective Date shall be the day that APA accepts and signs this Agreement. An "Index of Defined Words and Phrases" is included as Section 24.11 of this Agreement.

The box with the "X" below indicates that the description to the right of the "X" is applicable to this Agreement. You must initial next to the X. If no box contains a "X," or if it is not clear which box has been marked with an "X," then you and us will agree that the box describing the Agreement as a Conditional Term Franchise Agreement is applicable.	
	This is a Conditional Term Franchise Agreement between us and you with a Term more fully described in this Agreement and in the Addendum to this Agreement.
	This is Initial Regular Term Franchise Agreement between us and you with a Term more fully described in this Agreement and in the Addendum to this Agreement.
	This is a Successor Regular Term Franchise Agreement between us and you with a Term more fully described in this Agreement and in the Addendum to this Agreement.

ARTICLE 1
ACKNOWLEDGMENTS

1.1 Development of System: In signing this Franchise Agreement (the "Agreement"), you acknowledge that APA, through substantial effort, experience and expense, has developed a quality, uniform system for establishing, operating and developing local amateur pool leagues (the "System"). You acknowledge that the distinguishing characteristics of the System include (a) APA's uniform standards, specifications, policies, procedures, guidelines, rules, and methods for league operation, management, marketing and promotion, including those set forth in the Operations Manual (as that term is defined below) (collectively, the "System Standards"), (b) our proprietary software programs and/or application(s) for management of your franchise and pool league operations (the "Software Program"), (c) ***The Equalizer***® scoring and handicapping system that allows players of all abilities to compete, (d) our national championship tournaments, (e) the Training Programs described in Article 9 below, and (f) on-going assistance. In addition, the System is identified by certain trademarks, service marks, trade names, logos, emblems, slogans and indicia of ownership, including our American Poolplayers Association and APA marks, as are designated now or in the future by APA for use with the System (the "Marks").

1.2 Review of Document: You acknowledge that you (a) have read this Agreement and APA's Franchise Disclosure Document, (b) have conducted your own independent review, analysis and investigation of this business opportunity and have made your own decision to make this investment, (c) understand your investment in the APA franchise involves business risk, (d) accept the terms and conditions of this Agreement as reasonable and necessary to maintain the

uniform, high standards of APA's System and to protect and preserve the goodwill of the Marks, (e) recognize that, like any other business, the nature of the System may evolve and change over time, and (f) understand and agree to all of the terms and conditions of this Agreement. You acknowledge that APA (including our officers, employees, agents and representatives) has not made any claims, statements, estimates or representations of earnings, sales, profits or the prospects or chances of success, and that you are not relying on any representation or information of earnings, sales, profits or the prospects or chances of success in making this investment.

1.3 Rights Created Under Agreement: You further acknowledge that the rights and duties created by this Agreement are personal to you and your owners, and that APA's determination to grant this franchise is in reliance, in part, on the individual and collective character, skill, aptitude, business ability and financial capacity of you and your owners, and entrance into, and completion of, the documents attached as Exhibits to this Agreement. The phrase "your owners" as used in this Agreement means you and your spouse (if you are an individual or sole proprietorship or if you and your spouse own the Franchised League jointly) and means your general and limited partners, shareholders or members and their spouses (if you are a partnership, corporation or limited liability company). You acknowledge that all statements made and all materials submitted to us by you and your owners in connection with your application for and purchase of this franchise are accurate and complete and that you and your owners have disclosed all material information. Should we accept and sign this Agreement, we will do so in reliance on the representations of you and your owners in applying for the franchise, as well as the acknowledgments made by you in this Agreement, and your agreement to actively operate and manage this franchise in accordance with the terms and conditions of this Agreement.

ARTICLE 2
GRANT OF FRANCHISE AND LICENSE

2.1 Franchise Granted: Upon APA accepting and signing this Agreement, APA grants you and you accept the right and license to establish and operate an APA local amateur pool league business (the "Franchised League") under APA's System and Marks, as they may be further developed or changed from time to time, within your assigned Territory upon the terms and conditions of this Agreement. This Agreement becomes effective only if and when it is accepted and signed by APA. Any changes or modifications to this Agreement, if required by the laws of your State, are set forth in the State Addendum to this Agreement (Exhibit D)

ARTICLE 3
TERRITORY

3.1 Your Territory: The franchise granted to you is to operate the Franchised League only within a specified geographic territory (the "Territory"). Your Territory is identified in the APA Addendum (Exhibit E) to this Agreement. APA will not operate any APA-owned amateur pool league or grant a franchise or license to operate a local amateur pool league to any other person within your Territory while this Agreement is in effect, except as provided in Sections 3.3 and 3.5.

3.2 Coverage of Territory: You acknowledge to APA that you have made an independent investigation of your Territory, that you believe the Territory presents opportunity for development of pool league play, and that you are capable of fully and effectively serving the Territory. You understand your income is derived from developing and increasing active league play

in your Territory and, therefore, the success of the Franchised League is largely dependent on your efforts in promoting and marketing league play and maintaining player satisfaction with your management of the Franchised League throughout your Territory. You acknowledge that APA's approval or selection of the Territory or any information provided by APA regarding the Territory is not a representation or warranty by APA, expressed or implied, of the suitability or prospects of the Territory for successful development of an APA pool league. You agree to fully serve your Territory by active and continuous marketing and management of play in the Franchised League throughout your Territory.

3.3 National Accounts: APA has the right to solicit, license, enter agreements with, or develop programs for national or regional organizations, employers, or chains ("National Accounts") to conduct APA league or tournament play or other APA events through various chapters, locations or outlets of the organization or chain, as we consider appropriate and beneficial to our overall franchised pool league System (a "National Account Program"). National Accounts may include, without limitation, a union, fraternal or service organization (like the VFW, American Legion, or Moose Lodge), bowling centers or other multi-location employers or businesses (like Brunswick). Programs agreed or developed with different National Accounts may vary considerably. You acknowledge that APA has a unique relationship with and a strong protectable interest in its National Accounts, and interference with APA's relationship with any National Account could irreparably harm APA and our network of franchised leagues.

You agree to abide by, be subject to, and not dispute, APA's Agreement or Program with a National Account, including without limitation, complying with such terms, conditions, restrictions and requirements as the National Account Program may provide or APA may specify, from time to time, to carry out the National Account Program. You recognize that National Account chapters, locations and outlets within the Territory conducting activities under a National Account Program may limit your rights in the Territory.

A National Account Program might allow you the opportunity to earn compensation from APA-related league play, tournaments, and events that you service or for management or administration that you provide for the National Account's locations within your franchised Territory. You agree to maintain good relations with and to be responsive to our National Accounts and their local representatives, and that you will not do anything that would be damaging to APA's relationship with any National Account. You agree to support and promote the National Account's APA-related activities at National Account chapters, locations and outlets within the Territory. If you do not service the National Account locations within your Territory or if your performance or relationship with the National Account is unsatisfactory, in our judgment, APA may, at its option, have such services performed by others, including without limitation, the staff of APA, another APA franchisee, or the National Account.

You acknowledge that any National Account Agreement or Program may expire, terminate or change, with little or no prior notice to you. Loss of a National Account may result in loss of business from chapters, outlets and locations of the National Account within your Territory. You acknowledge that APA does not promise or guarantee continuation of any National Account Program, that APA is not obligated to enter, develop or continue any National Account Program, and that you accept the risk of loss associated with the potential loss of any National Account Program. You agree APA will not be liable for any damages, loss, cost or expense of any kind relating to any National Account Program or APA-related activities of any National Account chapters, outlets or locations within the Territory,

or relating to the loss, termination, expiration, or change of any National Account Program (or any related trademarks or marketing materials), including actual, special, consequential, incidental or reliance damages. You acknowledge that you are not relying on the continuation of any National Account Program in purchasing an APA franchise. Loss of any National Account Program will not excuse you from performing your obligations under this Agreement.

3.4 Marketing, Other League Activity and Local APA Specialty Tournaments Outside of Territory Prohibited Except in Limited Circumstances: You may not directly solicit prospective players or establish host locations or conduct league play outside the boundaries of your Territory regardless of whether the area outside of your Territory is the territory of another APA franchisee or is unassigned territory, except on the following conditions:

(a) If the contiguous area is unassigned territory (i.e. an area not within the territory of another franchisee), you must obtain the prior written approval of APA in an "Out of Area Agreement". APA may withhold approval in its discretion. If it grants approval, it may do so on such conditions, limitations, and terms as APA considers appropriate.

(b) If the contiguous area is within the territory of another franchisee, you must reach a written "Out of Area Agreement" with the neighboring franchisee, and obtain APA's prior written approval of the Out of Area Agreement. APA may withhold approval in its discretion. If it grants approval, it may do so on such conditions, limitations, and terms as APA considers appropriate.

(c) Your right to solicit players or conduct league play in an area contiguous with, and outside of your Territory, shall terminate immediately: (i) in an assigned or unassigned contiguous area if you or your owners Transfer (as that term is defined in Section 19.2(b) below) an Interest in this franchise (except for assignment to a wholly-owned corporation or limited liability company as provided in Section 19.8 hereof) or this Agreement expires or is terminated; (ii) in an unassigned contiguous area, if the territory containing your out of area activity becomes assigned to another franchisee; or (iii) in an assigned territory, the other franchisee transfers their franchise (except for assignment to a wholly-owned corporation or limited liability company as provided in Section 19.8 hereof) or their franchise agreement expires or is terminated.

In addition, if you conduct any activities in violation of this section, you agree to (a) turn over any league activity developed outside of your Territory to the APA franchisee who serves or is assigned that area as their territory, or to APA if the area has not been assigned to another franchisee; and (b) pay all basic weekly fees (after royalties) received from activity outside of your Territory to the APA franchisee serving that area or to APA if the area has not been assigned to another franchisee.

You may not (a) conduct any local APA specialty tournament in or solicit players for such tournament from any assigned territory without the prior written consent of APA, and the APA franchisee servicing that territory or (b) conduct any local APA specialty tournament in or solicit players for such tournament from any unassigned territory without the prior written permission of APA. APA recognizes that media advertising may incidentally reach outside your Territory because radio,

television and newspaper media in your Territory may have a somewhat wider broadcast or circulation area, and your use of such normal channels of media advertising serving your Territory will not violate this provision, provided your advertising is targeted to players within and not outside your Territory.

3.5 Territory Subject to Pre Existing Out of Area Agreement: The Territory granted to you is subject to any pre-existing Out of Area Agreement allowing a neighboring franchisee the right to develop and operate teams within one or more host locations or geographic area. If the Territory is granted to you during an ongoing League Year, the teams being operated by the neighboring franchisee within the Territory might continue to play in the neighboring franchisee's league until the teams finish the League Year in which you sign the Agreement and might not be transferred to you until the start of the next Summer Session, in APA's judgment and discretion. Further, any such teams qualifying for the neighboring franchisee's Local Team Championship Tournament may be allowed to participate in the neighboring franchisee's World Qualifier even after they have begun playing in your Franchised League. Any Out of Area Agreement applicable to the Territory granted to you will be disclosed to you in the Addendum to the Franchise Agreement.

3.6 No Right or Option to Expand Territory or Acquire Another Territory: If any area outside your Territory has not been assigned to any other APA franchisee, you may apply for a franchise to serve that area. You have no right or option, however, to purchase a franchise covering another territory and APA may deny your application for a franchise over another territory in its discretion for any reason. APA generally believes it is best for a franchisee to concentrate on fully developing their assigned Territory, rather than possibly being spread too thin by also trying to cover additional territory. Further, APA does not believe it is desirable to subdivide a potential territory that could be assigned to and developed by another franchisee. If you wish to apply for a franchise over another territory, you must comply with APA's then current requirements and procedures for obtaining a new franchise (including signing APA's then current franchise agreement and paying the required franchise fee for that territory) and be accepted by APA, in its sole discretion, for the new franchise.

ARTICLE 4
TERM

4.1 Term of Your Franchise Agreement: The "Term" of this Agreement is the length of time this Agreement will be in effect if it is not earlier terminated by us or you, as provided in the Agreement. Unless indicated otherwise in the Addendum and/or in this Agreement, the Term of this Agreement is identified on page 1 of this Agreement and the Addendum to this Agreement. This Agreement may be for (a) a Conditional Term of two (2) years, subject to the terms and conditions of Section 4.2 if it is a Conditional Term Franchise Agreement, (b) a Regular Term of up to five (5) years, if it is Initial Regular Term Franchise Agreement or (c) a Regular Term of ten (10) years if it is a Successor Regular Franchise Agreement entered into as a result of a timely renewal of a previously existing Initial or Successor Regular Term Agreement (hereinafter the phrase "Regular Term" refers to the terms both Initial Regular Term Franchise Agreements and Successor Regular Term Franchise Agreements. Section 4.2 does not apply to an Initial Regular Term Franchise Agreement or a Successor Regular Term Franchise Agreement.

4.2 The Conditional Term: If this is identified as a Conditional Term Franchise Agreement on page 1 and in the Addendum, the franchise is granted to you for an initial term of two

(2) years, or whatever period of time is specified in the Addendum (the "Conditional Term") from the Effective Date stated on page 1 of this Agreement. In addition to the other terms and conditions of this Agreement, the following terms are applicable to a Conditional Term Franchise Agreement:

a. Obligation to Begin Marketing and Start APA League Play: Upon APA granting this franchise by accepting and signing this Agreement, you must promptly begin marketing the Franchised League to potential players and host locations throughout your Territory in accordance with the System. If your Territory does not have existing APA League play, you must begin APA League play within ninety (90) days after this franchise is granted.

b. Team Count Requirements: Prior to the expiration of the Conditional Term, you must satisfy a Team Count Growth Requirement. To satisfy the Team Count Growth Requirement, you must have a specific number of Standard Format Teams (as defined in subsection c. below) participating in regular league play prior to the end of the Conditional Term (the number of Standard Format Teams you have participating in regular league play will be referred to as "Team Count"). The Team Count you must have by the end of the Conditional Term is identified in the Addendum to this Agreement, and will be referred to herein as the "Team Count Growth Requirement." Additionally, unless the Addendum indicates that you must reach other Team Count requirements by specific dates during the Conditional Term, your Team Count must equal or exceed one-half of that needed to satisfy the Team Count Growth Requirement by the end of one (1) year after the Effective Date of this Agreement (the "Interim Team Count Growth Requirement"). If you do not satisfy the Interim Team Count Growth Requirement, APA will have the right to terminate the Agreement. If you do not meet the Team Count Growth Requirement by the end of the Conditional Term, or are not otherwise in compliance with this Agreement, the Agreement will automatically expire, unless the Conditional Term is extended as provided in subsection f., below.

c. Meaning of Standard Format Teams: The term "Standard Format Teams" means teams of 5 to 8 players playing our standard weekly 5-match 8-Ball or 9-Ball team formats for a full fall or summer session schedule of ten (10) or more weeks, or spring session schedule of twelve (12) or more weeks, and paying the standard weekly team fees established by you for the Franchised League. Teams playing for free or at a discounted promotional weekly team fee will not be counted as Standard Format Teams for the purpose of determining whether you satisfied your obligations under this Agreement, including, but not limited to the Team Count Growth Requirement or Interim Team Count Growth Requirements referenced in the immediately prior subsection.

d. Available Formats during the Conditional Term: League play in the Franchised League may be established in both our standard 5-match, 5 to 8 person roster 8-Ball League and 9-Ball League formats during the Conditional Term. You may not use other formats for league play during the Conditional Term without APA's prior written consent.

e. Eligibility for an Initial Regular Term Franchise Agreement Upon Meeting Your Team Count Requirement: Subject to the provisions of this subsection, upon meeting the Team Count Growth Requirement during the Conditional Term, you will be eligible to enter into APA's then-current Initial Regular Term Franchise Agreement for a Term

of five (5) years. To be eligible to enter into an Initial Regular Term Franchise Agreement, you must be in compliance with all terms and conditions of this Agreement, and APA must verify your satisfaction of the Team Count Growth Requirement. You must notify APA in writing within the Conditional Term that you have met the requirement. APA is not obligated to monitor the number of teams participating in the Franchised League, nor notify you that you have met the Team Count Growth Requirement.

f. Extension of the Conditional Term: You have no right or option to extend or renew the Conditional Term. APA may, in our sole discretion, grant any request by you for an extension of the Conditional Term for such time and upon such terms, conditions and requirements, as APA considers appropriate. The other terms of this Agreement shall be applicable during any extension of the Conditional Term. You agree that if extended this Franchise Agreement will automatically expire if you do not meet the terms, conditions and requirements of this Agreement and any additional terms, conditions and requirements set by APA during any extended Conditional Term. To seek an extension of the Conditional Term, you must make a written request for an extension of the Conditional Term at least 90 days before the expiration of the Conditional Term. APA will give you written notice of its decision regarding your request and the terms, conditions, requirements and duration of any extension APA, in its discretion, may decide to grant within fifteen (15) days after we receive your request and we receive all information relating to your request that we ask for. If an extension is granted, you must pay APA Two Hundred Fifty Dollars ($250.00) or the then current administration fee as stated in the Operations Manual, before the start of the extension period.

4.3 Initial Regular Term Franchise Agreement: If this is a Regular Term Franchise Agreement granted after you became eligible for a Regular Term Franchise by satisfying the conditions stated in Section 4.2 above placed on you in a prior Conditional Term Franchise Agreement, the Term of this Agreement will be five (5) years from the date you satisfied those conditions and became eligible to enter into a Regular Term Franchise Agreement. If this is a Regular Term Franchise Agreement entered into pursuant to a Transfer (as that term is defined in Section 19.2(b) below) to you of a Regular Term Franchise Agreement, the Term of this Agreement will be stated in the Addendum to this Agreement (Exhibit E) consistent with Section 19.5(c) of this Agreement. Any additional conditions described in the Addendum and APA's consent to the transfer will apply.

4.4 Successor Regular Term Franchise Agreement: If this is a Regular Term Franchise Agreement entered into as a result of you exercising your right to renew a prior Initial Regular Term Franchise Agreement or Successor Regular Term Franchise Agreement, the Term will be for ten (10) years from the Effective Date of this Agreement.

ARTICLE 5
INITIAL FRANCHISE FEE

5.1 Fees Due Upon Execution Of This Agreement: Sections 5.2 and 5.3 below, relating to whether you are required to pay an Initial Franchise Fee, only apply if, through this Agreement, we are granting you a franchise license to you to operate an APA League in an unassigned Territory. You are not required to pay an Initial Franchise Fee if this Agreement licenses you to operate the

Franchised League following a Transfer of the Franchised League to you by a prior franchisee approved by APA; if this Agreement is an Initial Regular Term Franchise Agreement granted to you following your satisfaction of the obligations stated in a Conditional Term Franchise Agreement; or if this Agreement constitutes a renewal of a prior Regular Term Franchise Agreement.

5.2 Initial Franchise Fee: You must pay us the Initial Franchise Fee stated in the Addendum if, through this Agreement, we are granting a franchise license to you to operate an APA League in an unassigned Territory ("Initial Franchise Fee"). The Initial Franchise Fee is due at, or prior to, the time that you sign this Agreement. You agree that the Initial Franchise Fee (including the portion of the Initial Franchise Fee that you paid as an initial deposit) is not refundable in whole or in part for any reason (except as specifically provided in Section 5.4, below) and shall be deemed fully earned by APA when paid. You must sign this Agreement and pay the Initial Franchise Fee to APA prior to attending APA's Training Seminar I for new franchisees.

5.3 VetFran Program: The APA Franchise System is a member of the International Franchise Association ("IFA") and participates in the IFA's VetFran Program. As a participant in this program, veterans of the United States Armed Forces who otherwise meet the requirements of the VetFran program are entitled to a 25% discount in any Initial Franchise Fee they owe to APA. To receive the discount, you must provide sufficient documentation to establish that you are eligible to benefit from the VetFran program, including, but not limited to, documents showing that you were a member of the United States Armed Forces and that you received an honorable discharge from the armed forces. The VetFran Program and its rules and regulations are subject to change or discontinuation by IFA. APA reserves the right to withdraw from the VetFran program at any time without notice to APA franchisees. If APA does withdraw from the VetFran program, no VetFran franchise then in existence will be terminated or otherwise affected because of APA's withdrawal.

5.4 Exception - Refund if APA Does Not Accept This Agreement: If APA, in its sole discretion, declines to accept and sign this Agreement after you, or your managing owner or owners, have, in APA's judgment successfully completed the Training Seminar I, or if we terminate your participation in the Training Seminar I early, APA will refund your Initial Franchise Fee and reimburse you for any travel, lodging and meal expenses you actually incurred to attend the Training Seminar I, and only those expenses. You hereby agree that this shall be your exclusive remedy in the event APA does not accept and sign this Agreement and you hereby waive any claim for any other damages, costs or expenses, including loss of profits, income or employment or any other actual, consequential, special or reliance damages. You acknowledge and agree that APA does not give refunds of the Initial Franchise Fee (including your initial deposit) under any circumstances other than those set forth in this Section 5.4.

ARTICLE 6
ROYALTIES AND FEES

6.1 Annual Membership Fees: All players participating in APA's Franchised Leagues must be members of APA (the "APA Members") and pay APA a membership fee each year (the "Annual Membership Fee"). The amount of APA's Annual Membership Fee is set forth in the Operations Manual (currently Twenty-Five Dollars ($25.00)), is set by APA and may be changed by APA from time to time. You are responsible for insuring that all players participating in the Franchised League are current APA Members by complying with the applicable provisions of the Operations Manual. If any player playing, or wishing to play, in the Franchised League does not have a current, paid, APA Membership, you must collect and remit to APA the player's Annual Membership

Fee. If any player participates in the Franchised League, but does not pay his or her Annual Membership Fee, you must pay to APA the player's Annual Membership Fee, even if you fail to collect the fee from the player. It is your responsibility to insure that all players participating in the Franchised League complete their membership applications, are eligible for APA membership, and participate under APA rules.

6.2 Weekly Royalties: All players or teams participating in the Franchised League must pay a fee for each weekly match that they are scheduled to play (the "Basic Weekly Fee"). APA will recommend an amount that you may charge as the Basic Weekly Fee for each format of play that you offer through the Franchised League, but you are not obligated to follow this recommendation and you may charge whatever amount as your Basic Weekly Fee that you believe is prudent for your local market. You are responsible for: 1) collecting the Basic Weekly Fee for all scheduled play in the Franchised League; 2) for paying royalties to APA thereon; 3) and for disqualifying any player or team that fails to pay the Basic Weekly Fee. Consistent with the standards set forth in the Operations Manual, you are also responsible for disqualifying teams that fail to pay past-due Basic Weekly Fees in a timely manner. If you fail to collect Basic Weekly Fees that are due, that failure shall constitute a default of your obligations under this Agreement. The amount of the royalty you owe is as follows:

(a) Standard 8-Ball 5-Person Format: Each week you must pay to APA the following royalty fee for scheduled team matches, played or unplayed, in APA's standard 5-8 player team 8-Ball format for which you collect payment: The greater of (i) Two Dollars and Fifty Cents ($2.50) per team participating in matches or (ii) twenty percent (20%) of the Basic Weekly Fee charged teams.

(b) Standard 9-Ball 5-Person Format and Other Formats: Each week you must pay to APA the following royalty fee for scheduled matches, played or unplayed, in APA's standard 5-8 player team 9-Ball format or any other format authorized by APA for league play for which you collect payment: Twenty percent (20%) of the Basic Weekly Fee charged teams or players (if the format involves play between individual APA Members).

You must pay the royalties to APA after each week's league play, and payment of APA's royalties are delinquent if not received within twelve (12) days after each week's play.

6.3 Royalties on Other Receipts: You must pay a royalty fee to APA of twenty percent (20%) of any other fees, dues or other payments made to you by any players, teams, host locations, or team sponsors, except that you do not have to pay royalties on: (a) the additional dues or fees collected from players for awards, banquets, prizes, travel, trophies, or other forms of player "payback" (a "Players Fund"); (b) any amounts for awards and prizes or in-kind awards or prizes from host locations or team sponsors; and (c) any amounts received from Local Sponsors, local advertising revenue secured by you or amounts received from host locations in exchange for conducting tournaments in their facilities. Amounts collected for a Players Fund (whether from players or from host locations or team sponsors or as in-kind awards and prizes) must be separately accounted for, held in trust by you, and entirely returned to the players in the form of prizes, awards, tournament travel or awards ceremonies. Royalties on all fees, dues or other payments owed pursuant to this Section are due on the fourth day after you receive the funds and delinquent if not received by APA within twelve (12) days of your receipt of the funds.

6.4 Annual Software Support and Maintenance Fee; Fees for Upgrades and Enhancements to the Software Program: We charge all franchisees an annual fee for support and maintenance of the Software Program (the "Software Support and Maintenance Fee") except in the circumstances stated in this Section 6.4. The Software Support and Maintenance Fee covers telephone support for the then current version of the Software Program and any corrections and any minor updates that are made to the Software Program in our discretion. Currently, franchisees are charged the Software Support and Maintenance Fee in January of each year, although APA can change when it charges the Software Support and Maintenance Fee, in its discretion, as long as the Software Support and Maintenance Fee is not charged more than once in a calendar year. If, through this Agreement, we are granting a franchise license to you to operate an APA League in an unassigned Territory, and you were not operating an APA League in any other Territory immediately prior to entering into this Agreement, the Software Support and Maintenance Fee owed for the first 12 months of this Agreements term is included in the Initial Franchise Fee. Twelve months after the Effective Date of this Agreement, you will be responsible for paying a prorated portion of the Software Support and Maintenance Fee for the portion of the second year of this Agreement that occurs before the next January. In the January of the second year of this Agreement, you will be obligated to pay the Software Support and Maintenance Fee for that calendar year and to pay the Software Support and Maintenance Fee annually thereafter. If, through this Agreement, we are granting you a franchise license to operate the Franchised League as the result of an APA-approved Transfer of the Franchised League to you , you must pay the Software Support and Maintenance Fee upon the first January following the Effective Date of this Agreement for that calendar year, and you will be obligated to pay the Software Support and Maintenance Fee annually thereafter.

APA may increase the Software Support and Maintenance Fee annually from time to time. No such increase will exceed ten percent (10%), without approval of the League Operator Advisory Board. At this time, the Software Support and Maintenance Fee is uniformly charged to all franchisees, but APA reserves the right to charge different franchisees different amounts depending on the size of the franchisee's Franchised League, number of active Members in the franchisee's Franchised League, software usage, and/or such other factors as APA deems relevant. The Software Support and Maintenance Fee does not go towards the costs of any major enhancements, upgrades or new versions of, or substitutes for, the Software Program. You acknowledge that under the authority granted in the Software License Agreement and subject to the prior approval of the League Operator Advisory Board, that in addition to the Software Support and Maintenance Fee, APA may charge a reasonable license fee for new versions, major enhancements or upgrades of the Software Program. You will not be required to pay a license fee for the new versions, major enhancements or upgrades more frequently than once every three years. The aggregate amount of license fees charged to all APA franchisees for any new version, major enhancement or upgrade of the software, shall not exceed 50% of APA's actual cost of such new version, major enhancement or upgrade.

6.5 Royalties on Merchandise and APA Merchandise: You may purchase and resell merchandise (e.g., apparel, patches, pool cues, novelties) bearing the APA Marks ("APA Merchandise") that are offered by APA, a Sponsor or by an APA licensed supplier (collectively an "APA Licensed Supplier") without payment of any additional royalty. You have no obligation to make any such purchases or sell such merchandise. If you purchase APA Merchandise, for the purpose of resale, from a vendor other than an APA Licensed Supplier pursuant to the rights granted you in Section 11.2, you shall pay us five percent (5%) of your purchase price, which amount shall be due ten (10) days after receipt of the APA Merchandise. No royalties are due for APA Merchandise

purchased from a vendor other than an APA Licensed Supplier for distribution as Member incentives or giveaways.

6.6 Other Payments to APA: In addition to all other payments required to be paid to APA by this Agreement, you shall pay to APA (or its subsidiaries, affiliates or designees, as applicable) promptly when due, the following:

(a) Any sales, use, service, occupation, excise, gross receipts, income, property or other taxes on amounts that you collect on APA's behalf, but only after written notification to you or APA from a state, local, county, municipal or other taxing authority that such tax must be collected. You and APA each agree to notify the other if either receives notice from a taxing authority that any such taxes are due.

(b) All amounts advanced by APA or which APA shall pay, or for which APA shall become obligated to pay, on behalf of you for any reason whatsoever.

(c) All amounts for goods or services purchased by you from APA, or its subsidiaries, affiliates or designees.

6.7 Application of Payments: If you are past-due in paying any obligation to APA or any APA Affiliate (as that term is defined in Section 24.4) under any provision of this Agreement or any other agreement, APA shall have the right to apply any payment received from you to the oldest obligation due, first to interest and then to principal, whether under this Agreement or otherwise, notwithstanding any contrary designation or instruction by you as to its application. Any amounts owed by APA, or any APA Affiliate, to you may be applied, credited, or set off by APA, in its discretion, against any debt you owe to APA, or any APA Affiliate.

6.8 Interest and Late Fees:

(a) If you fail to submit the Annual Membership Fee for any player participating in the Franchised League to APA when due, in addition to the player's Annual Membership Fee, you must pay APA Five Dollars ($5.00) per unpaid player, or the then current administrative late fee applied to unpaid Annual Membership Fees, as set forth in the Operations Manual for each such player.

(b) If you are delinquent in submitting weekly royalties for league play to APA or other royalties due APA, in addition to the amount of the royalties, you must pay APA Twenty Dollars ($20.00) or the then current administrative fee as set forth in the Operations Manual for each delinquent royalty payment.

(c) In addition, all fees, royalties, and other payments owed APA will bear interest after their due date at the rate of one and one-half percent (1.5%) per month compounded monthly or such lesser amount allowed by law.

(d) Unless otherwise specified, a payment is delinquent if not paid when due.

ARTICLE 7
SPONSORS

7.1 APA Sponsors: APA (directly or through an affiliate) may, from time to time, enter into agreements ("Sponsorship Agreements") with national or regional sponsors ("Sponsors") under such terms, conditions and restrictions as agreed between the Sponsor and APA, in our sole discretion. Under such a Sponsorship Agreement, the Sponsor may lend or license to APA its name, trademarks, logos and goodwill ("Sponsor Marks") for use in the System and may provide other support to APA and the System. A Sponsorship Agreement, may, for instance, provide that the Sponsor's product is the "official product" of the APA, or that the Sponsor is the "title sponsor" of APA local league play, a tournament, or other event. All Sponsorship Agreements and the goodwill resulting from association of Sponsors and Sponsor Marks with the System and franchised leagues inure to the exclusive benefit of APA.

7.2 Sponsor's Rules Binding: You agree to abide by and be subject to all Sponsorship Agreements entered by APA, including all terms, conditions, restrictions and requirements of such agreements or set by APA or the Sponsor under such Sponsorship Agreements. You understand, for instance, that Sponsors may have the right to reject co-sponsors, and restrict you, APA and APA's franchisees from using products of or accepting sponsorship from the Sponsor's competitors. Sponsors may also place conditions, limitations or restrictions on use by APA and franchisees of Sponsors Marks and promotional, advertising and other business materials associated with the sponsorship ("Sponsor Materials"). You agree that during the Term of this Agreement and thereafter you will not dispute the ownership and rights of Sponsors in Sponsor Marks or Sponsor Materials.

7.3 Termination of Sponsorship: You acknowledge that APA's agreements with Sponsors may expire or terminate, Sponsors may change, or a Sponsor may modify, discontinue or substitute the Sponsor Marks and Sponsor Materials loaned to the System, with little or no prior notice to you. You agree that APA does not promise or guarantee the continued sponsorship of any Sponsor and APA has no obligation to enter or continue any Sponsorship Agreement. The loss of a Sponsor (by termination, expiration or otherwise) will result in loss of APA's and your rights to use the Sponsor Marks and Sponsor Materials and the loss of the goodwill that may have become associated with APA and its franchised leagues through the sponsorship. You acknowledge this potential loss, agree to accept that risk, and agree that APA will not be liable for any damages, loss, cost or expense of any kind sustained by you as the result of any loss, termination, expiration, or change of any Sponsorship Agreement, Sponsor Marks or Sponsor Materials, including actual, special, consequential, incidental or reliance damages. You acknowledge that you are not relying on the continuation of any Sponsorship Agreement or the benefit of any Sponsor Marks or Sponsor Materials in purchasing an APA franchise. Loss of any Sponsorship Agreement will not excuse you from performing your obligations under this Agreement.

7.4 Cooperative Agreements: Other than Sponsorship Agreements, APA may enter into agreements with other associations, organizations or persons (such as, for example, without limitation, the Women's Professional Billiards Association) to lend their endorsement or support to APA and the System ("Cooperative Agreements"). Such Cooperative Agreements may terminate, expire or change with little or no prior notice to you and, if so, the benefits and goodwill resulting from such endorsements and affiliation would be lost. You acknowledge this potential loss, agree to accept that risk, and agree that APA will not be liable for any damages, loss, cost or expense of any kind sustained by you as the result of any loss, termination, expiration, or change of any Cooperative

Agreement, including actual, special, consequential, incidental or reliance damages. Loss of any Cooperative Agreement will not excuse you from performing your obligations under this Agreement.

7.5 Relations with APA Sponsors: You acknowledge that APA has a unique relationship with and a strong protectable interest in APA Sponsors, and that interference with that relationship could irreparably harm APA and the franchised leagues. You agree to support and promote Sponsor activities and to maintain good relations with APA Sponsors and their local representatives and that you will not do anything that would be damaging to APA's relationship with any Sponsor.

7.6 APA Approval of Local Sponsors: You may solicit local businesses to sponsor the Franchise League ("Local Sponsors"). You must notify APA, in writing, of proposed Local Sponsors, and receive written approval from APA of any proposed Local Sponsor, prior to entering into any binding agreement with a Local Sponsor. APA shall have the right to reject any proposed Local Sponsor if, in APA's judgment and discretion, the proposed Local Sponsor would interfere with APA's relationship with an APA Sponsor or would reflect negatively on APA or the goodwill associated with the System and Marks.

ARTICLE 8
APA MEMBERS

8.1 APA's Rights in Members: All APA Members are solely Members of APA and are not members of the Franchised League. The goodwill derived from APA Members and their participation in the Franchised League is for the exclusive benefit of APA. You acknowledge that APA has a strong, unique and protectable relationship with, and interest in, the APA Members. Because of the importance of APA Members to the success of APA and the System, and therefore, to the franchised leagues, you must maintain good relations with APA Members and you agree that you will not do anything that would be damaging to APA's relationship with those Members. In your dealings with APA Members, you and APA agree at all times to make only positive and supportive statements about APA, other APA franchisees, and APA's rules, operations, methods, practices and procedures.

8.2 Membership Benefits: APA will offer its Members benefits and programs as APA considers appropriate from time to time. Benefits and programs currently provided include: periodically published newsletters and publications designed to encourage participation in our local franchised leagues and other APA events and programs; annual championship events and regional tournaments ("Higher Level Tournaments"), including our annual tournaments (with qualifications for participation, awards, entry fees, tournament dates and sites set by APA annually); and APA's official rules manual (currently known as the "Official Team Manual") containing the structure, rules and conduct of play in the franchised leagues and APA's Higher Level Tournaments. APA will continue to update and revise the Official Team Manual as we believe appropriate. You agree to support, promote and encourage player involvement in APA programs, events and tournaments and to distribute to all APA Members in your Territory all materials sent to you by APA for membership distribution.

ARTICLE 9
TRAINING AND GUIDANCE

9.1 Training Program: If you are a new franchisee, you will receive training from us in the operation, administration, sales and marketing of an APA Pool League business. Currently required training is in five parts ("Training Program"), as follows:

a. Discovery Day and Pre-Training: Before you are approved to become a new franchisee, you, or your owners, if you are a partnership, corporation or limited liability company, must attend Discovery Day and Pre-Training. During Discovery Day and Pre-Training you will not only have an opportunity to meet and interact with APA staff, but you will also receive some initial training on topics including, but not limited to, this Agreement, operations and customer service. You will also participate in an interactive demonstration of league match play. Currently, Discovery Day and Pre-Training is approximately four (4) days in duration.

b. Training through E-Learning and Webinars: APA may require, in its sole discretion, that you complete training courses through an online e-learning platform and/or attend webinars, preparing you for, or building upon the Training you receive at Discovery Day and Training Seminar I. You may be required to complete certain e-learning courses and/or webinars as a condition of attending Discovery Day and Pre-Training, and/or Training Seminar I, and then required to complete other e-learning courses and/or webinars after you attend Training Seminar I. All e-learning courses and webinars can be completed from your home of League office.

c. Training Seminar I: Prior to the start of your operation of the Franchised League, you (or your managing owner if you are a partnership, corporation or limited liability company) must attend and complete to APA's satisfaction the initial training program for new franchisees ("Training Seminar I"). Training Seminar I will train you in the System, including the Operations Manual, System Standards, and Software Program. Training Seminar I will be approximately six (6) days in duration, consisting of classroom instruction, and hands-on training with the Software Program. If you do not complete Training Seminar I, or if you are asked to leave Training Seminar I before it is complete, or if APA otherwise declines to execute this Franchise Agreement after Training Seminar I, you understand and agree that you will remain obligated to the Confidentiality and Non-Competition terms of Article 14.

d. Field Training: Generally, within the first three (3) months following Training Seminar I, we will send a representative to your market for approximately 3-4 days of additional sales training (the "Field Training").

e. Training Seminar II: Approximately six (6) months after we sign this Agreement, you must attend an additional training session covering subjects we believe important to your development as a League Operator, which may include operations, administrations, sales and marketing ("Training Seminar II"). Currently, Training Seminar II is approximately four (4) days in duration.

The cost to us of presenting Training Seminar I, Field Training, the E-Learning Courses and Webinars, and Training Seminar II is included in your Initial Franchise Fee. Training Seminar I and Training Seminar II are conducted in the St. Louis, Missouri metropolitan area. You are responsible for the costs you, and any of your staff, incur to attend Training Seminar I and Training Seminar II,

including, but not limited to, transportation, lodging, meals and wages. Training Seminar I and Training Seminar II are each offered on an as-needed basis. Generally, Training Seminar I is offered six (6) times per year and Training Seminar II is offered three (3) to four (4) times per year. APA reserves the right to expand, shorten, revise, or change the required training, or any part of the required training, as it deems appropriate in its sole discretion.

9.2 Additional Training:

a. Training for Your New Managerial Staff: New management personnel joining your Franchised League in the future may, at our option, be required to attend Training Seminar I so that they can learn how to properly operate and manage the Franchised League according to the System. Your Initial Franchise Fee does not include the cost of APA providing any training to any new management personnel. You must pay APA's then current fee for Training Seminar I, which will be fair and reasonable, as well as the cost of transportation, lodging, meals and wages of new management attending training.

b. Additional Training Required by APA: APA will offer from time to time additional training seminars and training webinars, as APA considers appropriate. Your participation in any additional training may be required by APA. If APA requires additional training, you (or your managing owner) must attend and complete the additional training to APA's satisfaction. You will be responsible for the costs of attending any additional training. Additional training seminars and training webinar will be at such times and places as APA may designate or through any mode of communication as APA may designate.

9.3 Continuing Guidance: APA will continue to provide you advice and written materials, as APA considers appropriate, to help you in your operation of the Franchised League, including required and suggested management procedures, marketing techniques, methods for the efficient operation of your league, and developments in our System and Marks. Our guidance shall be based upon our experience in pool league operations. Because the results of business advice depend on many factors not within our control, the success of such advice cannot be warranted.

9.4 Promotional Materials: APA will provide you prior to your start of operations, at no charge, with a sufficient number of sales aids such as posters, brochures and the like, based on the size of your Territory and a reasonable estimate of prospective and/or actual APA Members in your Territory. We will continue to develop new marketing materials and downloadable templates and formats for marketing materials, as we consider appropriate, and we will make these materials, templates and formats available to you. You may also develop your own promotional and advertising materials consistent with our System Standards. APA shall have the right to charge a reasonable cost for quantities of materials it believes excessive or for special or optional materials and sales aids.

9.5 Other Support: To assist you in administering the Franchised League, APA will license to you our proprietary Official Team Manual, which will be further developed and modified as we consider appropriate, train you in our rules of league play through our Training Program and provide on-going guidance in implementing the rules. We will further offer and conduct, as we consider appropriate, Higher Level Tournaments open to APA Members and teams who qualify from the Franchised League. We will attempt to refer any inquiries we receive from prospective players located in your Territory to you and will also provide, at your request, such information on APA Members in your Territory as we believe appropriate.

ARTICLE 10
UNIFORM SYSTEM
CONFIDENTIAL & PROPRIETARY OPERATIONS
MANUAL, SOFTWARE AND SYSTEM INFORMATION

10.1 APA's Uniform Proprietary System: To protect the reputation and goodwill of APA under the Marks and the System, to maintain APA's uniform standards of service and operation, and for the mutual benefit of APA and its franchisees, you agree (i) to strictly comply with APA's uniform System Standards, (ii) to respect APA's ownership and proprietary rights in the System, and (iii) to protect the confidentiality of the System. You acknowledge that APA's confidential and proprietary Operations Manual and Software Program are integral parts of the System, and that the System includes APA's uniform standards, formats and rules for league play; APA's scoring and handicapping system which allows players of all abilities to compete; APA's Higher Level Tournaments; the Training Program; APA's methods and materials for advertising and promoting league play; and APA's other methods, knowledge and know-how for league operation and management (collectively, the "Proprietary Information"). You further acknowledge that the System and Proprietary Information have been developed by APA through extensive time, effort and expense, and that it may be further developed, refined, modified or changed by APA in its discretion. Revisions and modifications to the Operations Manual, made by APA from time to time, as well as the Operations Manual, itself, may be posted on the APA's online Resource Library, or through any other means as APA deems appropriate in its sole discretion. You agree that any methods, ideas, improvements, changes or suggestions developed by you (or any employee or agent of the Franchised League) within the scope of the System or the operation or promotion of the Franchised League shall become a part of APA's System and property of APA, without compensation to you. You hereby assign to APA all of your rights in any such methods, ideas, improvements, changes and suggestions to APA and agree to execute all documents necessary to carry out this assignment and agree to obtain the assignment of any rights of any employee or agent of the Franchised League.

10.2 Ownership of Proprietary Materials and Information: You and your owners acknowledge and agree that APA is the owner of the System and all Proprietary Information, including the copyright to the Operations Manual, Software Program, and all other advertising, promotional and business materials. Nothing in this Agreement shall be construed to give you any right, title or interest in the System or any of the Proprietary Information except for the revocable non-exclusive license to use the System and Proprietary Information during the Term of this Agreement and under the terms and conditions of this Agreement. Further, you agree that any other materials, information or know-how developed by you (including your owners, employees or agents) in the operation and promotion of the Franchised League during the Term shall be considered part of the Proprietary Information owned by APA, and you agree to execute any necessary assignment of your rights in such material, information and know-how, including any copyrights, to APA during the Term or thereafter. You and your owners further agree, during the Term and thereafter, that you will not dispute APA's ownership of the Proprietary Information (including the validity and APA's ownership of copyrights and trade secret rights claimed by APA in the Proprietary Information); will not use the Proprietary Information in any other business or capacity; and will not do or permit anything to be done in derogation of any of the rights of APA in the Proprietary Information.

10.3 Loan of Operations Manual and Obligation to Conform to System Standards: Upon granting the franchise, APA shall lend you one copy of APA's confidential and proprietary Operations Manual (the "Operations Manual") for your use solely in the operation and management of the Franchised League during the Term of this Agreement. The Operations Manual will contain our System Standards. You agree to conduct the Franchised League strictly in accordance with the System Standards. APA may make additions to, deletions from and revisions to the Operations Manual and its System Standards by written notices issued hereunder or by bulletins issued periodically by APA. Such additions, deletions and revisions will not be effective for at least ninety (90) days after issuance (or such greater time reflected in the notice or bulletin or lesser time if required by law). Section 24.2 shall not apply to notices or bulletins provided for in this Section. Such notices and bulletins may be sent by first class mail, postage prepaid, fax to the league fax number, email to your league email address, or any other reasonable means of delivery. You agree such changes shall become part of the Operations Manual and System Standards and are binding upon you on their effective dates. You shall keep the Operations Manual current and up-to-date at all times. In the event of any dispute as to your obligations under the Operations Manual, the master copy of the Operations Manual maintained by APA at its headquarters shall be controlling. If you misplace, lose or require replacement of the Operations Manual during this Agreement or at its termination, you agree to pay APA the then current replacement fee.

10.4 License of APA's Software Program/Application; Obligation to Use and Maintain; and Equipment Requirements: You agree to obtain and use the version or module of the Software Program that APA specifies from time to time, or other APA-developed or commercially available software programs or applications that APA may specify from time to time, for use in your management of the Franchised League. In granting the franchise, APA will license to you the current version of the Software Program (which currently includes our software application, Nexus and our tournament administration software, TMS) which is confidential and proprietary, and you agree to sign and be bound by the Software License Agreement attached as Exhibit I (the "Software License Agreement"), the terms of which are an integral part of this Agreement. APA and you agree that if there is any conflict between this Agreement and the Software License Agreement with respect to the Software Program or the Software Support and Maintenance Fee, the terms of this Agreement will govern. The Software Program may not be used for any other business or activity other than in your management of the Franchised League during the Term of this Agreement.

You agree to obtain a computer system (computer hardware, operating software and related equipment) sufficient to effectively use APA's current Software Program and meeting the specifications set forth in the Operations Manual. Because of the rapid changes in computer technology, a computer meeting only the minimum requirements needed to use the current version of APA's Software Program may not be suitable to operate future versions of the Software Program or to perform functions that may become required for league operations in the future. You also agree to purchase and maintain a printer, scanner, telephone answering or voicemail system, and such other equipment as we determine appropriate in the Operations Manual. APA may also require that you purchase a GPS device if we consider it appropriate for you to effectively cover your Territory.

10.5 Software Program and Computer Requirements May Change: You agree that APA in its discretion may further develop, change, modify, enhance, add to or substitute the required Software Program and APA's requirements or specifications for your computer system, and that APA may impose new or different terms and conditions on the use of such software, which terms and conditions APA agrees will be reasonable. You agree to sign or accept as binding upon you such terms

and conditions as may be contained in a software license agreement for any software program, version, or application that APA may specify, develop or release in the future for your use in operation of your league. APA has the right to completely change, replace, add to, create future versions of, modify or enhance the Software Program as it seems fit. Future versions, modifications, enhancements of the Software Program (including without limitation an application on a web-based or other platform) will be intended to meet those requirements APA believes are appropriate to operate the Franchised League, administer new league formats or programs, and report on and make payments in connection with league operations. Further, you agree that future versions of the required Software Program or other changes in our System Standards might require you to upgrade your computer system and incur costs in obtaining other or additional computer hardware, equipment and software. APA agrees to consider the cost of such enhanced technology in an attempt to keep reasonable the cost to you of such enhanced technology.

10.6 Software Support and Maintenance: Because the Software Program is a proprietary program, you agree that APA may restrict the vendors authorized to provide support and maintenance of the Software Program. You agree that support or maintenance of the Software Program must be performed only by APA personnel, or a vendor authorized and designated by APA from time to time. Although APA reserves the right to provide and be the exclusive authorized source of support and maintenance of the Software Program, if APA does not provide the support or maintenance for the then current version, APA will obtain an authorized vendor to provide such services.

The Software Program (including all updated versions, other modifications and applications) is provided "as is". APA makes no warranty the software is free from defects. However, APA will correct, as soon as practicable, subject to payment of the Software Support and Maintenance Fee, any defect in the software. **In no event will APA be liable for any incidental, consequential or reliance damages resulting from your use of the Software Program, or from defects with the Software Program, even if we have knowledge of the potential loss or damage.**

10.7 Claims and Disputes Involving Software Program: APA has the authority to grant you a revocable non-exclusive non-transferable license to use the Software Program, without the consent of any other party, and neither the performance of maintenance and support services by APA or Contractor nor the license granted herein, will, in any way, constitute an infringement or violation of any copyright law, trade secret law, trademark law, patent law, or to APA's knowledge, the proprietary information, non-disclosure or other rights of any third party.

APA will defend any suit or proceeding brought against you to the extent that it is based on a claim that the Software Program, or any part thereof, used in the manner specified in this Agreement, constitutes an infringement of any patent or copyright of the United States or misappropriation of a trade secret, provided you promptly notify APA of such claim in writing and give the authority, information and assistance that in APA's judgment is needed for the defense or resolution of such claim. If a final non-appealable judgment is entered that use of the Software Program, or any part thereof, constitutes an infringement or misappropriation and its use is enjoined, APA will, at its sole discretion and at its own expense:

(1) procure for you the right to continue using the Software Program or part thereof;

(2) replace the Software Program with a non-infringing product; or

(3) modify the Software Program as to become non-infringing.

10.8 Claims and Disputes Involving Copyrights: You must immediately notify APA of any infringement of or challenge to APA's (or any Sponsor's) copyrighted materials. APA has the sole right and discretion to take whatever action APA thinks appropriate, and APA may bring, defend or settle any claim. APA is not required to protect or defend copyrights. You may not assert any infringement claim on your own. If APA decides to modify or discontinue use of any manual or other material for any reason, you must also do so. APA will have no obligation to reimburse you for any cost if APA decides to modify any manual or other material. If APA decides to discontinue use of any manual or other material you are required to return it to APA, and APA's sole obligation will be to reimburse you for the delivery cost of returning the manual to APA. We will not, under any circumstances, reimburse you or be liable to you for any lost business, lost profits, actual, special, consequential or reliance damages, and costs and expenses (except for the costs of returning the manual or other material to APA as specifically stated above) as a result of any infringement, claim, or the change or discontinuance of any material.

10.9 Use of Member, Player, and Team Lists and Other Records: You agree that APA has the sole rights to and interest in all lists, records, contact information, and data of franchisees, APA Members, players, teams and host locations and all records relating to league play, including, but not limited to, player and team participation, performance and handicaps, and records of membership fees. You agree that you will not use any list of franchisees, APA Members, players, teams, or host locations, or any records relating to league play, including, but not limited to, player and team participation, performance and handicaps, or records of membership fees, in any manner or for any purpose that is not directly related to your operation of the Franchised League, or for any reason after the termination or expiration of this Agreement. Without limitation, you may not solicit, promote, market or sell to APA Members any goods, services, or events not directly related to the operation of your APA Franchised League or which further the commercial interests of some non-APA business or enterprise, without APA's prior written approval. The terms of this Section will survive any termination or expiration of this Agreement.

10.10 League Websites, Social Media, Email Addresses and Telephone Numbers: You agree that APA has the sole rights to and interest in all APA League websites, social media pages (such as the Facebook page, or Twitter account associated with your League), League email addresses and telephone numbers, and other electronic media and means of communication used in connection with League operations and marketing. APA will provide you at no charge with a League website and APA email addresses for you and your staff. You must use and keep updated your APA League website. You may also make use of a business Facebook page or other social media page or account for your League and if you do so, the Facebook page or other social media page or account associated with your League, must be kept updated and reflect positively on the APA and you as our League Operator. By entering into this Agreement, you hereby authorize APA to access your business Facebook page or other social media page or account associated with your League, at any time, for any reason, and you hereby give APA an irrevocable and durable power-of-attorney to alter, add content to, or shut down any Facebook page or other social media page or account, associated with your League. If you have a personal Facebook (or other social media) page you must keep it separate from your League activities and refrain from inappropriate posts that will reflect negatively on you as an APA representative.

10.11 Obligation to Comply with Privacy Laws and Privacy Policies: You must comply with all laws and regulations relating to privacy and data protection applicable to you and the Franchised League. You must also comply with any privacy policies or data protection and breach response policies APA may, periodically, establish. You must notify APA immediately of any suspected data breach at, or in connection with, the Franchised League.

ARTICLE 11
MARKS

11.1 Limited License Only: You are granted a limited, revocable, non-exclusive license to display and use those Marks designated by APA in the operation of the business of the Franchised League during the Term and under the conditions of this Agreement and our System Standards. Such Marks include (a) the designated trade names, trademarks, service marks, business names, brand names, logos, symbols, slogans and other indicia of source owned by APA ("APA Marks") and (b) the designated Sponsor Marks loaned to APA under Sponsorship Agreements.

11.2 Use of APA Marks on Purchased Goods: You are also granted the right to purchase and have made APA Merchandise from third party vendors other than an APA Licensed Vendor in accordance with this Section 11.2. However, this right does not apply to Sponsor Marks. You may purchase APA Merchandise directly from a pre-authorized vendor who is listed in the then current version of our Operations Manual or another third party vendor of your own choice reasonably acceptable to APA. APA Merchandise must be used solely in connection with operation of your Franchised League. You may not grant your third party vendor any rights to use the APA Marks on items for any other party, including the vendor, or to sell any APA Merchandise to any third party.

All use of the APA Marks on APA Merchandise pursuant to this Section 11.2 and such APA Merchandise itself, must comply with the provisions of the Operations Manual relating to such items. Although you are not required to obtain our approval prior to purchasing such items, such prior approval is suggested, and can be obtained by sending a sample of each item of APA Merchandise to APA for review. If you do not obtain our approval of a specific piece of APA Merchandise, you must promptly deliver a sample of each item bearing any of the APA Marks purchased pursuant to this Section 11.2 promptly after you purchase the item. You do not need to deliver a sample of APA Merchandise purchased from an APA Licensed Supplier. If delivery of a sample is required, pursuant to this Section 11.2 or pursuant to the obligations set out in the Operations Manual, the sample must be accompanied by a copy of the invoice for your purchase of the items and the invoice must be marked to indicate your intended use for the items so that we can determine the amount of any royalty due us under Section 6.5 with respect to the item. When permitted by the Operations Manual, the sample that you submit may be in the form of a digital photo of the APA Merchandise. If we object to an item which bears the APA Marks you will promptly discontinue all use of the objectionable APA Merchandise.

If we change or discontinue an APA Mark, we will notify you or issue a bulletin to all APA franchisees whether you may continue to use APA Merchandise bearing the changed or discontinued APA Mark until your supply is exhausted or whether you must discontinue all use of such APA Merchandise. If we notify you that such APA Merchandise must be discontinued, you agree to discontinue all use of such APA Merchandise by not later than one (1) year from the date of our notice.

In no event may you purchase any additional APA Merchandise bearing, or otherwise use, the changed or discontinued APA Mark.

Except as provided in this Section 11.2, you may not make, purchase, sell or distribute merchandise bearing any of the Marks, nor authorize or permit anyone else to do so, without APA's prior written approval (and the consent of a Sponsor if the Mark is a Sponsor Mark).

11.3 Obligation to Follow APA and Sponsor Rules: You agree to comply with all System Standards established by APA (including those rules required by Sponsors) in your use of the authorized Marks. You must use and prominently display the designated Marks in conducting and promoting the Franchised League and in the manner we designate. The Marks must be used as depicted by APA and cannot be changed or modified in any way. You must use the "®" symbol with registered marks and the "TM" or "SM" symbols with non-registered marks, as APA designates. You further understand and agree that Sponsors might need to approve any use by you of Sponsor Marks and that such approval might be required prior to use. You agree to comply with any Sponsor's instructions for the use of a Sponsor Mark.

11.4 Obligation to Use Only the Marks: To promote nationwide uniformity and identification of APA Franchised Leagues, you must use our designated Marks and only our designated Marks in all public identification, promotion and reference to the Franchised League. You agree to adopt and use only the trade name "APA" or "American Poolplayers Association" or any other fictitious or assumed name or "d/b/a" specified by APA when referencing the Franchised League. You shall only operate the Franchised Leagues using a trade name or a "d/b/a" approved by APA. You shall not use any other name in the operation of your business without APA's written consent. If your state requires the registration of fictitious or assumed names, you must obtain the required registrations of the trade name specified by APA. You agree that you will not use any other trademark, service mark, trade name, business name, brand name, symbol, or logo in your business other than the Marks designated by APA.

11.5 Authorized Marks Subject to Discontinuance, Substitution, Change: We may add, substitute, change or discontinue the Marks and our rules concerning your use of the Marks at any time at our discretion. We will provide you written updates advising you of changes in the authorized Marks or APA's rules concerning your use of the Marks. You must promptly comply with such changes. You understand that APA's Sponsorship Agreements may terminate or expire and that upon termination or expiration of such a sponsorship, APA and its franchisees will lose the right to use the Sponsor Marks and Sponsor Materials of such Sponsor and you must promptly discontinue using such Sponsor Marks and Sponsor Materials. APA may supply you with substitute materials or reimburse your actual tangible costs of compliance (such as changing signs, letterhead, etc.), but APA is not obligated to compensate you for any substitution, change, loss or discontinuance of any Mark or any loss with respect to destruction of APA Merchandise bearing such Mark. You waive and agree not to assert any claim against APA or any APA Sponsor for actual, consequential, incidental, reliance or special damages, costs or expenses (including loss of profits, earnings, revenue or business) that result from your use of or the modification or substitution, change, loss or discontinuance of any Mark.

11.6 Ownership of Marks: You agree that the Marks (which include APA Marks and Sponsor Marks) and all associated goodwill are owned by and the exclusive property of APA or APA Sponsors, as the case may be. Further, you agree that any other marks, trade names, slogans, logos,

symbols, and other indicia of source (including all associated goodwill) used or developed by you in the operation of the Franchised League during the Term shall be considered APA Marks and the exclusive property of APA, and that you will execute any necessary assignment of such rights to APA during the Term or thereafter. You further agree, during the Term or thereafter, that you will not contest the ownership or rights of APA or any APA Sponsor in or the validity of any of the Marks, and that you will not claim any ownership of or rights in any goodwill or reputation associated with the Marks. You agree not to do or permit anything to be done in derogation of any of the rights of APA or any APA Sponsor in the Marks or goodwill.

11.7 Claims and Disputes Involving Marks: You must immediately notify APA of any information that you acquire concerning any use by others of names or marks which are the same as or confusingly similar to any of the Marks. APA will evaluate the situation and take action if APA believes it appropriate in our discretion. APA is not obligated to take action. You may not take such action on your own. You must also immediately notify APA of any claim or challenge by a third party to your use of any of the Marks. APA will defend you against such claim or challenge provided that the claim does not arise out of your unauthorized use or misuse of the Marks. APA has the sole right to defend or settle the claim as APA sees fit, and you may not defend or settle the case on your own.

ARTICLE 12
MARKETING AND ADVERTISING

12.1 Active Marketing Required: You shall use your best efforts to promote and develop the business of the Franchised League and start your sales and marketing efforts upon this Agreement becoming effective; however, you may engage in or possess an interest in other business ventures of every nature and description, independently or with others, so long as those activities do not violate Section 3.4 of this Agreement and provided those activities do not materially and adversely affect your efforts to promote and develop the business of the Franchised League. You agree that to adequately serve your Territory and keep your rights in the Territory under this Agreement, you must and will actively and continuously, throughout the Term of this Agreement, recruit new players, solicit new host locations for league play, participate in the programs we develop and establish, and market and develop pool playing throughout the Territory in accordance with APA's guidelines, as they exist now, and as may be further developed or revised in the future. Failure to actively and continuously market, establish and increase participation in league play throughout your Territory will deny potential players the opportunity to play under the System and result in stagnation of your Franchised League. Also during all sessions of league play (excluding summer sessions), your Team Count must equal or exceed 70% of the greatest number of Standard Format Teams (as defined in Section 4.3 c) that have ever participated in the Franchised League since you first began operating the Franchised League. This requirement is in addition to the Team Count Growth Requirements, if any, applicable under Section 4.3.

12.2 Advertising Fund: APA may offer from time to time an advertising plan covering a geographic area (national, regional or local) selected by us in our discretion. If your franchise territory is within the plan's geographic area and the plan is approved by a vote of franchisees within the area, under the terms of this Section, you will be obligated to contribute to the advertising plan subject to the limitation described below. We have the sole authority to manage and use the advertising funds as we feel appropriate in carrying out the approved plan. We are not obligated to make advertising expenditures in your Territory that are equal or proportionate to your contribution, nor are we obligated to ensure that you, in particular, benefit directly from the

advertising expenditures, or in proportion to the amount of money you were assessed under the plan. If you contribute to an advertising plan under the terms of this Section you may, upon reasonable notice, review the books and records kept by us in administering the plan. In any vote to approve an advertising plan, every franchisee within the area covered by the plan (except APA owned outlets) shall be entitled to cast votes based on the number of persons residing in the franchisee's territory. A franchisee in a territory of less than 200,000 people may cast one vote; a franchisee whose territory is between 200,000 and 499,999 people may cast two votes; and a franchisee of a territory of 500,000 people or more may cast three votes. If two-thirds (2/3) of the eligible votes in the area are in favor of the plan, the plan is approved and you will be obligated to pay the amount assessed in the plan subject to the following limitation: You shall not be required to contribute to the advertising plan for any period an amount exceeding five percent (5%) of your Gross Revenues for that period. "Gross Revenues" means all Basic Weekly Fees collected by you from, or required to be paid to you by, players and all other fees due to you, and amounts received by you, in the operation of the Franchised League, except Annual Membership Fees and money designated for the Franchised League's Players Fund.

ARTICLE 13
FRANCHISEE ENTITY, OBLIGATION TO MANAGE BUSINESS, AND GUARANTY OF OBLIGATIONS

13.1 Franchisee Entity: Before you begin the Training Program, you must complete the Franchisee Ownership Schedule (Exhibit F) (the "Franchisee Schedule") to indicate whether you are going to own the Franchised League as a sole proprietor, through a partnership, or through a corporation or limited liability company. You must also provide APA a list identifying all of the owners of the entity (including their spouses) and their ownership interest or percentage in the entity. No one may have an interest in the Franchised League, or in the business entity that owns the Franchised League, unless they are approved by us. By signing this Franchise Agreement you warrant that the information set forth on the Franchisee Schedule is complete and accurate. Should this information change due to you transferring ownership of the League to a wholly-owned corporation or limited liability company pursuant to Section 19.8 of this Agreement, you must provide APA with an updated Franchisee Schedule within ten (10) days of the change. You further agree and acknowledge that any change or other transfer of an Interest in the Franchised League is void unless it complies with the provisions of Article 19, below. If you are a partnership, corporation or limited liability company you must also provide APA with a copy of your organizational documents, before you begin Training Seminar I. Such documents include, but are not limited to, your articles of partnership, incorporation or organization; partnership, shareholder, membership, or operating agreement; charter and bylaws. You agree not to amend or alter your organizational documents or enter into a merger, consolidation, transfer or other reorganization without APA's prior written approval, and you must provide APA with a copy of any new or revised organizational documents within ten (10) days of them becoming effective. Your stock certificates or other certificates of ownership shall state that assignment, transfer or encumbrance is restricted by this Agreement. If you are a partnership, corporation or limited liability company, the Franchised League must be partnership or entity's sole business and the partnership or entity must not own any assets unrelated to, or unnecessary for, your operation of the Franchised League.

13.2 Obligation to Manage League: APA has granted this franchise in reliance on your abilities and on your representation that you, and, if applicable your owners, will personally participate in and give attention to, the management and operation of the Franchised League. If you

are an individual, you must be the manager of the Franchised League. If you own the Franchised League with your spouse, and with only your spouse, you, or your spouse, must be designated as the manager. If you own the Franchised League through a partnership, corporation or limited liability company, the entity's majority owner must be designated as the manager. Unless otherwise approved by APA, in its sole discretion, the manager must permanently reside within the Territory at all times during the Term of this Agreement, or within the territory assigned under another franchise agreement between you and APA. The manager must successfully complete our Training Program. The manager must personally manage the Franchised League and assure compliance with the Franchise Agreement and System Standards, including, without limitation, organizing and administering league play; operating the business; properly and timely maintaining player scores and enforcing proper scorekeeping; properly maintaining handicaps under APA's Equalizer® scoring and handicapping system; assuring fees are collected, records are maintained and royalties are paid; soliciting and maintaining relations with APA Members, players, teams and host locations; and ensuring that the Players Fund is accounted for, held and managed consistent with the terms of this Franchise Agreement and the requirements stated in the Operations Manual. The manager may not delegate any of their obligations to any other person without APA's prior written consent, unless the delegation is to another owner of the League in which case you must notify APA of the delegation in writing prior to the delegation becoming effective. APA is not required to give our consent, and may refuse consent or give consent on conditions APA believes appropriate in its sole discretion. Generally, you must successfully complete the Conditional Term (if this is a Conditional Term Franchise Agreement) and have at least 100 teams regularly participating in the Franchised League before APA will consider consenting, however satisfaction of these factors does not entitle you, or, if applicable, your manager, to delegate any of your obligations under this Franchise Agreement. APA may require that any new manager it has approved to manage, or assist in operating, the Franchised League, complete the Training Program to APA's satisfaction before assuming management functions.

13.3 All Owners of Franchisee and Spouses Must Guaranty Obligations: All of your owners, and their spouses if the spouses are not owners, must personally guaranty your performance of all obligations under, and be personally liable for, any breach of this Agreement. All such persons must sign the "Guaranty & Assumption Agreement of Franchisee's Owners/Spouses" (Exhibit G) and the "Confidentiality and Non-Competition Agreement" (Exhibit H) as a condition precedent to APA entering into this Agreement. APA is relying, in part, on all such persons accepting, and agreeing to be bound by, the terms those agreements, when deciding to enter into this Franchise Agreement. All owners and spouses shall be jointly and severally liable for all of your obligations under this Agreement, or for your breach of this Agreement.

ARTICLE 14
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

14.1 Acknowledgments: You acknowledge that APA's System (including its confidential and proprietary Operations Manual, Software Program, System Standards and methods and know-how for operating and promoting the pool leagues, tournaments and events) has been developed by APA over many years, is the result of substantial effort, expense and experience, is highly confidential and valuable, and is comprised of information not generally known to competitors that, if disclosed to or used by, competitors, would give them advantages presently enjoyed by APA and its franchisees. The System will be disclosed to you by APA solely to help you operate the

Franchised League during the Term of and under the conditions of this Agreement. As a result of your training and support by APA and your operation of the Franchised League under the System, you will develop: 1) substantial knowledge of the System and 2) relations with APA Members participating in the Franchised League. But for the training, support and experience gained through this franchise, you, and if applicable, your owners, officers, directors, manager and employees, would be without knowledge of and expertise in the operation of a pool league, would be without knowledge of or expertise in the System, and would not have developed a relationship with APA Members. You agree that the confidentiality and non-competition obligations described below are reasonably designed to serve the legitimate and protectable interests of APA, do not unreasonably and unnecessarily restrict you (or your owners, officers, directors, manager or employees), and that the obligations are reasonable in time and scope, will not prevent you or them from earning a living within the area, and can be enforced by any court or arbitrator having proper jurisdiction.

14.2 Obligation to Maintain Confidentiality: You agree that at all times during the Conditional Term (if it applies), the Regular Term, or any Renewal Term and ***after*** expiration or termination of this Agreement, you, your owners, officers, directors, manager, and employees (1) will maintain the absolute confidentiality of the System, including, without limitation, the contents of the Operations Manual, the Software Program, the System Standards, all other confidential and proprietary information relating to, and included in the System, and the list and records of participants in the Franchised League and APA Members; (2) will not use the System (or any part thereof) in any other business or capacity; (3) will not make any unauthorized copies of the Operations Manual, Software Program or any other confidential and proprietary material or information of the System; and (4) will adopt and implement all reasonable procedures APA prescribes from time to time to prevent unauthorized use or disclosure of the System. You and, if applicable, your owners, officers, directors, manager and employees agree to sign and be bound by the Confidentiality and Non-Competition Agreement (Exhibit H) as a condition precedent to APA entering this Agreement. We agree that if there is any conflict between this Agreement and the Confidentiality and Non-Competition Agreement, the terms of this Agreement will govern.

14.3 Non-Competition During This Agreement: You, and your owners, officers, directors, manager, employees, agents and their respective spouses, agree that you and they will not, during the Term of this Franchise Agreement, any prior Franchise Agreement granting you the right to operate the Franchised League, or any subsequent Franchise Agreements between you and APA, or during their affiliation with you or the Franchised League, directly or indirectly, have any interest in, as owner, partner, director, officer, employee, consultant, representative or agent, or otherwise engage in or lend knowledge or support to any non-APA pool league, tournament or event or any business that operates, manages, conducts, franchises or licenses any pool league, tournament or event; provided, that this Section does not prohibit you or your owners, officers, directors, manager, employees, agents or their respective spouses from playing in a non-APA pool league, tournament or event, or from owning less than five percent (5%) of any company listed on any national securities exchange.

14.4 Non-Competition After this Agreement: You agree that for two (2) years after expiration or termination of this Agreement, you and your owners will not, directly or indirectly (1) have any interest in, as owner, partner, director, officer, employee, consultant, representative or agent, or otherwise engage in or lend knowledge or support to any non-APA pool league, tournament or event or any business operating any pool league, tournament or event within your Territory, or any adjacent county; (2) engage in, support, or assist in the solicitation of any APA Members, host

locations, or Sponsors that have participated in the Franchised League to participate in any non-APA pool league play, tournament or events within your Territory, or any adjacent county; or (3) have any interest in, as owner, partner, director, officer, employee, consultant, representative or agent, or otherwise engage in or lend knowledge or support to any business engaged in franchising, licensing, or otherwise establishing, developing or managing a national or regional pool league operation; provided, that this Section does not prohibit you or your owners, officers, directors, manager, employees or their respective spouses from playing in a non-APA pool league, tournament or event, nor does it prohibit you or them from owning less than five percent (5%) of any company listed on any national securities exchange. You further agree that your owners, officers, directors, manager, employees and their respective spouses must agree to refrain from these same competitive activities for a period of two (2) years after they cease all affiliation with you and the Franchised League, and they must sign and be bound by the Confidentiality and Non-Competition Agreement (Exhibit H) as a condition precedent to APA entering this Agreement.

14.5 Persons That Later Join Your Business: You agree that every person that becomes an owner, becomes your spouse or becomes the spouse of an owner of the Franchised League during the Term of this Agreement, as well as every person who becomes a director, officer, manager, or employee of the Franchised League during the Term of this Agreement must also sign and be bound by the then current form of the Confidentiality and Non-Competition Agreement required by APA. You agree to have each such person execute APA's currently applicable Confidentiality and Non-Competition Agreement. You shall promptly provide APA with either the executed original Confidentiality and Non-Competition Agreement or a copy of the executed Confidentiality and Non-Competition Agreement, as APA may require, signed by each such person immediately upon that person becoming an owner, your spouse, the spouse of an owner, a director, an officer, a manager or an employee of the Franchised League.

14.6 APA's Right to Enforce Obligations: You hereby grant APA the right, but not the obligation, to enforce the confidentiality and non-competition obligations in your name or APA's name against any owner, director, officer, manager, employee or agent of the franchisee entity that breaches any confidentiality obligation.

14.7 Host Location Ownership or Affiliation is Not Allowed: You may not have an ownership interest in nor have a management role at any bar or pool room in your Territory, without APA's prior written approval. Some people might think that there is a natural fit or "synergy" between owning an APA pool league and owning a pool room or bar with pool tables. History has time and time again proven this to be incorrect. There are two major reasons why we prohibit franchisees from owning or managing a location: (1) Running a bar or pool room takes up an incredible amount of time that is better spent building teams and building relationships with your Host Locations; and (2) When you own or operate a bar or pool room, you and your APA League will be perceived by Host Locations in your area not as a no-cost benefit to their business but as a competitor. You will be perceived as favoring your bar or pool room over other locations or as favoring the teams that play out of your location, no matter how "fair" you think you're being.

14.8 Other Activities at APA Events: You agree that you will not at any time during any APA event engage in any activity that is not directly related to the operation of the Franchised League or to your obligations as an APA franchisee, including, but not limited to, any solicitation, marketing or promotion on behalf of any other business, enterprise or product, service or event, whether or not such business, enterprise, product, service or event competes with APA, without the written approval

of APA. As used in this Section the following terms have the following meanings: (a) "location" means the general location of such event, including any room within the building or facility in which such event is conducted, and any location within 500 yards of the perimeter of such building or facility; (b) "during" means the time period that such event is being conducted and the 24 hours before its start and after its completion; (c) "you" means you and your owners, officers, spouses, employees, agents or representatives; and (d) "APA event" means any event sponsored, produced by, related to or conducted by the Franchised League, APA or an APA Sponsor.

ARTICLE 15
RELATIONSHIP OF THE PARTIES

15.1 Independent Contractor: You and APA agree that this Agreement does not create a fiduciary relationship between APA and you, and that APA and you are and shall be independent contractors. This means that APA is not obligated to put your best interest above its own, and does not have a duty to protect your best interest. Nothing in this Agreement shall make APA or you a general or special agent, joint venturer, partner or employee of the other for any purpose. You shall conspicuously identify yourself as the independent franchisee of the Franchised League operating under a license from APA in your dealings with APA Members, host locations, contractors, suppliers, public officials and others and on all checks, invoices, receipts, contracts, business cards, stationery, and any other materials that APA might require you to use. If you are a corporation, partnership or limited liability company, the name under which your business is chartered, incorporated or formed shall not include any of the Marks, the phrase "American Poolplayers Association", or the letters "APA." You may not make any agreement, representation or warranty, or incur any debt, on behalf of APA or any Sponsor, or otherwise make or undertake any legal obligation that may result in APA or any Sponsor being liable for any of your obligations. APA and you shall not be obligated or liable under any agreement, obligation, representation or warranty made by the other that is not expressly authorized by this Agreement. You acknowledge and agree neither APA nor any Sponsor will be liable for any debt, obligation, or damages to person or property directly or indirectly arising out of your operation of the Franchised League, whether caused by your negligent or willful action, failure to act or otherwise.

15.2 No Employment Relationship: Notwithstanding any other provision of this Agreement, you will control and be solely responsible for the day-to-day operation of the Franchised Business and the terms and conditions and employment of your personnel, including the soliciting, hiring, firing, disciplining, paying, scheduling, and managing of the Franchised League's employees.

15.3 Taxes: You agree to collect and, subject to Section 6.6(a), pay all sales, use, service, occupation, excise, gross receipts, income, property or other taxes arising from your operation of the Franchised League, whether such taxes are levied on you, the Franchised League, APA or any Sponsor, other than taxes imposed with respect to the income or assets of APA or a Sponsor. You are not obligated or responsible for the collection or payment of any sales tax on APA membership or APA royalty income unless notified as described in Section 6.6(a).

15.4 Indemnification:

(a) You agree to indemnify, defend and hold harmless APA and our Sponsors and the affiliates, shareholders, officers, directors, employees, agents, attorneys, successors and assigns of APA and any Sponsor (collectively the "Indemnified

Parties") from and against all damages, liabilities, losses, taxes, penalties, fines, debts, costs and expenses (including reasonable attorneys', accountants' and expert witness fees, expenses and costs) incurred by the Indemnified Parties in investigating, preparing for, bringing, defending, settling or satisfying any claim, demand, suit or proceeding, directly or indirectly, arising out of the operation and business activities of the Franchised League or your breach of this Agreement, including, but not limited to, trademark and copyright infringement claims arising from your misuse or unauthorized use of any trademark or copyrighted work; your breach of any agreement, contract, law, rule, or regulation; libel, slander, defamation, unfair competition or unfair trade practices; breach of any provision of this Agreement; and the acts, errors or omissions of you or any of your owners, employees or agents); provided, however, that you shall not be obligated to indemnify any Indemnified Party for any damage, liability, loss, tax, penalty, fine, debt and expense to the extent that such damage, liability, loss, tax, penalty, fine, debt, cost or expense results solely from the negligence or willful misconduct of that Indemnified Party.

(b) APA agrees to indemnify, defend and hold you and your affiliates, shareholders, officers, directors, employees, agents, successors and assigns ("Indemnitees") from and against all damages, liabilities, losses, taxes, penalties, fines, debts, costs and expenses (including reasonable attorneys', accountants' and expert witness fees, expenses and costs) incurred by Indemnitees in investigating, preparing for, bringing, defending, settling or satisfying any third party claim, demand, suit or proceeding, arising solely out of conduct of APA adjudged to be wrongful or any breach of this Agreement by APA.

(c) Each of us shall immediately notify the other of any claim, demand, suit or proceeding that is or may be covered by the indemnification provisions of the Agreement (unless the other party has already received notice of such claim, demand, suit or proceeding). APA shall have the right to defend and resolve, at its own expense and in its discretion, any claim, demand, suit or proceeding in connection with which you (or any other Indemnitee) are or may be entitled to indemnification from APA under Section 15.4(b) of this Agreement; in the event APA exercises such right, you shall give APA such authority, information, assistance and cooperation as in APA's judgment is necessary in connection with the defense or resolution of such claim, demand, suit or proceeding.

(d) The obligations to indemnify set forth herein shall continue after and notwithstanding the expiration or termination of this Agreement.

ARTICLE 16
RECORDS, REPORTING AND AUDIT

16.1 Reporting and Records: You agree to timely and accurately prepare and submit to APA, reports and records relating to the finances and financial transactions of the Franchised

Leagues, including events or tournaments sanctioned by APA in which you, or the Franchised League, sponsor, organize, or participate in, upon request. Further you agree to timely and accurately prepare and submit to APA all records reports (including data and computer files) as required by APA's Operations Manual, as it is revised and updated from time to time. You agree to keep and preserve for at least three (3) years after the end of each fiscal year, separate, complete and accurate records of (1) the financial and business operations of the Franchised League and (2) league play, including player and team participation, performance and handicaps. Your records shall be prepared in accordance with the requirements of APA's Operations Manual. Your records shall include records of Annual Membership Fees, Basic Weekly Fees and other fees, dues and amounts collected; bookkeeping ledgers and records; financial statements; federal, state and local tax returns; banking records (including account statements, canceled checks, deposit and withdrawal slips); contracts, agreements and documents relating to business transactions; score sheets of local league play and tournaments, handicap records, player lists, host location lists, local newsletters, financial records relating to any APA sanctioned event or tournament that you, or the Franchised League, sponsors, organizes or participates in, and advertising and promotional materials. If any audited, reviewed or compiled financial statement is prepared by an accountant for you or the Franchised League, you shall promptly send a copy of such financial statement to APA. You understand and agree that, as a result of changes in the law and advances in technology, or for other business reasons, APA may from time to time change or be required to change your record keeping and reporting requirements; such changes will be reflected in the Operations Manual (or by bulletins or written notices of changes to the Operations Manual).

16.2 Inspection and Audit: You agree APA or our agents have the right, without prior notice, to inspect and audit the records, books and operations of the Franchised League and you to assure your compliance with this Agreement and the System Standards. APA's right to inspect and audit includes, without limitation, the right to (1) enter your place of business at any time during business hours; (2) review and copy any books, records, documents and data relating to operation of the Franchised League; (3) access your computer system to examine, review, and copy your computer files and data, by modem or otherwise, at any time; and (4) demand that you produce all records, documents, data, books to APA within the timeframe established by APA in our discretion.. APA may also inspect (and reject in our discretion) locations where the Franchised League conducts league and tournament play. You shall fully cooperate with APA's representatives in any inspection and audit. APA will notify you of any significant adverse findings of an audit. Should any audit determine that you have failed to collect Annual Membership Fees for all players participating in the Franchised League, or underpaid royalties or fees to APA, you must pay the fees and royalties due APA, together with interest. Further, if any audit determines that you have not accurately accounted for the money designated for the League's Players Fund, or used Players Fund Money (as that term is defined in Section 20.2(b)(9) below) for purposes other than those permitted under the Operations Manual, you agree to turn over, to APA, an amount equal to the balance that should be in the Franchised League's Players Fund account, as determined by the audit, so that APA can hold and manage the Players Fund on the League's behalf, until such time as APA, in its sole discretion, determines that you shall be permitted to manage the Players Fund. Additionally, if any audit reveals you have understated amounts due APA by more than 2%, then you must also reimburse APA for the cost of the audit (including, without limitation, accounting fees, travel expenses and compensation of our employees). The foregoing remedies are in addition to all other remedies and rights of APA under this Agreement or applicable law.

16.3 APA's Right to Interim Management of Franchised League: To protect the APA Members participating in the Franchised League, the integrity of leagues operated under our System and the goodwill associated with the Marks for the benefit of APA and all of our franchisees, (i) upon your death, disability, incapacity (whether physical or mental, temporary or permanent) or abandonment of the Franchised League or, if you are a partnership, corporation or limited liability company, upon the death, disability or incapacity of your manager, or (ii) after notice of termination and pending termination of this Agreement pursuant to Article 20: APA may in our discretion immediately appoint an interim manager (the "Interim Manager") to assume full possession and control of and operate the Franchised League for your benefit until, the League is sold, or until APA determines that an Interim Manager is no longer needed. In addition, following your death or, if you are a partnership, corporation or limited liability company, following the death of your controlling owner, APA agrees that it will, upon the request of your personal representative, appoint an Interim Manager for the Franchised League for such period of time as your personal representative requests (except that APA's obligation hereunder shall terminate upon transfer of your Interest in the Franchised League as set forth in Section 19.7) on the terms and conditions of this Section.

Where an Interim Manager is appointed because of death, disability or incapacity of you or (if you are an entity) your controlling owner, the expense associated with the Interim Manager will be borne as follows: APA will assume the cost of the Interim Manager for the first 90 days of interim management of the Franchised League; after the initial 90-day period, APA shall be entitled to recover from the revenue of the Franchised League APA's then current fees (which APA agrees will be reasonable) for such Interim Manager services and its out-of-pocket expenses in connection with the Interim Manager for the remaining period of time the Interim Manager operates the Franchised League.

Where the Interim Manager is appointed by APA pending termination of the franchise, APA shall be entitled to recover from the revenue of the Franchised League APA's then current fees (which APA agrees will be reasonable) for such Interim Manager services and its out-of-pocket expenses incurred in connection with the Interim Manager for the period of time the Interim Manager operates the Franchised League.

The Interim Manager will be considered your agent (or the agent of your personal representative, as the case may be) in the management of the Franchised League, but will be required to take instructions only from APA. In the event of appointment of an Interim Manager, you hereby appoint APA (and our designee, including the Interim Manager) as your attorney-in-fact with the full powers and authority to take such actions which you and your owners could have taken in the operation of the Franchised League, including without limitation, the power to:

(a) conduct league play and operations;

(b) collect all fees, dues and revenues due the Franchised League and endorse your name on checks received;

(c) pay expenses incurred in the operation of the Franchised League from your accounts and funds (including wages and salaries for operation of the Franchised League and including the replenishment of any funds held by you for the benefit of APA Members that participate in the Franchised League);

(d) pay fees, royalties other amounts due APA (or our affiliates) under this Agreement or any other agreement;

(e) incur debts in the ordinary course of business for marketing and operation of the Franchised League;

(f) prepare, execute and submit documents and instruments on your behalf;

(g) bring and conduct legal proceedings on behalf of and defend actions brought against the Franchised League;

(h) cease operation of the Franchised League and dissolve the business; and

(i) take any other action we deem necessary or appropriate in furtherance of this provision.

This is an irrevocable and durable power of attorney, is coupled with an interest, and the authority granted APA as your attorney-in-fact shall not terminate if you become disabled or incapacitated. Our authority granted under this power is limited to those actions you or your owners could have taken in the operation of the Franchised League, including, without limitation, the actions itemized above. If after death your personal representative or the personal representative of your controlling owner requests that APA appoint an Interim Manager for the Franchised League as described above, then such personal representative shall be deemed to have granted APA a power of attorney on the same terms described above.

During any time that an Interim Manager is operating the Franchised League, we and/or the Interim Manager, shall maintain separate books and records of our actions. Any net proceeds (after payment of Interim Manager fees and out-of-pocket expenses due to, APA under this Section) from our operation of the Franchised League shall be accounted for separately by us held by us as trustee for you. We shall be entitled to off-set those net proceeds against any amount that you owe us under this Agreement. You, your owners or legal or personal representative (as the case may be) shall cooperate with and not hinder the Interim Manager, and shall turn over to the Interim Manager all player, financial and other records of the Franchised League, and full control and direction over any funds owing APA and any Players Funds. Upon APA's termination of the Interim Manager's operation of the Franchised League, any net proceeds shall be distributed to you, or your personal representative or as you, or your personal representative direct. APA and the Interim Manager shall have the right to exercise our independent discretion and judgment in exercising our powers, and decisions and actions of APA and the Interim Manager shall be binding upon you and your owners and the successors, assigns, heirs, and legal and personal representatives of you and your owners. APA (including the Interim Manager, shareholders, officers, directors, employees and agents) shall not be liable for and you and your owners shall indemnify and hold us harmless from and against any loss, claim, expense, damage, liability or other obligation of any nature (including attorneys' and accounting fees and expenses) concerning our decision to assume control of the Franchised League and our operation of the Franchised League and exercise of our powers under this Section (except for our willful misconduct or gross negligence). Except in the instance in which your personal representative requests appointment of an Interim Manager after your death as described above, APA has no obligation to assume or continue control of or operate the Franchised League or exercise

the powers granted in this Section, and may, in its discretion, terminate its control and operation of the Franchised League at any time.

ARTICLE 17
INSURANCE

17.1 Insurance Required: You agree to purchase and, at all times during the Term, maintain policies of insurance with such minimum standards, coverage, and limits (or such additional limits or types of coverage) as APA may from time to time prescribe in the Operations Manual. The insurance you purchase covering the Franchised League must name APA as an additional insured, and provide that APA shall be given at least ten (10) days prior written notice of any termination, amendment, cancellation or modification of the policy. You shall provide APA with a Certificate of Insurance evidencing the amount, nature and period of coverage within ten (10) days after the Effective Date of this Agreement and annually thereafter during the Term of your franchise. APA does not undertake the obligation nor does it represent that any insurance obtained by or through APA or meeting its standards will insure or protect you against all possible insurable risks of loss that may arise in connection with your operation of the Franchised League. You may obtain such insurance as you may desire in addition to that required by APA.

17.2 APA's Right to Purchase Insurance at Your Cost: APA may, at its option, purchase insurance on your behalf and at your cost that meets the requirements set forth herein, from an insurance company of APA's choosing. Such insurance may be amended, cancelled, terminated or modified by APA at any time upon ten (10) days written notice to you. However, nothing contained in this Agreement shall be construed or deemed to impose any duty on APA to obtain insurance for you.

ARTICLE 18
RENEWAL

18.1 Your Renewal Right: You shall have the right (but not the obligation) to acquire a successor franchise license to continue your operation of the Franchised League upon expiration of any Regular Term of this Agreement for an additional term of ten (10) years (or such other shorter period as we both reasonably agree) (the "Renewal Term") provided you have complied in all material respects with the following conditions precedent to your right of renewal:

You and your owners must:

(1) be, and continue to be, in full compliance with all obligations under this Agreement from the time you begin the renewal process through expiration of your Regular Term, and able to demonstrate that the Players Fund contains the full amount collected from APA Members during the League Year in which the renewal is to take place, less only approved expenses;

(2) sign APA's then current form of the Successor Regular Term Franchise Agreement, including ancillary agreements, the terms and conditions of which will govern during the Renewal Term and may vary from this Agreement;

(3) sign a full general release of any and all claims you, your subsidiaries and affiliates may have against APA, its subsidiaries, affiliates, successors, assigns and sponsors and their respective officers, directors, employees and agents, arising out of or relating to your relationship with APA and the performance of this Agreement (the "Franchisee Release"); and

(4) fully comply with the procedures for renewal described in Section 18.2.

If you have satisfied the conditions precedent set forth above in this Section, your Territory may not be reduced as a condition to this renewal. Your opportunity to renew as provided in this Article applies only to renewal at expiration of any Regular Term under this Agreement. You have no renewal right respecting your Conditional Term (if applicable). In the event of renewal, APA (on its own behalf and on behalf of its subsidiaries and affiliates) will sign a release in favor of you, your subsidiaries, affiliates, shareholders, officers, directors, employees and agents (the "APA Release"); the APA Release will be in the same form of the Franchisee Release you sign in favor of APA, but shall not release claims for payment of monies due under this Agreement or for misappropriation or improper accounting of funds or for replenishment of any Player's Fund for the benefit of APA Members.

18.2 Manner of Renewal: If you wish to acquire a Successor Regular Franchise Agreement license, you must give APA written notice of your desire to renew not later than six (6) months (but no sooner than nine (9) months) before expiration of your Regular Term. Your notice must certify that you and your owners are in compliance with all obligations under this Agreement. If APA believes you have not complied with the conditions for renewal set forth in Section 18.1, APA will notify you within thirty (30) days. After receipt of your notice, if you have complied with the conditions set forth in under Section 18.1, APA will send you APA's then current offering circular, Successor Agreement and Franchisee Release for your review, and you must promptly return the acknowledgment of receipt of the offering circular. Not later than twenty (20) business days (but no sooner than ten (10) business days) after receipt of these renewal materials, you must give APA written notice of whether you elect to renew. If you elect to renew, you must send to APA with your notice the Successor Agreement, including the guaranty, non-competition, confidentiality and other ancillary agreements, and the Franchisee Release fully signed by you and your owners (as applicable). If you remain in compliance with all of your material obligations under this Agreement through the expiration date of the Regular Term and, your certification was correct, APA shall sign the Successor Agreement and APA Release and will deliver fully signed copies of the Successor Agreement and APA Release to you promptly after the conclusion of the Regular Term. If you do not remain in compliance with all of your material obligations under this Agreement through the expiration date of the Regular Term, your right to renewal will be forfeited and APA can either choose to allow this Franchise Agreement to expire, or place any conditions it deems appropriate upon your renewal of this Franchise Agreement, in its discretion.

18.3 Successor Agreement: The Successor Agreement shall become the operative Agreement between you and APA after it is signed and accepted by APA upon expiration of the Regular Term, and it supersedes in all respects this Agreement. The terms and conditions of the Successor Agreement shall be the same as those then currently being offered by APA to new franchisees, except that (1) the Successor Agreement shall start with a 10-year Renewal Term, without the conditions applicable solely to a Conditional Term Franchise Agreement, and (2) there shall be no Initial Franchise Fee as would be required by APA of a new franchisee. The terms and

conditions of the Successor Agreement may differ from the terms and conditions of this Agreement. Continuing royalties and other payments to be paid APA under the Successor Agreement shall be the same as required of new franchisees. Your opportunity to further renew your franchise upon expiration of your 10-year Successor Term shall be governed by the terms and conditions of the Successor Agreement.

ARTICLE 19
TRANSFER OR ENCUMBRANCE

19.1 Transfer by APA: This Agreement (or the various rights, benefits and obligations under it) may be transferred or assigned by APA at any time, and the party receiving the transfer shall be entitled to receive, exercise and enforce all rights and benefits of this Agreement that are transferred to such party.

19.2 Transfer by You: You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or if you are a corporation, limited liability company or partnership, to your owners) and that APA has granted this franchise in reliance upon its perception of the individual and, if applicable, collective character, skill, attitude, and business and marketing abilities of you and your owners. Therefore, except for assignment to a wholly owned corporation or limited liability company as provided in Section 19.8, below, no Interest (as that term is defined below)_in the franchise may be transferred by you or any of your owners, and neither you nor any of your owners will make or purport to make any such transfer, without APA's prior written approval. Any such purported transfer of an Interest will be voidable at our sole option.

(a) Meaning of "Interest": An "Interest" is defined to mean: (a) this Agreement or your rights under this Agreement; (b) your rights in the Franchised League (including its assets or such portion of its assets as would constitute a bulk transfer); (c) an individual's rights as an owner of you (including any owner's stock, partnership interest or other ownership interest); (d) any option, call, warrant, conversion rights or rights to acquire any equity or voting interest in you; (e) any security interest, lien, pledge, mortgage, or other encumbrance of any of the foregoing Interests; or (f) any right to control, operate or manage the Franchised League or you, if you are a partnership, corporation or limited liability company.

(b) Meaning of "Transfer": A "transfer" means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift or other disposition of an Interest including without limitation: (a) transfer of any capital stock, partnership interest or other ownership interest of, or in, you; (b) merger, consolidation or issuance of additional stock or ownership interests; (c) transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) transfer to a personal representative upon permanent disability or transfer upon your death or the death of one of your owners by will, declaration or transfer in trust or under the laws of intestate succession; (e) the grant or creation of any lien or encumbrance; or (f) any loss of control or management of the Franchised League or of you, if you are a partnership, corporation or limited liability company; provided that

delegation to a manager in compliance with Section 13.2 shall not be deemed a transfer under this Agreement.

19.3 Sub-Franchise or Partial Transfer Prohibited: You and your owners understand and agree that you (or your owners) may not sub-franchise or otherwise transfer less than all of the rights and privileges acquired under this Agreement. Further, you or your owners may not under any circumstances transfer any Interest in, possession of or control of the Franchised League or delegate your obligations to manage and operate the Franchised League, other than as provided in Section 13.2, separate from a complete transfer, approved in writing by APA, of this Agreement.

19.4 Transfer During Conditional Term: If this Agreement is a Regular Term Franchise Agreement as indicated on page 1, this Section 19.4 does not apply to this Agreement or to you. You understand and agree that APA may arbitrarily refuse approval of any transfer of an Interest during the Conditional Term, without cause or justification and you agree that neither you nor any owner will make or attempt to make an unauthorized transfer.

19.5 Transfer During Regular Term: If this is a Regular Term Franchise Agreement, during the Regular Term of this Agreement, if you and your owners are in compliance with this Agreement, APA will not unreasonably withhold approval of a transfer of an Interest that does not otherwise violate this Article and meets all the requirements of this Section. The party that is to receive the proposed transfer of any Interest and its direct and indirect owners (collectively the "Transferee") must meet APA's then applicable standards and qualifications for acceptance of new franchisees. Furthermore, you agree that APA may condition any approval of the transfer on compliance with such conditions that APA, in its reasonable judgment, believes are appropriate under the circumstances, including any or all of the following:

(a) You must pay all fees, royalties and amounts due APA under this Agreement and any other agreement you have with APA or any affiliate, and provide, at APA's request, records concerning your compliance with your financial obligations;

(b) You must demonstrate, to APA's satisfaction, that you will transfer the full balance of the Players Fund to the Transferee;

(c) You must, if requested by APA, deposit into an escrow account in APA's name an amount considered appropriate by APA to secure payment to APA of any royalties, fees or other payments that may be determined to be owing by you and to secure any other debts of you or the Franchised League. No money may be disbursed from this account without APA's prior written authorization. APA may disburse funds from this escrow account to pay any royalties, fees or payments APA determines are owed APA or to pay debts APA determines are owed your creditors. The escrow deposit will be held for six (6) months from the closing date and the balance (including any accrued interest), if any, will be refunded to you;

(d) The Transferee must sign APA's then current franchise agreement and must be bound by all terms, conditions and obligations of such franchise agreement (except the Transferee will not be obligated to pay the Initial Franchise Fee

required under the agreement), including the personal guaranty of obligations under the franchise agreement by the Transferee's owners and spouses, their execution of Confidentiality and Non-Competition Agreements, the completion by the Transferee (or its owner who will be designated as manager) of the required portions of APA's then current training program, and the execution by the Transferee of APA's then-current license agreement covering the Software Program. The term of the Transferee's franchise agreement, if accepted and signed by APA, will be the greater of thirty-six (36) months or the then remaining Term of this Franchise Agreement. The Transferee will also have the right to renew the franchise agreement in accordance with its terms.

(e) The Transferee must pay to APA (in lieu of the Initial Franchise Fee) APA's then current Franchise Transfer Fee (which is presently One Thousand Five Hundred Dollars ($1,500.00), or as set forth in the Operations Manual.

(f) You must provide APA with the Confidentiality and Non-Competition Agreements signed by and binding upon your owners, officers, directors, Managers, and employees and their respective spouses as required by Article 14 of this Agreement.

(g) You and your owners must sign general releases, releasing any and all claims against APA (including its subsidiaries, affiliates, shareholders, officers, directors, employees and agents).

(h) You must provide APA with written notice of transfer. The notice of transfer shall be accompanied by a copy of the sales agreement or a description of all the material terms of your agreement with the transferee. APA must approve the material terms and conditions of the transfer, including all financing arrangements, and determine that the price and terms of payment will not, in APA's judgment, adversely affect the Transferee's operation of the Franchised League and the Transferee's ability to meet its obligations under the Transferee's franchise agreement.

(i) Subject to APA's right of approval (or conditioned approval), you may use the franchise as collateral for financing the sale or transfer of your franchise. If you or your owners finance any part of the Transferee's purchase price, you and your owners must agree that any promissory note or security interest given you or your owners by the Transferee will be fully subordinated to the obligations Transferee owes APA, including Transferee's obligation to pay royalties, fees and other payments due APA.

All conditions set by APA must be met to APA's satisfaction before the transfer becomes effective. APA's approval of the transfer must be in writing. APA agrees to provide written notice of approval or rejection of any transfer within 30 days of receipt of your notice of transfer or 10 days before the transferee begins Training Seminar I, whichever occurs first. Any approval notice shall contain the conditions that APA requires to approve the transfer, if APA has received all information its requests from you, or the Transferee, relating to the transfer in sufficient time to review it,

consider it as part of its decision regarding whether to approve or reject the transfer. Any rejection notice shall contain an explanation of rejection of the transfer. Any of the above conditions applicable to you may be imposed by APA on all of your owners or such owners of you that are seeking transfer of an Interest.

19.6 Transfer Because of Death or Disability: Upon your death or disability (or, if you are a corporation, limited liability company or partnership, upon the death or disability of the owner of a controlling interest in you), your or such owner's personal representative, executor, administrator, conservator, guardian or other legal representative must transfer your Interest in this Agreement, or your controlling owner's Interest in you, to a Transferee approved by and acceptable to, APA within 90 days after the death or disability of you or your controlling owner or, if an Interim Manager is requested pursuant to Section 16.3, within 180 days after such death or disability (the "Transfer Period"). Such transfer of the Interest is subject to APA's right of approval as provided in Section 19.2, and satisfaction of all conditions precedent set by APA as provided by Section 19.5. APA will give prompt consideration to a proposed transfer of the Interest to an immediate family member of you or your controlling owner. If APA does not approve a transfer to the family member, then the Interest must be transferred to some other Transferee, acceptable to APA, within the remainder of the Transfer Period, unless extended by APA, in its discretion; provided, that in no event shall the Transfer Period exceed 180 days. For purposes of this Agreement, "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or your controlling owner from effectively promoting, managing and operating the Franchised League, or fulfilling your obligations under this Franchise Agreement.

19.7 APA Procures Purchaser: If APA procures or locates the Transferee that results in the transfer of an Interest, you and your owners agree to pay APA a finder's fee as follows: if the total purchase price to be paid by the Transferee to you or your owners in the transaction is (i) less than Two Million Dollar ($2,000,000.00), the finder's fee shall be equal to ten percent (10%) of the purchase price, (ii) Two Million Dollars ($2,000,000.00) or more, the finder's fee shall be equal to Two Hundred Thousand Dollars ($200,000.00) plus five percent (5%) of the amount by which the purchase price exceeds Two Million Dollars ($2,000,000.00). This fee must be paid to APA in full prior to the closing of the transfer.

19.8 Transfer to a Wholly-Owned Corporation or Limited Liability Company: Notwithstanding the foregoing, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation or limited liability company in which you own one hundred percent (100%) of the equity and hold one hundred percent (100%) voting power. You must maintain complete management control of the corporation or limited liability company, and the corporation or limited liability company may not conduct any business other than the operation of the Franchised League; and you and your owners must remain personally liable under this Agreement as if the transfer to such corporation or limited liability company had not occurred. You must also promptly notify APA of such transfer and provide APA with true copies of the organizational documents of the corporation or limited liability company. The stock or ownership certificates of the corporation or limited liability company must contain a conspicuous statement that assignment, transfer or encumbrance is restricted by this Agreement.

ARTICLE 20
TERMINATION OF FRANCHISE

20.1 Termination By Franchisee: If this is a Franchise Agreement with a Conditional Term, during the Conditional Term of this franchise, you may terminate this Agreement for any reason by giving APA sixty (60) days prior written notice. If this is a Franchise Agreement with a Regular Term, the Regular Term of this franchise, you may terminate this Agreement for any reason by giving APA one hundred twenty (120) days prior written notice.

20.2 Termination By APA:

(a) Termination During the Conditional Term: If this Agreement is a Regular Term Franchise Agreement, this Section 20.2(a) does not apply to this Agreement or to you. During the Conditional Term, APA shall have the right to terminate this Agreement, if you:

(1) do not start teams playing in your local league and submit Annual Membership Fees for players and royalties for weekly league play within ninety (90) days after this Agreement is accepted and signed by APA;

(2) have not satisfied the Interim Team Count Growth Requirement set forth in Section 4.2 (b) within the timeframe set forth therein; or

(3) do not meet the terms, conditions and requirements of any extension of the Conditional Term.

(b) Termination At Any Time: At any time during the Conditional Term (if applicable) or any Regular Term, APA shall have the right to terminate this Agreement, if you or your owners:

(1) cease to operate the Franchised League with the intent not to continue its operations or state (orally or in writing) your intent to cease operations; terminate league play or cease to manage and operate the league during a session; fail or cease to operate an APA pool league for a period of thirty (30) consecutive days; or otherwise abandon operation of the Franchised League;

(2) become insolvent or admit inability to meet your financial obligations when due; make an assignment for the benefit of creditors; are adjudicated bankrupt, file or consent to a bankruptcy petition, or do not obtain dismissal of a bankruptcy petition filed against you or your owners within one hundred twenty (120) days; fail to satisfy within thirty (30) days a judgment against you in excess of Ten Thousand Dollars ($10,000.00) (unless an appeal is filed and supersedeas bond is secured); or fail to obtain release of any attachment, seizure or levy on the Franchised League or you within thirty (30) days;

(3) lose control over the operation of the Franchised League or you (including without limitation loss of control resulting from appointment of a receiver, trustee, conservator, guardian or other custodian over the Franchised League, you or your assets);

(4) engage in any conduct constituting criminal misconduct or fraud, or are convicted of or plead guilty or no contest to (i) any felony or (ii) to any other crime or offense that is likely to adversely affect APA's, your or the Franchised League's reputation and goodwill;

(5) make any unauthorized transfer of this Agreement or any Interest, or fail to transfer your Interest or the Interest of a deceased or disabled owner of you, within the time period required by Section 19.6 above;

(6) understate the Basic Weekly Fees (or other fees, dues or receipts subject to payment of royalties) charged or collected by you by two percent (2%) or more in your reports to APA and do not correct such deficiency within ten (10) days after written notice of such deficiency is delivered to you, provided, however, that if more than once during the Term you understate the Basic Weekly Fees (or other fees, dues or receipts subject to payment of royalties) by two percent (2%) or more, the ten (10) day period to correct such additional deficiency shall not apply and APA shall have the right to terminate this Agreement immediately;

(7) fail to submit to APA the Annual Membership Fees and membership applications for every player participating in the Franchised League in accordance with and within the time required by the Operations Manual and do not correct such failure within ten (10) days after written notice of such failure is delivered to you, provided, however, that if you fail to submit such Annual Membership Fees and applications more than once during any period of twenty-four (24) consecutive months, the 10-day period to correct such additional deficiency shall not apply and APA shall have the right to terminate this Agreement immediately;

(8) you refuse to permit, or try to hinder, an examination, inspection, or audit of the books, and records, related to your Franchised League, or the Franchised League's Players Fund as required by this Agreement;

(9) receive two (2) notices of default from APA during any period of twelve (12) consecutive months regardless of whether the defaults are the same, similar or different and regardless of whether your prior default(s) were cured; provided, however, this subparagraph 20.2(b)(8) shall not apply to any default for failure to comply with a System Standard, which default you reasonably demonstrate was not intentional;

(10) fail to do any of the following: accurately account for and use for the benefit of players all Players Funds; ensure that all amounts collected from APA Members that were designated for inclusion in the Players Fund ("Players Fund Money") were deposited into a separate Players Fund account consistent with the terms of the Operations Manual; ensure that Players Fund Money collected was used solely for the benefit of the APA Members playing in the Franchised League consistent with the terms of the Operations Manual; permit or assist APA to audit the Franchised League's Players Fund; or provide statements, invoices, receipts or other documents and/or records related to the Players Fund or the Players Fund Money to APA upon APA's request within the timeframe established by APA in its discretion;

(11) fail to have the number of Standard Format Teams playing in the Franchised League during any session, other than a Summer Session, that equals or exceeds seventy percent (70%) of the highest number of Standard Format Teams that have participated in the Franchised League at any time since you first began operating the Franchised League, and, do not correct the failure within ninety (90) days after APA sends you written notice of the failure. As noted in the definition of Standard Format Teams in Section 4.2(c) above, teams playing for free or at a discounted promotional weekly team fee will not be counted as Standard Format Teams for the purposes of determining whether APA has the right to terminate the Agreement under this subsection;

(12) make any unauthorized or prohibited use or disclosure of the System, or any part thereof, including any unauthorized use, duplication or disclosure of the Operations Manual, Software Program or other confidential information;

(13) fail to discontinue, substitute or adopt any Mark (including any Sponsor Mark) immediately (or as soon as reasonably possible) after receiving notice from APA to do so;

(14) are determined to have made any material misrepresentation or failed to disclose any material information in connection with your application for the franchise granted hereunder, or if you otherwise make any material misrepresentation to APA in connection with your ownership, management or operation of the Franchised League;

(15) solicit prospective players or host locations or establish or seek to establish host locations outside of your assigned Territory in violation of Section 3.4 of this Agreement and such violation continues after written notice of the violation is delivered to you;

(16) fail to remit fees, royalties or other amounts when due APA (or any APA affiliate) under this Agreement or any other agreement and do not correct such failure within ten (10) days after written notice of such failure is delivered to you;

(17) fail to comply with any obligation under Exhibit H (Confidentiality and Non-Competition Agreement) of this Agreement provided, however, that APA shall not be entitled to terminate this Agreement for your failure to comply with Section 14.5 unless you do not correct such failure within thirty (30) days after written notice of the failure is delivered to you; or

(18) give a no account or insufficient funds check which is not honored within twenty-four (24) hours after written notice or issue a payment order of any kind that is refused for any reason;

(19) fail to properly administer or enforce the APA Equalizer® handicapping system as required by the Operations Manual, including without limitation, failure to conduct regular handicap review and enforce proper scorekeeping, resulting in players in the Franchised League playing at skill levels below their true playing ability. Except in cases that APA deems egregious and requiring immediate change of management, APA will not terminate the Franchise unless there has been at least one prior notice of default for failure to properly administer or enforce the handicapping system, whether timely cured or not.

(20) Operate an APA specialty tournament held outside your Territory, or marketed to APA Members, or other players, playing or residing outside of your Territory, without APA's express written consent to you operating the Tournament;

(19) fail to provide appropriate customer service under the standards set forth in the Operations Manual. Except in cases that APA deems egregious and requiring immediate change of management, APA will not terminate the Franchise unless there has been at least one prior notice of default for customer service violations, whether timely cured or not.

(20) fail to comply with any other obligation under this Agreement (other than the obligations listed above) and do not correct such failure within thirty (30) days of you receiving written notice of the failure and, if the failure is curable, describing the action you must take to correct the failure; or

(21) fail to comply with any obligation under any other franchise agreement (other than any team count requirement in such other franchise

agreement whether during the conditional or Regular Term of such agreement), or any other agreement executed in connection with this Agreement or such other franchise agreement, or any promissory note or agreement for payment of money to APA, and do not correct such failure within the time, if any, allowed under such agreement.

(c) Method and Effective Date of Termination: APA may terminate this Agreement by delivering notice of such termination to you or your owners. Such termination shall be effective immediately upon delivery of such notice or at such other time as is specified in the notice.

(d) Franchise Owners Advisory Board: APA anticipates that any Franchise Owners Advisory Board established in accordance with the Operations Manual may play a valuable role in maintaining positive relations between APA and its franchisees. Accordingly, APA will contemporaneously provide to any Franchise Owners Advisory Board established in accordance with the Operations Manual a copy of any written notice of failure to comply that is delivered to you by APA pursuant to subsection 20.2(b)(18) of this Agreement. The Franchise Owners Advisory Board may make such recommendations with regard to the matter as it deems appropriate. APA will consider any recommendations of the Franchise Owners Advisory Board (provided they are received by APA prior to the expiration of the 30-day correction period provided for in subsection 20.2(b)(18)) and may withdraw, suspend or modify its written notice of failure to comply, but APA is not required to follow any recommendations of the Franchise Owners Advisory Board. Any such recommendations shall be advisory only. This section shall not apply to any provision of Article 20 of this Agreement other than subsection 20.2(b)(18).

20.3 APA's Alternative Right to Reduce Territory or Impose Other Conditions: In the event of any failure by you to comply with your obligations under this Agreement, or in the event APA becomes entitled to terminate this Agreement, pursuant to its terms, at its sole option and discretion, APA may, instead of exercising its rights to terminate as provided above, reduce your Territory by terminating your rights under this Agreement in a portion of your Territory, suspend our performance of, or compliance with, any of our obligations to you under this Agreement, or other agreements, including any services relating to the Software Program, undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement, and/or APA may impose any other conditions, requirements, restrictions and obligations on you for your continuation of the Franchise that it considers appropriate. If APA undertakes, or performs on your behalf, any obligation or duty you are required to perform under this Agreement, you will reimburse us upon demand for (i) 125% of all costs and expenses, including travel, lodging and reasonable, market-rate hourly fees for our personnel, agents, or employees, that we reasonably incur in performing any such obligation or duty; and (ii) all reasonable professional fees and costs, including reasonable accountant's and/or attorney's fees, that we reasonably incur in performing any such obligation or duty. APA's decision to (a) reduce your Territory or permit you to continue to operate the Franchise League on certain conditions in lieu of termination, or (b) to reduce another franchisee's territory or permit the other franchisee to continue the franchise on certain conditions

in lieu of termination, shall not be deemed a waiver of APA's right to terminate this Agreement as a result of your breach of any obligation.

20.4 Exercise of Other Remedies: Our exercise of our rights under Section 20.3 will not (i) be a defense for you to our enforcement of any other provisions of this Agreement or waive or release you or your Owners from any of your or your Owners' other obligations under this Agreement; (ii) constitute an actual or constructive termination of this Agreement; or (iii) be our sole or exclusive remedy for your or your Owners' default. You and your Owners must continue to comply with all of your respective obligations under this Agreement following our exercise of any of these rights. If we exercise any of our rights under Section 20.3 we may thereafter terminate this Agreement without providing you or your Owners any additional corrective or cure period, unless the default giving rise to our right to terminate this Agreement has been cured to our reasonable satisfaction.

ARTICLE 21
OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION

21.1 Meaning of "Termination" and "Expiration": Under this Agreement, "termination" occurs if (i) you terminate the Agreement as provided in Section 20.1 or (ii) APA terminates your right to operate the Franchised League by exercising the rights set forth in Section 20.2, above, to terminate this Agreement. "Expiration" occurs when (i) at the end of your Conditional Term, you have not satisfied the requirements of Article 4 for a Regular Term, or (ii) at the end of any Regular Term, you have elected not to obtain or have not been granted a successor franchise license pursuant to a Successor Agreement as provided in Article 18.

21.2 Payment of Amounts Owed APA: You agree to pay APA within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due are determined, all unpaid royalties, fees and other amounts (including interest and administrative and late fees) owed APA and to transfer the full balance of the Players Fund account to APA, or to APA's designee.

21.3 Your Rights in System and Franchised League End: Upon termination or expiration of this Agreement your rights and benefits under this Agreement end, including all rights in the Franchised League, your Territory and your rights hereunder to use the System and the Marks. You must immediately cease operating and managing the Franchised League. APA or such other person designated by APA will, at APA's option, upon termination or expiration be entitled to conduct the operation and management of any on-going league play and any other on-going business of the Franchised League.

21.4 Obligations Regarding the Marks: Upon termination or expiration of this Agreement, you must immediately stop all use of the Marks. You may not directly or indirectly at any time or in any manner identify yourself or any business as being or having been affiliated with APA or with any of the Marks. You may not use in connection with any business any colorable imitations of the Marks or any other marks, trade names, or other commercial symbols or designations likely to cause mistake, deception or confusion with any of the Marks or otherwise tending to give the general public the impression that you are operating an APA franchise or any business similar to an APA franchise. You agree that APA has the sole rights to and interest in all telephone numbers and directory listings associated with operation of the Franchised League under any Mark and that your

rights in and to use such numbers and listings end on termination or expiration of this Agreement. Further, you agree to immediately (a) deliver to APA all marketing, promotional and advertising materials, signs, forms, and other documents containing any of the Marks or identifying you as an APA franchisee or league; (b) revoke, cancel or (at our direction) transfer to our designee the trade name (fictitious or assumed name or equivalent) registration(s) of the Franchised League and/or you; (c) transfer to our designee all websites, URL, domains, email addresses, and social networking pages used by the Franchised League; and (d) notify the telephone company and all telephone directory publishers of the termination or expiration of your rights in the telephone number and directory listings associated with the Franchised League, and authorize and direct the telephone company and directory publisher to transfer the telephone number and listing to APA or its designee, at APA's direction. You agree to execute all papers and give such directions required by the service vendors or registration authorities to cause these transfers or cancellations. If you fail to promptly do so upon termination, you hereby authorize APA to take such action as necessary to cause transfer or cancellation of the Franchised League's trade name or fictitious name registration, websites, URL, domains, email addresses and telephone numbers and listings with the applicable service vendors and registration authorities.

21.5 Obligations Regarding Operations Manual and System Information: Upon termination or expiration of this Agreement, you agree that you will immediately return to APA: all copies of the Operations Manual (including all bulletins and updates), the Software Program, and all other confidential, proprietary and/or copyrighted material and information concerning APA's System and System Standards and delete any electronic files containing portions of the Operations Manual from all electronic devices you own, control, or have access to. You and your owners, employees and agents may not keep any copy of or use, in whole or in part, the Operations Manual, the Software Program or any other System materials or information.

21.6 Obligations Regarding Records and Cooperation: You also agree that you will immediately deliver to APA (or its designee) all records maintained by you concerning the Franchised League, including all financial and accounting records; all tangible and computer records, data and information of league play, player and team performance and handicaps; and all other records and lists of players, teams and host locations. APA shall also be entitled to assume immediate control over all Players Funds being held by you. You agree to cooperate with APA and not hinder APA in effecting a smooth transition of control over the Franchised League. Upon termination or expiration, APA shall have the immediate right to issue a new franchise covering all or part of your Territory to any person interested in acquiring the franchise, in APA's discretion.

21.7 Attorney-In-Fact: You authorize APA and hereby irrevocably appoint APA (and any of its officers) as your attorney-in-fact to perform and take all actions in your name and stead to carry out any and all of your obligations under this Article if you fail or refuse to do so. APA may give such instructions and execute such documents in your name necessary to cause transfer of the Franchised League, and the contents of its Players Fund account, to APA or its designee on termination or expiration and the discontinuance of your use of the Marks and the System.

21.8 Continuing Obligations: All obligations of this Agreement which expressly or by their nature survive the expiration or termination of this Agreement (including without limitation the non-competition and confidentiality obligations and agreements; the guaranties of your obligations; and your indemnification of APA) shall continue in full force and effect after and notwithstanding this Agreement's expiration or termination until such obligations are satisfied in full

or by their nature expire. Nor, shall any expiration or termination of this Agreement relieve you of any of your obligations (known or unknown) to APA existing at the time of expiration or termination.

ARTICLE 22
SEVERABILITY AND SUBSTITUTION OF ENFORCEABLE TERMS

22.1 Severability: Unless expressly provided to the contrary, every provision (or part thereof) of this Agreement will be considered severable. If any such provision (or part) is determined to be invalid or unenforceable under the law by a court or arbitration panel of competent jurisdiction, that determination will not affect, impair or invalidate all other portions of this Agreement, which shall remain in full force and effect and binding upon the parties.

22.2 Substitution of Enforceable Terms: Furthermore, you and APA agree in the event a court or arbitration panel determines that a provision (or any part) is invalid or unenforceable under properly applicable law by virtue of the provision's scope or duration, but that the provision would be valid and enforceable by reducing the scope or duration or otherwise modifying the provision, then the court or arbitration panel shall have power to reduce the duration or scope of the provision or modify it so that the provision may be enforced to the fullest extent permitted under the law and public policies of the jurisdiction whose law is properly applicable. In addition, if the law of a jurisdiction whose law is properly applicable, requires a greater prior notice than that provided in this Agreement for termination or non-renewal of the franchise, or requires the taking of an action not expressly required by this Agreement, or prohibits or makes invalid some provision of this Agreement or any System Standard, then it is agreed between APA and you that this Agreement shall be considered modified in the most limited way possible to conform to the requirements of the applicable law. You agree that APA may fully enforce its rights under this Agreement to the fullest extent permitted under applicable law.

22.3 Right to Contest Determinations: Should a court or arbitration panel determine that any provision (or part thereof) of this Agreement or any System Standard is invalid or unenforceable under applicable law or that applicable law requires some other act than is expressly required by this Agreement, notwithstanding any substitution of terms as provided in Section 22.2, APA (at its expense) and you (at your expense) shall each have the right to contest the determination and exercise all rights of appeal, including the right to contest and appeal (a) whether the law of that jurisdiction is properly applicable and (b) whether the provision of this Agreement or the System Standard complies with the law that is properly applicable. Should the provision or System Standard ultimately be held to comply with the properly applicable law, such provision or System Standard shall be enforceable as written (regardless of any modification made or implied in the interim under Section 22.2).

ARTICLE 23
DISPUTE RESOLUTION, APPLICABLE LAW AND CONSENT TO JURISDICTION

23.1 Negotiation of Disputes: APA and you agree to attempt in good faith to resolve any dispute arising out of or related to this Agreement, the franchise or the relationship between APA and you (the "Dispute") promptly by negotiation between executives of the parties who have authority to resolve the Dispute. If the matter has not been resolved within 20 days of a party's

request for negotiations, either party may initiate mediation as provided in Section 23.2, below. The parties' negotiations relating to the Dispute (including all statements and offers made and all information and material disclosed related to the negotiations) shall be kept strictly confidential and not disclosed by the parties (including each party's attorneys, employees and agents) to other persons. The parties' discussions shall be treated as compromise and settlement negotiations in accord with the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose.

23.2 Mediation of Disputes: APA and you acknowledge that during the Term of this Agreement or thereafter certain disputes may arise between the parties that the parties are unable to resolve by negotiation, but that may be resolved through mediation. To facilitate the resolution of any dispute that may arise between us, APA and you agree that before commencing any arbitration proceeding (as provided in Section 23.3, the dispute will first be submitted to non-binding mediation (the "Mediation"). The mediation shall take place in the St. Louis, Missouri Metropolitan Area, unless the parties mutually agree to another location. The Mediation shall be conducted under the then current American Arbitration Association ("AAA") Mediation Procedures ("AAA Mediation Procedures") except to the extent the AAA Mediation Procedures differ from the terms of this Agreement, in which event, the terms of this Agreement shall be applied. The APA and you shall select a mediator from the list of active mediators or neutrals maintained by AAA or the United States District Court for the Eastern District of Missouri. If the parties cannot agree on the selection of a mediator, AAA shall make the selection. The cost of the mediation, including the mediator's fee and expenses, shall be split equally between APA and you. All negotiations and mediation proceedings (including all documents and information disclosed and all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be (a) kept in strict confidence and not disclosed by any party (including the party's counsel, employees or agents) to any other person. The mediation shall be treated as compromise and settlement negotiations in accord with the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose.

23.3 Arbitration of Disputes: Any dispute which has not been resolved by a non-binding procedure as provided above within ninety (90) days of the initiation of such procedure, shall be settled by binding arbitration (the "Arbitration"). The place of Arbitration shall be the St. Louis Metropolitan Area (unless the parties mutually agree otherwise). The Arbitration shall be conducted in accordance with AAA's then applicable Rules for non-administered arbitration of commercial or business disputes (the "AAA Arbitration Rules"). As an alternative the parties may mutually agree to arbitration through the IFA and its rules for arbitration of franchise disputes (the "IFA Arbitration Rules"). To the extent the AAA Rules or IFA Arbitration Rules (whichever is applicable) differ from the terms of this Agreement, the terms of this Agreement will control and be applied. Unless both APA and you agree to arbitrate before a single mutually selected arbitrator, the arbitration shall be conducted before a panel of three arbitrators selected by the administrator of the dispute resolution program of AAA or IFA (as applicable) from that organization's list of active arbitrators. The United States Arbitration Act (9 U.S.C. §§ 1-16) shall exclusively govern all matters relating to the Arbitration. All existing claims and disputes between us must be asserted and resolved in the same Arbitration proceeding, and if existing and not asserted in the Arbitration proceeding that claim or dispute is waived.

23.4 Powers of the Arbitrators: In the Arbitration, the arbitrators will have the right to award or include in their award any relief which the panel deems proper in the circumstances, including without limitation, (1) compensatory money damages, (2) interest on unpaid amounts from the date due, (3) injunctive relief, and (4) attorneys fees and costs as provided in Section 23.13. Notwithstanding the foregoing sentence, the arbitrators will not have the power to (a) declare a proprietary mark to be generic, merely descriptive or invalid; or (b) award punitive, exemplary or other non-compensatory damages (except as provided in Section 23.10). Further, APA and you agree to be bound by any limitation on the period of time in which claims may be brought under this Agreement or under applicable law (whichever period expires first). The arbitrators shall enforce and apply the shortest such time limitation period in ruling on all claims and disputes.

23.5 Arbitration Award Binding: The award and decision of the Arbitration panel shall be conclusive and binding upon the parties with regard to the disputes between us. Judgment upon the Arbitration award may be entered by any court of competent jurisdiction. An Arbitration award or decision entered in any other case (whether or not APA was a party) will not be binding on APA in any other dispute, will have no precedential value, and cannot be used as evidence in any other proceeding.

23.6 Class Arbitration Waiver: APA and you agree to arbitrate solely on an individual basis, and that this Agreement does not permit class arbitration or any claims brought as a plaintiff or class member in any class or representative proceeding. The Arbitration panel may not consolidate more than one person's claims, and may not otherwise preside over any form or a representative or class proceeding.

23.7 Injunctive Relief Pending Negotiation, Mediation or Arbitration: Notwithstanding the foregoing, either APA or you may initiate litigation at any time, without prejudice to the procedures specified in Sections 23.1 – 23.3, above, for the limited purpose of seeking a temporary restraining order or other temporary or preliminary injunctive relief, if in the sole judgment of the party such action is necessary to avoid irreparable damage or preserve the status quo. The party enjoined shall be bound by and comply with any provisional injunction issued unless and until it is vacated or terminated. Despite such action for provisional injunctive relief, the parties will continue to participate in the procedures of Sections 23.1 – 23.3.

23.8 Governing Law: All matters relating to Arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et. seq.). Otherwise, this Agreement, the franchise and all claims arising from the relationship between APA and you will be governed by the law of the State of Missouri (without regard to the conflicts of law rules and principles of Missouri or your state), except that the United States Trademark Act of 1946, as amended (Lanham Act, 15 U.S.C. §§ 1051 et. seq.) and the United States Copyright Act (17 U.S.C. §§ 101 et seq.) may also be applied to matters relating to trademarks, copyrights and unfair competition.

23.9 Consent to Jurisdiction: You and your owners (including their spouses) agree that all judicial actions brought by APA against you or any of your owners (including their spouses) or brought by you or your owners against APA (including any APA subsidiary, affiliate, officer, director, shareholder, employee or agent) must be brought in the Circuit Court of St. Charles County, Missouri or the U.S. District Court for the Eastern District of Missouri. You and each of your owners (including their spouses) irrevocably submit to the jurisdiction of such courts and waive any objection you, he or she may have to either the jurisdiction of or venue in such courts. Notwithstanding the above, APA

may bring an action for a temporary restraining order, temporary or preliminary injunctive relief or to enforce any arbitration obligation or award in any federal or state court of general jurisdiction in the state in which you reside or in which the Franchised League is located.

23.10 Waiver of Punitive Damages: Except with respect to claims APA may bring against you for your unauthorized use of Marks or unauthorized use or disclosure of confidential information, APA, you and your owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us, the party making the claim will be limited to equitable relief and recovery of any actual damages sustained (together with reasonable attorney's fees, costs and expenses if authorized by this Agreement).

23.11 Waiver of Jury Trial: APA, you and your owners irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of us.

23.12 Limitation of Claims: Except for claims arising from your non-payment or underpayment of royalties, fees and other amounts you owe APA under this Agreement, any and all claims arising out of or relating to this Agreement or APA's (and any APA affiliates') relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to that claim.

23.13 Costs and Attorneys' Fees: In any litigation or arbitration of any dispute, the prevailing party shall be entitled to recover its reasonable attorneys' fees and expenses from the other party; provided, in all events, the parties shall bear evenly the cost of arbitrators' fees and expenses.

23.14 Remedies Cumulative: Except as otherwise provided in this Agreement, the rights and remedies provided APA and you under and by this Agreement shall be cumulative and shall not be exclusive of any other rights and remedies which APA and you may have at law or in equity including, but not limited to, claims for damages. Except as expressly provided in this Agreement, the rights and remedies of the parties herein shall not be in substitution for, but shall be in addition to, any and all rights and remedies to which they shall be respectively entitled in law or in equity.

23.15 Joint and Several Liability of Owners of Franchisee and Spouses: You and your spouse (if you are an individual or sole proprietorship) or your owners and their respective spouses (if you are a partnership, corporation or limited liability company) must be bound by this Agreement by signing it and shall be jointly and severally liable with you or your owners for breach of this Agreement. If you become married during the Term, you agree to use your best efforts to obtain in writing your new spouse's consent to the terms of this Agreement. Accordingly, if you or your owners are married or become married during the Term, then all references in this Agreement to "you" shall also mean you and your spouse (jointly and severally) and all references to "your owners" shall also mean your owners and their spouses (jointly and severally).

ARTICLE 24
MISCELLANEOUS

24.1 Non-Waiver: APA's or your forbearance, delay or failure to take action upon any failure by you or us to meet any obligation, whether in a single instance or repeatedly, shall not be a waiver of any default or our or your rights to require exact compliance with any obligations, to declare a default and to terminate this Agreement, and shall not waive or impair APA's or your ability to later exercise any right under this Agreement. Should APA take action less than termination of this Agreement in the event of a breach by you, APA's decision to take such limited action shall not waive or impair its right to later terminate for the same, similar or different breach. No express waiver by APA or you of performance of any obligation or this Agreement shall be construed as a waiver of any other or future default or performance obligation. Further, APA's or your forbearance, delay, failure to exercise or express waiver of a right or our decision to take some other action regarding breach by any other franchisee shall not be evidence of a practice, custom or policy of APA and shall not waive or impair APA's ability to exercise any right, power or option it has under this Agreement in the event of the same, similar or different breach by you. You also acknowledge that agreements entered into at different times with other franchisees may contain different terms than this Agreement, and that this shall not waive or impair APA's rights and your obligations under this Agreement. In addition, APA's acceptance of any payments due from you after any breach by you shall not constitute a waiver of your breach nor limit APA's ability to fully exercise its rights under this Agreement as a result of your breach. No special or restrictive legend or endorsement on any check or similar item given to either party will constitute a waiver, compromise, settlement or accord and satisfaction. The recipient may remove or obliterate any restrictive legend or endorsement and any such legend or endorsement will be of no effect.

24.2 Delivery and Receipt of Notices: All written notices permitted or required under this Agreement will be deemed delivered and received: (1) at the time delivered by hand or by facsimile or by electronic mail (if sent during regular business hours or deemed received the next business day if sent after regular business hours) or (2) on the next business day if sent by a nationally recognized commercial courier service for next business day delivery or if sent by registered or certified U.S. mail, return receipt requested, postage prepaid. For this purpose "business day" means Monday through Saturday (except national holidays). Notices to APA must be sent to APA's principal office at 1000 Lake Saint Louis Boulevard, Suite 325, Lake Saint Louis, Missouri, 63367, or faxed to APA's then current fax number (currently 636-625-2975), or electronically sent to notices@poolplayers.com. Notices to you may be sent to the electronic address then being used by APA for weekly updates sent to you, and other notices may be sent to the address we use to ship supplies ordered by you.

24.3 Receipt and Delivery of Payments and Reports: Payments and reports due APA must be physically received in APA's principal office at 1000 Lake Saint Louis Boulevard, Suite 325, Lake Saint Louis, Missouri, 63367, by the due date, otherwise the payments and reports will be considered delinquent and interest, penalties, and late and administrative fees may be charged.

24.4 Interpretation: The headings of the various Sections of this Agreement are for convenience only and do not define, limit or construe the contents of such sections. References to "APA Affiliate" herein refer to any parent or subsidiary of APA, company under common ownership with APA, or company directly or indirectly owned or controlled by APA. Whenever this Agreement requires APA's prior consent or approval, you must make a timely written request for approval, and

our approval must be obtained in writing. ORAL APPROVAL OR CONSENT WILL NOT BE BINDING ON APA, MAY NOT BE RELIED UPON BY YOU AND SHALL BE OF NO FORCE AND EFFECT. Unless this Agreement expressly obligates APA to reasonably approve or not unreasonably withhold our approval of any action or request by you, APA shall have the absolute right to refuse any request or withhold our approval. The language in all parts of this Agreement shall be construed simply according to its fair meaning and not strictly for or against APA or you. If any provision of this Agreement is capable of two constructions, one of which would render the provision void or voidable and the other of which would render the provision valid, then the provision shall have the meaning that renders it valid.

24.5 Duplicate Originals: 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 be deemed to be one and the same instrument.

24.6 APA's Cure of Your Obligations: In addition to all other remedies herein granted, if you default in the performance of any of your obligations or breach any term or condition of this Agreement or any related agreement, APA may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and with at least ten (10) days notice (or less if the nature of the breach so requires) cure such default for your account and on your behalf, and the cost to APA thereof shall be due and payable on demand and shall be deemed to be additional fees and shall be added to the amount of fees next accruing hereunder, at the election of APA.

24.7 Entire Agreement and APA's Acceptance: This Agreement including all exhibits to this Agreement and our System Standards, constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law. This agreement may only be amended in writing signed by APA and you.

24.8 Good Faith: The parties covenant that they will perform and enforce this Agreement in good faith; provided, however, this covenant of good faith shall not override or contradict any of the express terms of this Agreement and shall not limit the right of any party to make judgments and decisions under this Agreement where the Agreement expressly grants the party such right.

24.9 Right to Associate: APA will not restrict you from lawfully associating with other franchisees or from lawfully participating in a trade association. You agree that APA will not be liable for any debt, obligation, liability or damages resulting from your association with other franchisees or the activities of any trade association in which you participate and that you will fully indemnify and hold harmless APA and its affiliates, shareholders, officers, directors, employees, agents, successors and assigns from and against all damages, losses, liabilities, costs and expenses (including attorneys' fees) incurred as a result of such association and activities.

24.10 Force Majeure: Neither party shall be liable for any delay or failure to perform its obligations under this Agreement if such delay or failure arises from any cause or causes beyond the reasonable control of such party, including but not limited to, labor disputes, strikes, other labor or industrial disturbances, adverse actions of the elements, including floods or lightning, shortages of materials, rationing, utility or communication failures, earthquakes, casualty, war, acts of the public enemy, riots, insurrections, embargoes, blockages, actions, restrictions, regulations or orders of any government, agency or subdivision thereof. In any such event, the date for the party's performance shall be deferred for a period of time equal to the time lost by reason of such event, provided that the delayed party shall notify the other party of such event, shall make its best efforts to remedy the delay or failure resulting from such event and shall cooperate with the other party in minimizing any adverse impact of such event.

24.11 Varying Standards: Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole and absolute discretion, and as we may deem in the best interests of all concerned in any specific instance, to vary standards and license agreement provisions for any franchisee or prospective franchisee based upon the peculiarities of a particular site or circumstance, density of population, business potential, population or trade area, existing business practices or any other condition which we deem to be of importance to the successful operation of such franchisee's business. You and your Owners agree that you will not have the right to complain about a variation from standard specifications and practices granted to any other franchisee and will not be entitled to require us to grant you a like or similar variation.

24.12 APA's Cure of Your Obligations: In addition to all other remedies herein granted, if you default in the performance of any of your obligations or breach any term or condition of this Agreement or any related agreement, APA may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and with at least ten (10) days' notice (or less if the nature of the breach so requires) cure such default for your account and on your behalf, and the cost to APA thereof shall be due and payable on demand and shall be deemed to be additional fees and shall be added to the amount of fees next accruing hereunder, at the election of APA.

24.11 Index of Defined Words and Phrases: The words and phrases listed below are defined in the Section of this Agreement set forth opposite the word or phrase:

Defined Word or Phrase	Where Defined in This Agreement
"AAA"	Section 23.2
"AAA Arbitration Rules"	Section 23.3
"AAA Mediation Procedures"	Section 23.2
"Agreement"	Section 1.1
"Annual Membership Fee"	Section 6.1
"APA"	Introductory Paragraph
"APA Affiliate"	Section 24.4
"APA Event"	Section 14.8
"APA Licensed Supplier"	Section 6.5
"APA Marks"	Section 11.1
"APA Members"	Section 6.1
"APA Merchandise"	Section 6.5
"APA Release"	Section 18.1
"Arbitration"	Section 23.3
"Basic Weekly Fee"	Section 6.2
"Business Day"	Section 24.2
"Conditional Term"	Section 4.2
"Contractor"	Section 6.4
"Cooperative Agreements"	Section 7.4
"Disability"	Section 19.6
"Dispute"	Section 23.1
"During"	Section 14.8
"Effective Date"	Introductory Paragraph
"Expiration"	Section 21.1
"Field Training"	Section 9.1
"Franchised League"	Section 2.1
"Franchisee"	Introductory Paragraph
"Franchisee Release"	Section 18.1
"Franchisee Schedule"	Section 13.1
"Gross Revenues"	Section 12.2
"Higher Level Tournaments"	Section 8.2
"IFA"	Section 5.3
"IFA Arbitration Rules"	Section 23.3
"Indemnified Parties"	Section 15.4
"Indemnitees"	Section 15.4
"Initial Franchise Fee"	Section 5.2
"Initial Regular Term Franchise Agreement"	Box on first page
"Interest"	Section 19.2
"Interim Manager"	Section 16.3
"Interim Team Count Growth Requirement	Section 4.2
"Local Sponsors"	Section 7.6
"Location"	Section 14.8
"Maintenance Fee"	Section 6.4
"Marks"	Section 1.1
"Mediation"	Section 23.2

"National Account Program"	Section 3.3
"National Accounts"	Section 3.3
"Official Team Manual"	Section 8.2
"Operations Manual"	Section 10.3
"Players Fund"	Section 6.3
"Players Fund Money"	Section 20.2
"Proprietary Information"	Section 10.1
"Regular Term"	Section 4.1
"Renewal Term"	Section 18.1
"Software License Agreement"	Section 10.4
"Software Program"	Section 1.1
"Software Support and Maintenance Fee"	Section 6.4
"Sponsor Marks"	Section 7.1
"Sponsor Materials"	Section 7.2
"Sponsors"	Section 7.1
"Sponsorship Agreements"	Section 7.1
"Standard Format Teams"	Section 4.2
"Successor Regular Term Franchise Agreement"	Box on first page
"System"	Section 1.1
"System Standards"	Section 1.1
"Team Count"	Section 4.2
"Team Count Growth Requirement	Section 4.2
"Term"	Section 4.1
"Termination"	Section 21.1
"Territory"	Section 3.1
"Training Program"	Section 9.1
"Training Seminar I"	Section 9.1
"Training Seminar 2"	Section 9.1
"Transfer"	Section 19.2
"Transferee"	Section 19.5
"Transfer Period"	Section 19.6
"Us"	Introductory Paragraph
"We"	Introductory Paragraph
"You"	Introductory Paragraph
"Your owners"	Section 1.3

IN SIGNING THIS AGREEMENT, YOU ACKNOWLEDGE THAT YOU AND YOUR OWNERS HAVE READ AND UNDERSTAND THIS AGREEMENT AND THE EXHIBITS AND ATTACHMENTS HERETO, AND THAT APA HAS AFFORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.

THE SUBMISSION OF THIS AGREEMENT TO YOU DOES NOT CONSTITUTE AN OFFER. THIS AGREEMENT, ONCE SIGNED BY YOU, BECOMES EFFECTIVE ONLY IF AND WHEN IT IS ACCEPTED AND SIGNED BY APA THROUGH AN AUTHORIZED OFFICER.

IN WITNESS WHEREOF, the parties hereto by due corporate and other proceedings, or individually where applicable, have executed this Agreement the day and year hereafter written.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

AMERICAN POOLPLAYERS ASSOCIATION, INC.

By: _____
Name: Greg Fletcher
Title: President

Date:_____

FRANCHISEE(S)

_____

_____

_____

_____

Individually and as the duly authorized representative of and agent for

_____
(a corporation or limited liability company)

Witness:

_____

Date: __

This Agreement will expire on:_____

Exhibit D

ADDENDUM TO FRANCHISE AGREEMENT
STATE OF CALIFORNIA

This Addendum forms a part of and modifies the Franchise Agreement entered between the AMERICAN POOLPLAYERS ASSOCIATION, INC., a Missouri corporation (referred to as "we", "us" or "APA"), and _____, a _____ (referred to as "you" or "Franchisee"). This Addendum becomes effective on the date the Franchise Agreement is accepted and signed by APA.

The Franchise Agreement is modified as follows:

The following language is added to ARTICLE 14, CONFIDENTIALITY AND NON-COMPETITION AGREEMENT:

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the Franchise. This provision may not be enforceable under California law.

To the extent that this Addendum is inconsistent with any terms or conditions of the Franchise Agreement, the terms and conditions of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto, by due corporate and other proceedings, or individually, where applicable, have executed this Addendum the day and year hereafter written.

AMERICAN POOLPLAYERS ASSOCIATION, INC.

By: _____
Name: Greg Fletcher
Title: President

Date:_____

FRANCHISEE(S)

_____

_____

Individually and as the duly authorized representative of and agent for

_____
(a corporation or limited liability company)

Date: _____

ADDENDUM TO THE FRANCHISE AGREEMENT BETWEEN AMERICAN POOLPLAYERS ASSOCIATION, INC. AND _____

Dated as of _____

This Addendum forms a part of the Franchise Agreement entered between the AMERICAN POOLPLAYERS ASSOCIATION, INC., a Missouri corporation (referred to as "we", "us" or "APA"), and _____ (referred to as "you" or "Franchisee").

A. **Territory:** Your Territory is identified as follows: _____ (For help in further identifying the boundaries of your Territory, a map initialed by both parties has been attached to the Franchise Agreement as the last page following Exhibit J.)

B. **Term:** This Franchise Agreement is granted for a Conditional Term of 2 years as provided in Paragraphs 4.1 and 4.2 of the Franchise Agreement. The Conditional Term expires on _____.

C. **Team Growth Requirement:** In regards to the team count growth requirement as set forth in Paragraph 4.2 of the Franchise Agreement, you are required to achieve a team count of ____ teams by the end of the Conditional Term. This requires a growth of ___ teams over and above the existing ___ team _____ team-count. To count as "teams" for the purpose of meeting this requirement the teams must be full 5-8 person teams playing in APA's standard 8-Ball or 9-Ball formats, for a full session (minimum of 10 weeks of play) and paying your normal and customary weekly team fees. Teams not meeting these requirements will not be counted towards your League's team count for any purpose. You must achieve half of the team growth requirement by the end of the first year of this agreement.

D. **Additional Requirements:** _____

E. **Initial/ Transfer Franchise Fee:** You must pay at the time you sign this Agreement the Initial/ Transfer Franchise Fee of $_____.

F. This Addendum forms a part of the Franchise Agreement and is binding upon and inures to the benefit of the respective parties hereto and, as applicable, their parents, subsidiaries, affiliates, employees, agents, servants, successors, assigns, heirs, executors, administrators, and legal representatives. This Addendum may be modified or amended only in writing signed by the party to be charged. To the extent this Addendum varies from any provision of the Franchise Agreement, this Addendum shall control. Any dispute under this Addendum shall be resolved by the dispute resolution procedures described in Article 23 of the Franchise Agreement.

G. The parties signing this agreement represent and warrant that they have read this Addendum and all documents referenced herein and understand and agree to be bound by these terms and agreements.

AMERICAN POOLPLAYERS ASSOCIATION, INC.	**FRANCHISEE(S)**
By: _____	_____
Name: Greg Fletcher	
Title: President	
	_____
Date:_____	

Witness:

_____

_____

_____

Individually and as the duly authorized representative of and agent for

_____
(a corporation or limited liability company)

Witness:

_____

Date: _____

ADDENDUM TO THE FRANCHISE AGREEMENT BETWEEN AMERICAN POOLPLAYERS ASSOCIATION, INC. AND _____

Dated as of _____

This Addendum forms a part of the Franchise Agreement entered between the AMERICAN POOLPLAYERS ASSOCIATION, INC., a Missouri corporation (referred to as "we", "us" or "APA"), and _____ (referred to as "you" or "Franchisee").

A. **Territory:** Your Territory is identified as follows: _____
(For help in further identifying the boundaries of your Territory, a map initialed by both parties has been attached to the Franchise Agreement as the last page following Exhibit J.)

B. **Term:** This Franchise Agreement is granted for an Initial Regular Term.
The Initial Regular Term expires on _____.

C. **Additional Requirements:** _____

D. **Initial/ Transfer Franchise Fee:** You must pay at the time you sign this Agreement the Initial/ Transfer Franchise Fee of $_____.

E. This Addendum forms a part of the Franchise Agreement and is binding upon and inures to the benefit of the respective parties hereto and, as applicable, their parents, subsidiaries, affiliates, employees, agents, servants, successors, assigns, heirs, executors, administrators, and legal representatives. This Addendum may be modified or amended only in writing signed by the party to be charged. To the extent this Addendum varies from any provision of the Franchise Agreement, this Addendum shall control. Any dispute under this Addendum shall be resolved by the dispute resolution procedures described in Article 23 of the Franchise Agreement.

F. The parties signing this agreement represent and warrant that they have read this Addendum and all documents referenced herein and understand and agree to be bound by these terms and agreements.

AMERICAN POOLPLAYERS ASSOCIATION, INC.

By: _____
Name: Greg Fletcher
Title: President

Date:_____

Witness:

_____

FRANCHISEE(S)

_____

_____

_____

_____

Individually and as the duly authorized representative of and agent for

_____
(a corporation or limited liability company)

Witness:

_____

Date: _____

ADDENDUM TO THE FRANCHISE AGREEMENT BETWEEN AMERICAN POOLPLAYERS ASSOCIATION, INC. AND _____

Dated as of _____

This Addendum forms a part of the Franchise Agreement entered between the AMERICAN POOLPLAYERS ASSOCIATION, INC., a Missouri corporation (referred to as "we", "us" or "APA"), and _____ (referred to as "you" or "Franchisee").

A. **Territory:** Your Territory is identified as follows: _____ (For help in further identifying the boundaries of your Territory, a map initialed by both parties has been attached to the Franchise Agreement as the last page following Exhibit J.)

B. **Term:** This Franchise Agreement is granted for a Successor Regular Franchise Agreement. The Successor Regular Franchise Agreement expires on _____.

C. **Additional Requirements:** _____

D. **Initial/ Transfer Franchise Fee:** You must pay at the time you sign this Agreement the Initial/ Transfer Franchise Fee of $_____.

E. This Addendum forms a part of the Franchise Agreement and is binding upon and inures to the benefit of the respective parties hereto and, as applicable, their parents, subsidiaries, affiliates, employees, agents, servants, successors, assigns, heirs, executors, administrators, and legal representatives. This Addendum may be modified or amended only in writing signed by the party to be charged. To the extent this Addendum varies from any provision of the Franchise Agreement, this Addendum shall control. Any dispute under this Addendum shall be resolved by the dispute resolution procedures described in Article 23 of the Franchise Agreement.

F. The parties signing this agreement represent and warrant that they have read this Addendum and all documents referenced herein and understand and agree to be bound by these terms and agreements.

AMERICAN POOLPLAYERS ASSOCIATION, INC.

By: _____
Name: Greg Fletcher
Title: President

Date:_____

Witness:

_____

FRANCHISEE(S)

_____

_____

_____

_____

Individually and as the duly authorized representative of and agent for

_____
(a corporation or limited liability company)

Witness:

_____

Date: _____

Exhibit F

Franchisee Ownership Schedule

Dated _____

A. Proprietorship

The Franchised League will be/is [ ] a sole individual or [ ] jointly owned by spouses (check one).
If the Franchise is individually owned, the owner is: _____ and the owner's spouse is: _____. If the Franchise is jointly owned, the joint owners are: _____ and _____. The address of the owner(s) is: _____.

B. Partnership

The Franchised League will be/is a partnership formed on _____ and the partnership's name is: _____ and its business address is: _____. It's partners, their capacities (managing partner, general or limited partners), their ownership percentages in the partnership, their spouses and addresses are:

Name of Partner	Capacity	Ownership Percentage	Spouse's Name	Address

C. Corporation or Limited Liability Company

The Franchised League will be/is a [ ] corporation or [ ] limited liability company (check one) formed on _____ and named _____. The corporation or limited liability company's address is _____. Its shareholder or members, their ownership interest/percentages and spouses are:

Name of Shareholder or Member	# of Shares Owned or Ownership Percentage	Spouse's Name	Address

Its officers and directors are:

President		Director	
Vice President		Director	
Treasurer		Director	
Secretary		Director	

D. Manager

The person designated as the Manager of the Franchised League is:

E. Assumed Name

If you are doing business or intend to do business under an assumed or fictitious name, all of those names are set forth below:

Exhibit G

Agreement of Franchisee's Owners/Spouses to Guaranty & Assume Franchisee's Obligations

Dated _____

In consideration of, and as an inducement to, the execution of the Franchise Agreement between the American Poolplayers Association, Inc. ("APA") and _____ (the "Franchisee"), each of the undersigned, being all of the shareholders, partners or owners and their spouses (collectively the "Owners") of the Franchisee hereby personally and unconditionally: (1) guarantee to APA and its successors and assigns, for the Term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Franchise Agreement; (2) agree to be bound by all agreements, acknowledgments and understandings of Franchisee and of Franchisee's owners as set forth in the Franchise Agreement; and (3) agree to be personally bound by, and personally liable for the breach of each and every provision in the Franchise Agreement.

Each of the Owners waives: (1) acceptance and notice of acceptance by APA of the foregoing undertakings; (2) notice of demand for payment of any indebtedness on non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he may be entitled. Each of the Owners consents and agrees that: (1) his/her direct and immediate liability under this guaranty shall be joint and several; (2) he/she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) he/she will individually comply with the provisions of Article 14 of the Franchise Agreement and all subsections thereunder, and the Confidentiality and Non-Competition Agreement (Exhibit H to the Franchise Agreement); (4) such liability shall not be contingent or conditioned upon pursuit by APA of any remedies against Franchisee or any other person; and (5) such liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which APA may from time to time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

If any provision of this Guaranty and Assumption Agreement is deemed to be invalid or inoperative for any reason, that part shall be deemed modified to the extent necessary to make it valid and operative or if it cannot be so modified, then severed, and the remainder of the Guaranty and Assumption shall continue in force and effect as if it had been signed with the invalid portion so modified or eliminated.

Name of Guarantor	Signature	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Exhibit H

Confidentiality and Non-Competition Agreement

I, _____, acknowledge that the confidential and proprietary Operations Manual [League Operators Manual], Software Program [Franchise Management System], System Standards and all other confidential and proprietary information concerning the methods and know-how for operating and promoting the pool leagues, tournaments and events of the American Poolplayers Association, Inc. ("APA") (hereafter the "System") has been developed by APA over many years of substantial effort, expense and experience, is highly confidential and valuable, is comprised of information not generally known to competitors, and if disclosed to or used by competitors, it would give them the advantages presently enjoyed by APA and its franchise owners. The System will be/has been licensed by APA for use in operation of the franchise in _____ (the "Franchised Territory"). As a result of my affiliation with the Franchised League, I will develop substantial knowledge of the System and relations with APA Members participating in the Franchised League. But for the training, support and experience gained through my affiliation with the Franchised League, I would be without knowledge of and expertise in the operation of a pool league, would be without knowledge of or expertise in the System, and would not have developed the relations with APA Members. I agree that the confidentiality and non-competition obligations described below are reasonably designed to serve the legitimate and protectable interest of APA, do not unreasonably and unnecessarily restrict me, are reasonable in time and scope, will not prevent me from earning a living within the area, and can be enforced by any court or arbitrator having proper jurisdiction in accordance with the terms of the obligations.

Therefore, I agree as follows:

1. I agree that at all times during and after the expiration or termination of my affiliation with the Franchised League that I (a) will keep strictly confidential the System and the list and records of participants in the Franchised League and APA Members; (b) will not use the System (or any part thereof) in any other business or capacity; (c) will not make any unauthorized copies of the Operations Manual, Software Program or any other confidential and proprietary material or information; and (d) will adopt and implement all reasonable procedures APA prescribes from time to time to prevent unauthorized use or disclosure of the System and the list and records of participants in the Franchised League and APA Members.

2. I agree that neither I nor my spouse will during my affiliation with the Franchised League, directly or indirectly, have any interest in as owner, partner, director, officer, employee, consultant, representative or agent, or otherwise engage in or lend knowledge or support to any non-APA pool league, tournament or event or any business that operates, manages, conducts, franchises or licenses any pool league, tournament or event; provided, that this section shall not prohibit me from playing in any non-APA pool league, tournament or event, or from owning less than five percent (5%) of any company listed on any national securities exchange.

3. I agree that for two (2) years after termination of my affiliation with the Franchised League (regardless of the cause, reason or justification) neither I nor my spouse will, directly or indirectly (a) have any interest in as owner, partner, director, officer, employee, consultant, representative or agent, or otherwise engage in or lend knowledge or support to any non-APA pool league, tournament or event or any business operating any pool league, tournament or event within the Franchise League's Territory or any adjacent county; (b) engage in, support, or assist in the solicitation of any APA Members, host locations, or Sponsors that have participated in the Franchised League to participate in non-APA pool league play, tournament or events within the Territory or any adjacent county; or (c) have any interest in as owner, partner, director, officer, employee, consultant, representative or agent, or otherwise engage in or lend knowledge or support to any business engaged in franchising, licensing, or otherwise establishing, developing or managing a national or regional pool league operation; provided, that this section shall not prohibit me from playing in any non-APA pool league, tournament or event, or from owning less than five percent (5%) of any company listed on any national securities exchange.

4. I agree that any methods, ideas, improvements, changes or suggestions developed by me (or any employee or agent of the Franchised League) within the scope of the APA System or the operation or promotion of the Franchised League shall become a part of APA's System and property

of APA, without compensation to me. I hereby assign to APA all my rights in any such methods, ideas, improvements, changes and suggestions to APA and agree to execute all documents necessary to carry out this assignment and agree to obtain the assignment of any rights of any employee or agent of the Franchised League.

5. I agree that I will not at any time during any APA event, engage in any activity that is not directly related to the operation of the Franchised League or to my attendance at the event as an APA Franchisee, including, but not limited to, any activity that solicits persons on behalf of any other business, enterprise or product, whether or not such business, enterprise or product competes with APA. As used in this section the following terms have the following meanings: (a) "location" means the general location of such event, including any room within the building or facility in which such event is conducted, and any location within 500 yards of the perimeter of such building or facility; (b) "during" means the time period that such event is being conducted and the 24 hours before its start and after its completion; (c) "I" means me and my owners, officers, employees, agents or representatives; and (d) "APA event" means any event sponsored, produced or conducted by APA or an APA Sponsor for the purpose of conducting any league play, activity, or tournament or any convention or meeting of other APA Franchisees.

6. I agree that I shall cause every person that becomes affiliated with me in connection with Franchise, including as an owner, director, officer, manager or employee, during my affiliation with the Franchised League to sign and be bound by the then current form of Confidentiality and Non-Competition Agreement required by APA.

7. I hereby grant APA the right, but not the obligation, to enforce the confidentiality and non-competition obligations set forth herein in my name or in APA's name against any owner, director, officer, manager, employee or agent of the franchisee entity that breaches any confidentiality obligation.

8. I agree that APA is a third-party beneficiary of this Agreement and that APA may enforce the terms of this Agreement in any court of competent jurisdiction. I agree that injunctive relief preventing my breach or compelling my compliance with this Agreement may be entered. In the event of my breach of any term of this Agreement, I agree to pay the reasonable attorney's fees incurred by APA and the Franchised League in enforcing this Agreement, whether or not litigation is actually commenced. The foregoing, however, shall not limit the relief or damages of such party. I further agree that the Franchised League and APA may advise any third-party of the existence of this Agreement and of its terms, and I release APA and the Franchised League from any liability for doing so.

9. Every provision (or part thereof) of this Agreement will be considered severable. If any such provision (or part) is determined to be invalid or unenforceable under the law by a court or arbitration panel of competent jurisdiction, that determination will not affect, impair or invalidate all other portions of this Agreement, which shall remain in full force and effect and binding upon the parties. Furthermore, I agree that in the event any provision (or part) is ruled invalid or unenforceable under properly applicable law by virtue of the provision's scope or duration, but that the provision would be valid and enforceable by reducing the scope or duration or otherwise modifying the provision, then the court or arbitration panel shall have power to reduce the duration or scope of the provision or modify it so that the provision may be enforced to the fullest extent permitted under the law and public policies of the jurisdiction whose law is properly applicable.

10. I agree that the failure of the Franchised League or APA to exercise any of its rights under this Agreement in the event of my breach or any of the separate and distinct promises of this Agreement, or the failure of the Franchised League or APA to exercise any of its rights under any similar contracts with others, shall not be construed as a waiver of any breach by me or prevent the Franchised League or APA from later enforcing strict compliance with any and all of the promises in this Agreement.

11. This Agreement is binding on my heirs, executors, administrators, and legal representatives. I acknowledge that this Agreement shall be for the benefit of APA and the Franchised League and their respective successors and assigns. I agree that this Agreement does not constitute a contract of employment for a fixed term or otherwise. With respect to the franchisee of the Franchised League, I agree that in the event of any conflict between this

Agreement and the Franchise Agreement, the Franchise Agreement shall govern.

I HEREBY REPRESENT AND WARRANT THAT I HAVE READ THIS AGREEMENT AND UNDERSTAND THE MEANING AND EFFECT OF THE TERMS OF THIS AGREEMENT.

Name: _____

Name: _____

Date: _____

Spousal Agreement

I acknowledge that I have read the Confidentiality and Non-Competition Agreement (the "Agreement") and that I know its contents. I am aware that by its provisions my spouse agrees to be subject to certain obligations and restrictions, including, but not limited to, the obligation to (i) maintain certain confidential information, and (ii) not compete with the Franchise League. I approve of and agree to the provisions of the above Agreement as they relate to me and my spouse, and agree that I will abide by the provisions of such Agreement.

Date: _____

_____
Spouse Signature

_____
Name (printed)

Exhibit I

Software License Agreement

American Poolplayers Association, Inc. ("APA", "we", "us") grants _____ ("you") the personal, nontransferable and nonexclusive license to use APA's proprietary computer software program or application for pool league and tournament management, including, without limitation, all modules and parts of the software, past and future versions and releases, updates, revisions, copies of the program, and the user's manual and documentation, as well as all records and data maintained through use of the Program, including records of league play, player and team performance and operations of your Franchised League (collectively the "Program") for use only in the operation of your Franchised League. The APA Program includes, without limitation, our current software application referred to as NEXUS and our tournament administration software, TMS, and the anticipated future tournament software or application referred to as TNEX. This license is granted expressly under the following terms and conditions:

1. The Program is licensed (loaned) to you by APA, not sold. You agree that the Program, including the copyright to the Program, is owned by APA and contains confidential and proprietary systems, programs, methods and know-how of APA (including APA's Equalizer® handicapping and scoring system). You agree not to dispute or contest APA's ownership of and rights in the Program, including trade secret rights and copyrights, during the Term of your Franchise and thereafter.

2. Some aspects of the Program – primarily our current NEXUS application – are systems that are accessed and used through the Internet. Other aspects of the Program – such as currently the tournament modules (TMS and TNEX) – are installable software that must be installed and used on your personal computer, laptop or related hardware (such as a file server or hard drive). All aspects of the Program that are intended to be Internet based systems may not be installed nor reside on any of your computers or hardware. The Program's installable software may be installed (on a computer, CPR or file server) for use on one or more computers located at your principal office. You may install or use the Program's current installable software on computers other than at your principal office (such as a mobile laptop computer, tablet or remote drive or storage device or other media) provided you give APA prior notice identifying these computers (or other hardware, devices or media) and their location. You may make one copy of the software for backup purposes (provided you disclose to us the location of all backup copies).

3. You may not make (nor allow anyone to make) any other copies of the Program (whether installable or internet-based), nor reverse engineer, replicate or seek to replicate any aspects of the Program. You may not copy, summarize, or create any description, memoranda or record of all or any portion of the Program, the Program's manual or other Program documentation. Any prior versions of the licensed Program (or any portion of the Program) – such as the League Scoring System ("LSS") or the Franchise Management System (FMS) – must be irretrievably deleted from your computer(s) and other hardware, devices or media, and all diskettes, installation disks, copies, backups and related manuals and documentation shall be returned to APA upon our request. (Prior or obsolete versions of the Program are included within the meaning of the term "Program" as used in this Agreement.)

4. The Program is for exclusive use in operation of your Franchised League and may not be used for any other business or purpose. Your rights in the Program terminate upon expiration or termination of your Franchise Agreement or upon your breach of this License Agreement. Upon expiration or termination of your Franchise Agreement or termination of this License Agreement, you must cease all use of the Program, verifiably and permanently delete (or allow APA full rights and access to permanently delete) the Program from all computers, drives and devices on which it is stored, and return to APA all diskettes, installation disks, copies, backups, manuals and documentation containing or relating to the Program, together with all records and data maintained through use of the Program, including records of league play, player and team performance and operations of your Franchised League.

5. You must keep the Program strictly confidential and not disclose, permit use or allow access to the Program to any person, except your employees to the extent necessary to efficient operation of your Franchised League. You shall inform all of your employees (and any others authorized by APA to have access to the Program) that the Program is confidential and proprietary information of APA and that they

are prohibited from copying or using the Program except in the ordinary course of their employment. You shall comply with APA's other requirements (as may be issued from time to time) for protection of APA's rights in the Program.

6. You may not transfer, assign, sublicense, pledge, or lease this License, the Program, or any interest or rights in them, or attempt to do so, without our prior written permission. Additionally, you may not (a) modify or prepare derivative works of the Program; (b) publicly display visual output of the Program; (c) transmit the Program electronically (except for authorized support or maintenance of the Program or reporting required by APA); or (d) reverse assemble, decompile or reverse engineer the Program in any way.

7. APA in its discretion may further develop, change, modify, enhance, add to or substitute the Program and you must obtain and use the Program, module or other software required by APA for league operations. It is your responsibility to obtain a computer system – for example, computer, modem, printer, device, high-speed internet access, operating system, browser and other hardware and software) needed to operate the Program (including any future version), report league matches, scoring and handicapping data, membership and host location information, and other operations to APA, as well as to administer new league programs and formats and perform other functions required by APA now or in the future. APA reserves the right to charge a reasonable license fee for major enhancements, upgrades or new versions of the Program or for an additional Program module or other software.

8. The Program is furnished to you "AS IS". APA MAKES NO WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE. APA does not warrant the performance or results you may obtain in using the Program, that the Program is free of defects, that it will operate uninterrupted or without errors, or that defects in the Program can be corrected. Further, while we may specify or recommend that your computer system meet certain criteria (e.g., processor, RAM, hard drive capacity), different computer systems (and hardware and software components) vary in quality and compatibility. We do not warrant performance of your computer system, its compatibility or successful operation of the Program, or that it will meet your needs or our requirements in the future.

9. You are responsible for installation, management and operation of the Program. Only persons authorized by APA may perform support or maintenance of the Program. If APA does not provide the support or maintenance, APA will obtain an authorized vendor to provide such services (a "Consultant") with respect to the then current version of the Program. APA reserves the right to charge a reasonable fee for the support and maintenance, which fee you agree to pay. This fee entitles you to telephone support on the then current version and any corrections and any minor updates that are issued in our discretion. It does not cover major enhancements, upgrades or new versions or substitutes for the Program. The amount of the annual fee may be changed annually subject to any limitation on such increase set forth in the Franchise Agreement, if any. APA may terminate any maintenance and support arrangement, and substitute or authorize other persons to provide support and maintenance of the Program and may terminate the support and/or maintenance completely with respect to then prior versions of the Program and discontinued modules. APA is not responsible for and does not warrant any Consultant's (or other contractor's) work and shall not be responsible or liable for any loss or damages resulting from acts or omissions (including negligence) of any Consultant (or other contractor).

10. In the event of a defect in the Program that makes the Program or a function unusable, APA will modify, temporarily or permanently, its System Standards as APA considers appropriate under the circumstances to authorize any reporting or record keeping function(s) that cannot be performed by the Program because of the defect to be performed manually or by another alternative means. This is the only remedy for any defect. APA shall have no responsibility or liability for any damages to persons or property; loss of profits, wages, or data; costs or expenses from any defect, error or failure of performance of the Program or your computer system; any act or omission (including negligence) in support or maintenance of the Program; or any other act or omission (including negligence) of APA or any employee or agent. IN NO EVENT WILL APA BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL OR RELIANCE DAMAGES, EVEN IF WE HAVE KNOWLEDGE OF THE POTENTIAL LOSS OR DAMAGE.

11. APA will defend any suit or proceeding brought against you to the extent that it is based on a claim that the Program, or any part thereof, used in the manner specified in this Agreement, constitutes an infringement of any patent or copyright of the United States or misappropriation of a trade secret, provided you promptly notify APA of such claim in writing and give the authority, information and assistance that in APA's judgment is needed for the defense or resolution of such claim. If a final non-appealable judgment is entered that use of the Program, or any part thereof, constitutes an infringement or misappropriation and its use is enjoined, APA will, at its sole discretion and at its own expense: (1) procure for you the right to continue using the Program or part thereof; (2) replace the Program with a non-infringing product; or (3) modify the Program as to become non-infringing.

12. Subject to APA's right to charge a license fee for new versions, this license to use the Program is granted by APA in granting the Franchise Agreement without any additional fee or charge, and no cost shall be attributed to this license. You acknowledge that, apart from this license, the services and benefits provided by APA to you under the Franchise Agreement exceed and fully earn the Franchise Fee paid by you. The Franchise Fee or any part shall not be subject to refund in the event of any defect, error or failure of the Program, support or maintenance of the Program, or your computer system.

13. Any dispute between you and APA under this License Agreement shall be submitted to mediation and, if not resolved in mediation, shall be resolved by binding arbitration in accordance with Sections 23.3 - 23.15 of the Franchise Agreement. This agreement to arbitration shall be governed solely by the U.S. Arbitration Act. Otherwise, this License Agreement shall be governed by Missouri law and, as applicable, U.S. Trademark Act and the U.S. Copyright Act. Any claim against APA under this Agreement must be asserted in arbitration within one (1) year of the event giving rise to the claim occurring.

14. Your breach of this License Agreement is a breach of your Franchise Agreement entitling APA to terminate the Franchise Agreement. APA shall have the right to inhibit, bar or block access to and use of the Program by you in the event of your failure to timely pay amounts due APA, or your breach of the Franchise Agreement or any other agreement with APA. In the event of your breach of this License Agreement, you shall pay APA's costs and expenses (including reasonable attorney's, expert witness and arbitration fees). You are responsible for any taxes charged as a result of this License Agreement or the loan of the Program to you.

AMERICAN POOLPLAYERS ASSOCIATION, INC.

By: _____
Name: Greg Fletcher
Title: President

Date:_____

FRANCHISEE(S)

_____

_____

Individually and as the duly authorized representative of and agent for

_____
(a corporation or limited liability company)

Date: _____

Exhibit J

AUTHORIZATION AGREEMENT FOR ACH (AUTOMATED CLEARING HOUSE) PAYMENTS & OTHER TRANSACTIONS

I (we) hereby authorize the **AMERICAN POOLPLAYERS ASSOCIATION., INC.** (the "Company") to initiate and execute electronic debit or credit entries to my (our) checking or savings account at the Bank or other Financial Institution identified below.

Name(s) on Account: _____

Financial Institution (Bank) Name: _____

Branch Location: _____

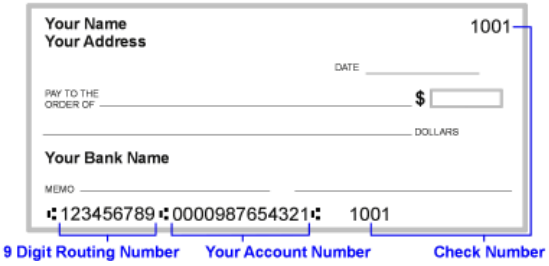
Checking/Savings Account Number: _____

Financial Institution (Bank) Routing Number: _____

Financial Institution City/State: _____

<u>Provide a "voided" check or readable photocopy of a check from the account, along with this completed and signed Authorization.</u>

For illustration purposes, your account number and the bank's routing number are shown on your check as follows:



I (we) understand and agree as follows:

1. I (we) must maintain a current Authorization Agreement for ACH Payments and Transactions with the Company at all times during which we own and operate the Franchise and that the currently designated account must have sufficient funds available to meet our financial obligations to the Company.

2. The Company will initiate debit entries every Wednesday for payment of activity for a League Week ending date of Friday, 12 days prior, and a Nexus submission due date of Wednesday, 7 days prior.

   For example, activity for a League Week ending date of Friday, December 6 must be entered into Nexus by Wednesday, December 11, you will receive an e-mailed statement with attached invoices on Thursday, December 12, and the payment thereof would be debited from your account on Wednesday, December 18.

3. Data for the League week must be entered into the Company's Computer Program (currently NEXUS) by the Wednesday due date (December 11 in the above example). If the data is not entered by the Wednesday due date, it cannot be processed in the appropriate week and a late charge of $20 will apply.

4. This Authorization will remain valid and in full force and effect unless I (we) terminate this Authorization by written notice to the Company. Such termination notice must be sent at two weeks prior to the termination of this Authorization taking effect.

5. If I (we) terminate this Authorization, we will immediately provide the Company with a new Authorization to initiate electronic debit or credit entries from a new or different checking or savings account at the same or another Bank or Financial Institution. Such new Authorization will be effective by the effective date of the termination of the previous Authorization so that there is no default or gap in time in making payments due the Company.

6. This Authorization shall remain in effect for a sufficient time (at least 30 days) following any sale, expiration or termination of my (our) Franchise or Franchise Agreement, to allow the Company to initiate any debit entries from the account required to satisfy any remaining financial obligations or debts I (we) owe the Company.

7. If a transaction initiated by the Company is declined for insufficient funds or any other reason, we understand that this may be a default under our Franchise Agreement. We agree to pay the Company a late fee and any other bank charges resulting from the failed transaction, and to send the Company payment of the amount owed, in full, by cashier's check or money order by overnight mail (or make other arrangements acceptable to the Company).

Sign where indicated at the bottom of this form.

Complete this Part only if this is an Amended or Revised Authorization because of a change in your checking/savings account and/or your Bank or Financial Institution ***(All others, skip this Part)***

Check the box here, if this is a change of account number: ☐

Check the box here, if this is a change in your Bank or Financial Institution ☐

Complete all the information requested above (Name(s) on the account, Name of Bank or Financial Institution, Branch, Checking/Savings Account Number, Bank Routing Number and Bank's City and State)

State the Wednesday date when you wish to begin using the new account: _____

Please note: We will notify you of the earliest date that we can begin initiating transactions in your new account based on when we receive your information and how long it takes our bank to process the request. Please keep sufficient funds in your current account until the change takes effect.

Signature _____ **Date** _____
Print Name: _____

Signature _____ **Date** _____
Print Name:_____

A VOIDED CHECK OR A READABLE PHOTOCOPY OF A CHECK MUST BE INCLUDED WITH THIS SIGNED AUTHORIZATION.

Exhibit K

Confidentiality Agreement

You have applied to become a franchise owner of a pool league business from the American Poolplayers Association, Inc. ("APA", "we" or "us"). We have provided you with our Franchise Disclosure Document, which you acknowledge having received. In connection with your decision to invest in the franchised business, we recognize that you may wish to review our confidential and proprietary operations manual titled the League Operators Manual (the "Manual"). The Manual discusses in detail how our system and operations work and how you would operate your APA franchised league if we decide to grant you a franchise. You should read the Manual before making your investment decision. Furthermore, before we can accept and sign the Franchise Agreement with you, you must attend and successfully complete APA's franchise owner training program (the "Training Program"). The Training Program describes in further detail our confidential and proprietary system and operations and trains you in how to conduct your local league operations if you are accepted to become a franchise owner.

APA considers our Manual and Training Program to be comprised of highly valuable, confidential and proprietary information owned exclusively by APA, including programs, systems, methods, procedures, standards, plans and know-how developed by us over many years and at considerable expense. As such, for the protection of APA, our franchise owners and our system and business, before we can provide our Manual to you and before you can attend our Training Program, it is necessary for you to agree to keep our Manual and Training Program confidential and not to use this information in an unauthorized way. This Agreement will be binding on you whether or not you go forward with your investment in the franchised business and whether or not we later accept you as a franchise owner and sign a Franchise Agreement with you. By signing this Agreement, you are not obligated to purchase any franchise. There is no separate fee or charge for this Agreement.

Accordingly, in consideration of the above and our consideration of you as a prospective franchise owner, you agree as follows:

1. You agree that the Manual (including all information contained in the Manual), and the materials and other information disclosed during the Training Program are confidential and proprietary trade secret information owned by APA and that APA is the owner of the copyright of the manual and all training materials. You further agree that you will not at any time challenge, dispute or contest APA's ownership of and rights in the Manual and the materials and other information disclosed in the Training Program, including APA's trade secret rights and copyrights.

2. You agree that (a) the Manual is loaned to you by APA *only* for the purpose of allowing you to review the Manual in order to make an informed decision on whether to invest in the franchised business and (b) the materials and information disclosed to you in the APA Training Program are being disclosed to you *only* for the purpose of training prospective franchise owners to operate an APA franchise and to permit us to evaluate you as a prospective franchise owner. The Manual and the materials and information of the Training Program *may not be used by you for any other purpose.*

3. You agree that you will not, now or in the future, use any of the information and materials contained in the Manual in connection with any pool league or operation (other than an APA franchised pool league) or any other business. You further agree that you will keep the Manual (including its information) confidential and will not disclose it or make it available to any other person (other than an Advisor under the terms of Paragraph 4).

4. For the purpose of making your investment decision you may disclose the Manual to a business advisor or professional advising you in connection with your investment (an "Advisor") *only* if your Advisor

signs the acknowledgement at the bottom of this Agreement agreeing to be strictly bound by all terms of this Agreement.

5. You agree not to make any copies of the Manual or any materials or other information disclosed in the Training Program. If you decide not to go forward with seeking this Franchise or if you are not accepted by APA as a franchise owner, you agree to immediately return to APA all of APA's materials and information, including the Manual, training materials and any notes made of the Manual and Training Program. You further agree that the terms of this Agreement are reasonable and shall be and remain binding upon you. You agree that this Agreement shall not be invalid for any reason and shall be enforced to the fullest extent permitted by applicable law.

6. All references to "you" in this Agreement include all prospective owners of the APA franchise (e.g., shareholders if you are a corporation, partners if you are a partnership, etc.) and their spouses, individually, all of whom shall be jointly and severally liable for breach of this Agreement.

THIS IS NOT A FRANCHISE AGREEMENT, NOR AN OFFER OF A FRANCHISE BY APA.

THE UNDERSIGNED, BEING ALL OF THE PROSPECTIVE OWNERS OF THE APA FRANCHISE AND SPOUSES, HAVE READ THIS AGREEMENT, UNDERSTAND ITS PROVISIONS AND AGREE TO BE BOUND BY ITS TERMS.

PROSPECTIVE FRANCHISE OWNER(S)

_____	_____
(Print Name) _____	(Print Name) _____
Individually and jointly	Individually and jointly
Date: _____	Date: _____
_____	_____
(Print Name) _____	(Print Name) _____
Individually and jointly	Individually and jointly
Date: _____	Date: _____

ACKNOWLEDGEMENT AND AGREEMENT OF ADVISOR: I agree any material or information disclosed to me shall be solely for the purpose of advising the prospective franchise owner(s) in connection with their evaluation of the APA franchise opportunity. I will keep the information confidential, will not disclose it to others or use it for any other business or purpose.

Date: _____

_____
(Print Name) _____
(Company) _____

Exhibit L

Operations Manual

Business Procedures

- Bar or Pool Room Ownership/Management (https://resources.poolplayers.com/operations-manual/bar-or-pool-room-ownership-management/)
- Business Procedures (https://resources.poolplayers.com/operations-manual/business-procedures-2/)
- Insurance (https://resources.poolplayers.com/operations-manual/insurance-2/)
- Liability Claims or Threats of Litigation (https://resources.poolplayers.com/operations-manual/liability-claims-or-threats-of-litigation/)
- Orienting Yourself for Business Success (https://resources.poolplayers.com/operations-manual/orienting-yourself-for-business-success/)
- Succession Planning (https://resources.poolplayers.com/operations-manual/succession-planning/)
- Taxes, Business Licenses, Fees and Permits (https://resources.poolplayers.com/operations-manual/taxes-business-licenses-fees-permits/)
- Trademarks (https://resources.poolplayers.com/operations-manual/trademarks/)
- Transfers of an Interest in Your League (https://resources.poolplayers.com/operations-manual/transfers-of-an-interest-in-your-league/)

Financial Procedures

- Membership & Late Fees (https://resources.poolplayers.com/operations-manual/membership-late-fees-2/)

- Prize Money Funds (https://resources.poolplayers.com/operations-manual/prize-money-funds/)
- Weekly Team Fees (https://resources.poolplayers.com/?page_id=19772&preview=true)
- Your Awards Program and Players Fund (https://resources.poolplayers.com/operations-manual/your-awards-program-and-players-fund/)

Miscellaneous

Recognition Programs & Incentives for League Operators (https://resources.poolplayers.com/operations-manual/recognition-programs--incentives-for-league-operators/)

League Operations

- APA Division Representatives (https://resources.poolplayers.com/operations-manual/apa-division-representatives/)
- APA Junior League Policy (https://resources.poolplayers.com/operations-manual/apa-juniors-league-policy-on-sexual-abuse-molestation/)
- Board of Governors (https://resources.poolplayers.com/operations-manual/the-board-of-governors-bog/)
- Creating Your Local Bylaws (https://resources.poolplayers.com/operations-manual/creating-your-local-bylaws/)
- Customer Service (https://resources.poolplayers.com/operations-manual/customer-service/)
- Getting Started (https://resources.poolplayers.com/operations-manual/getting-started/)
- Handicap Advisory Committee (https://resources.poolplayers.com/operations-manual/july16-handicap-advisory-committee/)
- Junior Division (https://resources.poolplayers.com/operations-manual/junior-division/)
- League Patches & Player Recognition (https://resources.poolplayers.com/operations-manual/league-patches

(https://resources.poolplayers.com/operations-manual/league-patches-player-recognition/)

- Official Team Manual (https://resources.poolplayers.com/operations-manual/official-team-manual/)
- Other Formats (https://resources.poolplayers.com/operations-manual/other-formats/)
- Planning Your Calendar (https://resources.poolplayers.com/operations-manual/planning-your-calendar/)
- Scheduling & Playoffs (https://resources.poolplayers.com/operations-manual/scheduling-playoffs/)
- Scorekeeping Clinics (https://resources.poolplayers.com/operations-manual/scorekeeping-clinics/)
- Scoresheets-Messages & Delivery (https://resources.poolplayers.com/operations-manual/scoresheets-messages-delivery/)
- Sexual Assault, Abuse, And Molestation (https://resources.poolplayers.com/operations-manual/sexual-assault-abuse-molestation/)
- Sexual Harassment on League Night (https://resources.poolplayers.com/operations-manual/sexual-harassment-on-league-night-2/)
- Sportsmanship & Disciplinary Actions (https://resources.poolplayers.com/operations-manual/sportsmanship-disciplinary-actions/)

Handicap System

- Understanding ***The Equalizer®*** Handicap System in 8-Ball (https://resources.poolplayers.com/operations-manual/understanding-the-equalizer-handicap-system-in-8-ball/)
- Understanding ***The Equalizer®*** Handicap System in 9-Ball (https://resources.poolplayers.com/operations-manual/understanding-the-equalizer-handicap-system-in-9-ball/)
- General Information Regarding the Handicap System (https://resources.poolplayers.com/operations-manual/general-information-regarding-the-handicap-system/)
- How to Catch a Sandbagger

(https://resources.poolplayers.com/operations-manual/how-to-catch-a-sandbagger/)

Marketing

- Charitable Events (https://resources.poolplayers.com/operations-manual/charitable-events/)
- Competition (https://resources.poolplayers.com/operations-manual/competition/)
- Facebook and Social Media (https://resources.poolplayers.com/operations-manual/facebook-and-social-media-2/)
- Fan Favorites (https://resources.poolplayers.com/operations-manual/fan-favorites/)
- Image Building (https://resources.poolplayers.com/operations-manual/image-building/)
- League Materials (https://resources.poolplayers.com/operations-manual/league-materials/)
- Membership Services (https://resources.poolplayers.com/operations-manual/membership-services/)
- Networking (https://resources.poolplayers.com/operations-manual/networking/)
- Press Releases (https://resources.poolplayers.com/marketing/press-releases/)
- Team Building (https://resources.poolplayers.com/operations-manual/team-building/)
- Telemarketing (https://resources.poolplayers.com/operations-manual/telemarketing/)

Sales, Development & Retention

- Active Sales & Marketing Plan (https://resources.poolplayers.com/operations-manual/active-sales-and-marketing-plan/)
- Cell Development (https://resources.poolplayers.com/operations-manual/cell-development/)

- Franchise Development (https://resources.poolplayers.com/operations-manual/franchise-development/)
- Goal Setting (https://resources.poolplayers.com/operations-manual/goal-setting/)
- Dealing with Stagnation (https://resources.poolplayers.com/operations-manual/dealing-with-stagnation/)
- Selling to Host Locations (https://resources.poolplayers.com/operations-manual/selling-to-host-locations-and-getting-their-active-support-in-building-teams/)
- Working Effectively with Host Locations (https://resources.poolplayers.com/operations-manual/working-effectively-with-host-locations/)

Tournaments & Other Formats

- Championship Lowest Attainable System (https://resources.poolplayers.com/operations-manual/championship-lowest-attainable-system/)

- Local Qualifier Program (https://resources.poolplayers.com/operations-manual/local-qualifier-program-2/)
- Team Tournaments (https://resources.poolplayers.com/operations-manual/team-tournaments/)
- US Amateur Championship (https://resources.poolplayers.com/operations-manual/u-s-amateur-championship-2/)
- World Tournament Rules (https://resources.poolplayers.com/operations-manual/world-tournament-rules/)

Temporary Standards and Best Practices Relating to COVID-19

- PlaySafe Precautions (https://resources.poolplayers.com/operations-manual/playsafeprecautions/)

Pending Sections

Exhibit M

Franchisee Release
(Upon Renewal)

WHEREAS, [*FRANCHISEE'S NAME*] (hereinafter "Franchisee") and the American Poolplayers Association, Inc. (hereinafter "APA") entered into a franchise agreement effective [*EFFECTIVE DATE*] (hereinafter the "Franchise Agreement") pursuant to which APA granted Franchisee a franchise to establish and operate an APA local amateur pool league business for a territory comprised of [*TERRITORY DESCRIPTION*] (hereinafter the "Franchise"); and

WHEREAS, the Franchise Agreement expires on [*EXPIRATION DATE*]; and

WHEREAS, Franchisee desires to renew its franchise relationship with APA, and APA has agreed to enter into a successor franchise agreement with Franchisee (hereinafter the "Successor Agreement") on the condition that, among other things, Franchisee execute this Release;

NOW, THEREFORE, in consideration of APA's execution of the Successor Franchise Agreement and other good and valuable consideration, and except as provided below, Franchisee hereby releases, remises, discharges and covenants not to sue APA, its subsidiaries, affiliates and sponsors, and their shareholders, directors, officers, employees and agents, (hereinafter the "Releasees") from and on any and all manner of actions or causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, claims and demands of every kind and nature, whether developed or undeveloped, known or unknown, arising out of, resulting from or relating to (i) the franchise relationship between APA and Franchisee prior to the effective date of the Successor Agreement and (ii) the performance of the Franchise Agreement; provided, however, nothing herein shall release or discharge APA from any continuing obligation it may have under the Franchise Agreement to indemnify and hold Franchisee harmless from any third party claim brought against Franchisee after the expiration or termination of the Franchise Agreement.

If Franchisee asserts any claim or cause of action against any Releasee in violation of this Release, the Releasee shall be entitled to recover from the Franchisee, in addition to any other damages it may suffer, the attorneys' fees and expenses incurred by the Releasee as a result of the assertion of such claim or cause of action.

This Release is binding upon and inures to the benefit of the parents, subsidiaries, affiliates, agents, servants, successors, assigns, heirs and representatives of Franchisee and APA.

Dated: [DATE]

_____

FRANCHISEE

Franchisee Release
(Upon Transfer)

WHEREAS, [*FRANCHISEE'S NAME*] (hereinafter "Franchisee") and the American Poolplayers Association, Inc. (hereinafter "APA") entered into a franchise agreement effective [*EFFECTIVE DATE*] (hereinafter the "Franchise Agreement") pursuant to which APA granted Franchisee a franchise to establish and operate an APA local amateur pool league business for a territory comprised of [*TERRITORY DESCRIPTION*] (hereinafter the "Franchise"); and

WHEREAS, Franchisee desires to transfer [*his/her/its*] interest in the Franchise to [*TRANSFEREE'S NAME*]. (hereinafter the "Transferee") and seeks APA's approval of the Transfer as required under the Franchise Agreement; and

WHEREAS, APA is willing to approve the Transfer on the condition that, among other things, Franchisee execute this Release;

NOW, THEREFORE, in consideration of APA's approval of the Transfer and other good and valuable consideration, Franchisee hereby acknowledges the termination of its interest in the Franchise and releases, remises, discharges and covenants not to sue APA, its subsidiaries, affiliates and sponsors, and their shareholders, directors, officers, employees and agents, (hereinafter the "Releasees") from and on any and all manner of actions or causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, claims and demands of every kind and nature, whether developed or undeveloped, known or unknown, resulting or to result from, arising out of or based upon any facts existing on the date hereof, regardless of whether such facts shall be known or unknown to Franchisee, so that Franchisee shall have no claim against APA, or any subsidiary, affiliate or sponsor of APA, or any of their shareholders, directors, officers, employees or agents, directly or indirectly, on any contract, supposed liability or thing undertaken, done or omitted to be done prior to the date hereof.

If Franchisee asserts any claim or cause of action against any Releasee in violation of this Release, the Releasee shall be entitled to recover from the Franchisee, in addition to any other damages it may suffer, the attorneys' fees and expenses incurred by the Releasee as a result of the assertion of such claim or cause of action.

This Release is binding upon and inures to the benefit of the parents, subsidiaries, affiliates, agents, servants, successors, assigns, heirs and representatives of Franchisee and APA.

Dated: [DATE]

_____

FRANCHISEE

Exhibit N

APA FINANCIAL STATEMENTS

Contents:

APA Audited Financial Statements for Year Ending December 31, 2020

APA Audited Financial Statements for Year Ending December 31, 2019

APA Audited Financial Statements for Year Ending December 31, 2018

ANDERS
CPAs + ADVISORS

Independent Auditors' Consent

Board of Directors and Stockholders
American Poolplayers Association, Inc.
Lake St. Louis, Missouri

Anders Minkler Huber & Helm, LLP consents to the use in the Franchise Disclosure Document issued by American Poolplayers Association, Inc. ("Franchisor") on March 19, 2021, as it may be amended, of our report dated March 18, 2021, relating to the financial statements of Franchisor for the period ending December 31, 2020.

Anders Minkler Huber & Helm LLP

March 19, 2021

AMERICAN POOLPLAYERS ASSOCIATION, INC.

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2020 AND 2019

Contents

	Page
Independent Auditors' Report	1 - 2
Financial Statements	
Balance Sheets	3
Statements of Income and Retained Earnings	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 15
Supplementary Information	
Schedules of Operating Expenses	16

ANDERS
CPAs + ADVISORS

Independent Auditors' Report

Stockholders of
American Poolplayers Association, Inc.
Lake St. Louis, Missouri

We have audited the accompanying financial statements of American Poolplayers Association, Inc., which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Poolplayers Association, Inc. as of December 31, 2020 and 2019, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Anders Minkler Huber & Helm LLP

March 18, 2021

American Poolplayers Association, Inc.
Balance Sheets
December 31, 2020 and 2019

Assets

	2020	2019
Current Assets		
Cash	$ 3,387,314	$ 3,348,910
Short-term investments	3,235,000	3,210,595
Accounts receivable	288,006	851,929
League materials	155,185	234,401
Notes receivable - current	29,102	36,184
Due from related party	79,607	170,537
Prepaid expenses and other current assets	349,353	134,229
Total Current Assets	7,523,567	7,986,785
Property and Equipment, net	1,129,829	746,510
Notes Receivable	423,731	439,395
Other Asset	178,000	178,000
Intangible Assets, net	1,000	1,365
Total Assets	$ 9,256,127	$ 9,352,055

Liabilities and Stockholders' Equity

Current Liabilities		
Accounts payable	$ 527,294	$ 628,319
Accrued expenses	214,609	194,984
Accrued taxes	30,698	74,562
Deferred revenue	3,289,311	2,857,579
Total Current Liabilities	4,061,912	3,755,444
Stockholders' Equity		
Common stock, $10 par value		
Authorized - 3,000 shares		
Issued - 1,830 shares		
Outstanding - 1,630 shares	18,300	18,300
Treasury stock - 200 shares	(6,000)	(6,000)
Retained earnings	5,181,915	5,584,311
Total Stockholders' Equity	5,194,215	5,596,611
Total Liabilities and Stockholders' Equity	$ 9,256,127	$ 9,352,055

American Poolplayers Association, Inc.
Statements of Income and Retained Earnings
Years Ended December 31, 2020 and 2019

	2020	2019
Revenue		
Membership	$ 4,981,767	$ 5,706,712
Royalties	4,315,405	8,485,153
Tournament	18,798	3,508,083
Sponsorship	16,312	92,096
Services to related party	160,815	243,459
Franchise fee	176,482	158,497
Other revenue	381,483	561,525
Total Revenue	10,051,062	18,755,525
Operating Expenses	7,651,170	12,818,106
Income from Operations	2,399,892	5,937,419
Other Income (Expense)		
Interest income	76,902	112,657
Loss on disposition of equipment	-	(1,603)
Paycheck Protection Program debt forgiveness income	926,300	-
Total Other Income	1,003,202	111,054
Income before Income Taxes	3,403,094	6,048,473
Provision for Income Taxes	11,132	20,477
Net Income	3,391,962	6,027,996
Retained Earnings, Beginning of Year	5,584,311	4,793,372
Distributions to Stockholders	(3,794,358)	(5,237,057)
Retained Earnings, End of Year	$ 5,181,915	$ 5,584,311

American Poolplayers Association, Inc.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Net income	$ 3,391,962	$ 6,027,996
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	89,083	78,259
Paycheck Protection Program debt forgiveness	(926,300)	-
Loss on disposal of equipment	-	1,603
(Increase) decrease in assets		
Accounts receivable	561,970	(79,589)
League materials	79,216	(21,008)
Due from related party	90,930	(8,399)
Prepaid expenses and other current assets	(215,124)	23,154
Increase (decrease) in liabilities		
Accounts payable	(101,025)	(251,403)
Accrued expenses	19,625	43,696
Accrued taxes	(43,864)	(14,814)
Deferred revenue	431,732	218,148
Net Cash Provided by Operating Activities	3,378,205	6,017,643
Cash Flows From Investing Activities		
Purchases of short-term investments	(6,716,000)	(4,675,780)
Proceeds from sales of short-term investments	6,691,595	4,406,988
Purchases of property and equipment	(472,037)	(589,786)
Payments on notes receivable	24,699	51,347
Proceeds on notes receivable - related party	-	(445,181)
Net Cash Used in Investing Activities	(471,743)	(1,252,412)
Cash Flows From Financing Activities		
Proceeds from long-term debt	926,300	-
Distributions to stockholders	(3,794,358)	(5,237,057)
Net Cash Used in Financing Activities	(2,868,058)	(5,237,057)
Net Increase (Decrease) in Cash	38,404	(471,826)
Cash, Beginning of Year	3,348,910	3,820,736
Cash, End of Year	$ 3,387,314	$ 3,348,910

Noncash Operating and Investing Activities

During 2020 and 2019, the Company converted $1,953 and $34,323 of its accounts receivable to interest-bearing notes receivable, respectively.

American Poolplayers Association, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

1. Nature of Operations and Basis of Presentation

Nature of Operations

American Poolplayers Association, Inc. (the "Company"), a Missouri corporation, was incorporated in March 1981. The Company enters into franchise agreements with league operators to operate pool leagues nationwide, and in Tokyo, Japan and is considering requests from other countries. The Company acts as a sanctioning body for the membership, establishes all league rules, conducts annual tournaments, and sells league related accessories.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Company follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Short-term Investments

Short-term investments consist of certificates of deposit ("CDs") with original maturities greater than three months and remaining maturities less than one year. These investments are valued based on the purchase price stated on the certificate, which approximates fair value. Interest income is recognized when earned and is included in other income on the statements of income and retained earnings.

Accounts Receivable

Accounts receivable for which the unconditional right to payment exists, are recognized when the right to consideration is unconditional and subject only to the passage of time. Accounts receivable are due under normal trade terms generally requiring payment within 30 days of the invoice date. Changes in the estimate of uncollectible amounts are recorded as those circumstances become known, which is recognized as bad debt expense in the statements of income and retained earnings.

The Company provides an allowance for doubtful accounts equal to the estimated losses that will be incurred in the collection of accounts receivable. This estimate is based on historical experience coupled with a review of the current status of existing receivables. The allowance and associated accounts receivable are reduced when the receivables are determined to be uncollectible. Currently, the Company considers accounts receivable to be fully collectible.

League Materials

League materials consist of membership materials and accessories given to league operators and are stated at cost.

Notes Receivable

Notes receivable are stated at unpaid principal balances, less an allowance for losses, if any. Interest on notes receivable is recognized over the term of the note and is calculated using the simple-interest method on principal amounts outstanding.

The Company provides an allowance for note losses based on the Company's past loss experience, known and other risks inherent to the note type, specific impaired notes, adverse situations that may affect the borrower's ability to repay, and current economic conditions. Currently, the Company considers notes receivable to be fully collectible.

The Company considers a note impaired when based on current information or factors, it is probable that the Company will not collect the principal and interest payments according to the note agreement. Management considers many factors in determining whether a note is impaired, such as payment history, value of collateral, and changes in the borrowers' profitability. The Company does not receive updated financial information from its borrowers on an ongoing basis over the life of the note and, therefore; reviews delinquent notes to determine impaired accounts. At December 31, 2020 and 2019, no notes are delinquent or considered impaired.

The notes do not accrue interest once management believes that the notes are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is written off. Interest income on these loans are recognized only to the extent cash payments are received. At December 31, 2020 and 2019, no notes are on nonaccrual status.

Property and Equipment

Property and equipment are stated at cost. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful lives of the assets.

The estimated lives for computing depreciation and amortization on property and equipment are:

Classification	Years
Leasehold improvements	15-40
Machinery and equipment	5-7
Computer hardware and software	3-5
Furniture and fixtures	7
Automobiles	5

Other Asset

Other asset consists of an American Poolplayers Association St. Louis, Missouri franchise. The Company's purpose of owning the franchise is twofold: to experiment with marketing initiatives that may ultimately grow the brand on a world-wide level and to provide staff with hands-on experience in order to better support league operators. The Company values the franchise at cost and has no plans to sell the franchise in the near future.

Intangible Assets

Intangible assets consisting of copyrights and trademarks are deemed to have a definite life. The associated costs are amortized over the life of the copyrights and trademarks. The Company periodically reviews its amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Management does not believe any impairment exists as of December 31, 2020 or 2019.

Long-Lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2020 and 2019.

Revenue Recognition

The Company recognizes membership revenue generally on a straight-line basis over the contract period. The Company's inputs are expected evenly, and the members receive the benefits of membership throughout the contract period. Tournament fees are recognized when the event takes place and the sales-based royalties are recognized as the franchisee sales occur.

The Company sells franchises to third parties in exchange for the license to establish and operate an American Poolplayer's Association local pool league within an assigned territory. The sale price of a franchise varies based on the market and the projected number of players in a territory. The Company collects a non-refundable initial franchise fee from the franchisee at the time of sale in exchange for management expertise and training. The Company recognizes revenue over the contracted term as the services comprising the performance obligations are satisfied.

The Company does not have any significant financing components as payment is received at or shortly after the membership period or point of sale of a franchise. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than one year.

Deferred Revenue

Deferred revenue is revenue received in advance from customers before the contract period or event. These liabilities are reported on the balance sheets on a contract-by-contract basis at the end of each reporting period. The Company generally receives advances from customers for sponsorship fees, memberships and tournament revenue in advance of the period or event. These deferred revenues are removed when revenue is recognized. Changes in the deferred revenue balances during the year ended December 31, 2020 and 2019 were not materially impacted by any other factors.

Advertising Costs

The Company expenses advertising costs as they are incurred. Advertising costs included in operating expenses totaled $600,928 and $989,969 for the years ended December 31, 2020 and 2019, respectively.

Sales Tax

The Company collects and remits taxes assessed by various governmental authorities. These taxes may include sales and use taxes. Taxes collected from customers are recognized as a liability with the liability subsequently reduced when the taxes are remitted to the respective taxing authorities.

Income Taxes

The stockholders of the Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Earnings and losses after the date of election are included in the personal income tax returns of the stockholders. Accordingly, the financial statements do not include a provision for income taxes. The Company does file with various states and cities incurring corporate franchise and excise taxes. A provision for these taxes has been included in the financial statements.

The Company is required to evaluate tax positions taken (or expected to be taken) in the course of preparing the Company's tax returns and recognize a tax liability if the Company has taken an uncertain tax position that more likely than not would not be sustained upon examination by the applicable taxing authorities. The Company has analyzed the tax positions taken and has concluded that as of December 31, 2020 and 2019, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements.

If applicable, the Company recognizes interest and penalties related to unrecognized tax liabilities in the statement of income and retained earnings.

Management is required to analyze all open tax years, as defined by the Statute of Limitations, for all major jurisdictions, including federal and certain state taxing authorities. The Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by taxing authorities for years before 2017. As of and for the years ended December 31, 2020 and 2019, the Company did not have a liability for any unrecognized taxes. The Company has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax liabilities will significantly change in the next twelve months.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the current year presentation.

Recent Accounting Pronouncements

Leases

The FASB has issued new guidance on the recognition of lease assets and lease liabilities by lessees for those leases previously classified as operating leases. The guidance requires a lessee to recognize in the balance sheet a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the balance sheet. The guidance will be required for the first fiscal year beginning after December 15, 2021. Based on a preliminary analysis, the Company does expect the new guidance will have a significant impact on its financial statements.

3. Contract Balances

Account receivables and deferred revenue at December 31, are as follows:

	2020	2019	2018
Accounts receivable, net	$ 288,006	$ 851,929	$ 806,663
Deferred revenue	3,289,311	2,857,579	2,639,431

4. Property and Equipment

Property and equipment at December 31, is as follows:

	2020	2019
Leasehold improvements	$ 60,632	$ 60,632
Machinery and equipment	104,452	104,452
Computer hardware and software	4,099,112	3,161,213
Construction in progress - developed software	-	465,861
Furniture and fixtures	272,020	276,975
Automobiles	85,539	85,539
	4,621,755	4,154,672
Less accumulated depreciation and amortization	3,491,926	3,408,162
	$ 1,129,829	$ 746,510

Depreciation and amortization expense for the years ended 2020 and 2019 totaled $88,718 and $77,812, respectively.

5. Notes Receivable

Notes receivable at December 31, are as follows:

	2020	2019
Unsecured notes receivable, interest at 0.00 percent, weekly payments ranging from $125 - $300 including principal and interest, paid on various dates through July 30, 2022	$ 16,382	$ 30,398
Related party note receivable, interest of 2.19 percent, monthly payments of $2,317 including principal and interest, payments due through March 2040	436,451	445,181
Less current portion	29,102	36,184
	$ 423,731	$ 439,395

6. Intangible Assets

The carrying amount and accumulated amortization of recognized intangible assets at December 31, are as follows:

	2020		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:			
Copyrights and trademarks	$ 13,169	$ 12,169	$ 1,000

	2019		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:			
Copyrights and trademarks	$ 13,169	$ 11,804	$ 1,365

Copyrights and trademarks are being amortized over 5-15 years. Amortization expense totaled $365 and $447 for the years ended December 31, 2020 and 2019, respectively.

7. Paycheck Protection Program

The Company received a loan from Enterprise Bank & Trust in the amount of $926,300 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The loan is subject to a note dated April 12, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Company applied for and has been notified that $926,300 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven during the year ended December 31, 2020. Loan forgiveness is included in Paycheck Protection Program debt forgiveness in the accompanying statement of income and retained earnings.

8. Related Party Transactions

The Company and the Canadian Poolplayers Association ("CPL") are related by common ownership. The Company entered into a master license agreement with CPL granting them an exclusive master license to use and practice the Company's system of operations within Canada, including the right to appoint franchisees of CPL to develop and operate amateur pool leagues within Canada. The Company further grants CPL the right to develop and use the Company's branding. Both entity's have the right to terminate this agreement upon written notice. CPL is required to pay the Company an annual licensing fee equal to the membership fees received by CPL during each calendar year this agreement is in effect.

The Company also provides management and other services to the CPL based on a month-to-month management service agreement. For the services noted above, CPL paid the Company $160,815 and $243,459 for the years ended December 31, 2020 and 2019, respectively.

Due from Related Party

At December 31, 2020 and 2019, the amount due from a related party under common ownership was $79,607 and $170,537, respectively.

Related Party Lease

The Company and APA Services, Inc. ("APAS") are related by common ownership. The Company leases warehouse space from APAS. The lease expires on December 16, 2030 with monthly lease payments of $3,750.

The Company also has a note receivable with APAS totaling $436,451 and $445,181 at December 31, 2020 and 2019, respectively, as indicated in footnote 5.

9. Retirement Plan

The Company maintains a contributory retirement savings plan under Section 401(k) of the Internal Revenue Code covering substantially all employees who meet certain eligibility requirements. Employer contributions to the plan totaled $106,784 and $99,238 for the years ended December 31, 2020 and 2019, respectively.

10. Risks and Uncertainties

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and accounts receivable. The Company maintains its cash with multiple financial institutions. Deposits at these banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2020, there were cash balances of $2,332,107 in excess of federally insured limits at these financial institutions. The Company performs ongoing credit evaluations of its league operators and maintains allowances, as needed, for potential credit losses. Although the Company is directly affected by the financial stability of its league operators base, management does not believe significant credit risk exists at December 31, 2020.

The Company maintains its CDs in multiple brokerage accounts with various brokerage firms. The CDs held at each firm are insured by the FDIC up to $250,000. At December 31, 2020, there were no CDs in excess of FDIC limits.

Economic Conditions

The recent COVID-19 outbreak has caused a downturn in business activity across most sectors and industries in the United States and internationally. COVID-19 significantly impacted the Company's operations. Due to the COVID-19 outbreak, the majority of the Company's pool leagues suspended play for an unspecified amount of time causing a reduction in royalty income. The Company was also not able to host certain events, which caused a significant increase in deferred revenue and decrease in tournament revenue for the year ended December 31, 2020. The Company cannot reasonably estimate the length or severity of this pandemic and it remains too early to estimate the full impact on financial results.

11. Commitments and Contingencies

Leases

The Company leases office and warehouse space and equipment under various operating leases. Future minimum lease payments at December 31, 2020 are as follows:

Years Ending December 31,	
2021	$ 293,858
2022	88,003
2023	48,207
2024	45,900
2025	45,075
Thereafter	225,000
	$ 746,043

Rent expense related to operating leases for the years ended December 31, 2020 and 2019 totaled $300,731 and $277,463, respectively.

12. Subsequent Event

The Company has evaluated subsequent events through March 18, 2021, the date the financial statements were available to be issued.

The Company received a loan from Enterprise Bank & Trust in the amount of $964,600 under the Paycheck Protection Program established by the CARES Act. The loan is subject to a note dated February 17, 2021 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. No determination has been made as to whether the Company will be eligible for forgiveness, in whole or in part. If the loan is not forgiven, the loan will be repaid in monthly payments with interest at 1.00 percent beginning on the date the loan forgiveness amount is determined, with the final payment due on February 17, 2026.

American Poolplayers Association, Inc.
Schedules of Operating Expenses
Years Ended December 31, 2020 and 2019

	2020	2019
Salaries and benefits	$ 5,472,737	$ 5,752,370
Tournament expense	71,131	3,697,427
Advertising	600,928	989,969
League development	132,802	753,791
Software development	424,000	542,987
Depreciation and amortization	89,083	78,259
Occupancy	336,283	291,638
Repairs and maintenance	107,885	216,194
Professional fees	196,124	216,164
Other operating expense	220,197	279,307
	$ 7,651,170	$ 12,818,106

ANDERS
CPAs + ADVISORS

Independent Auditors' Consent

Board of Directors and Stockholders
American Poolplayers Association, Inc.
Lake St. Louis, Missouri

Anders Minkler Huber & Helm, LLP consents to the use in the Franchise Disclosure Document issued by American Poolplayers Association, Inc. ("Franchisor") on March 25, 2020, as it may be amended, of our report dated March 19, 2020, relating to the financial statements of Franchisor for the period ending December 31, 2019.

Anders Minkler Huber & Helm LLP

March 25, 2020

AMERICAN POOLPLAYERS ASSOCIATION, INC.

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2019 AND 2018

Contents

	Page
Independent Auditors' Report	1 - 2
Financial Statements	
Balance Sheets	3
Statements of Income and Retained Earnings	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 15
Supplementary Information	
Schedules of Operating Expenses	16

ANDERS
CPAs + ADVISORS

Independent Auditors' Report

Stockholders of
American Poolplayers Association, Inc.
Lake St. Louis, Missouri

We have audited the accompanying financial statements of American Poolplayers Association, Inc., which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Poolplayers Association, Inc. as of December 31, 2019 and 2018, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses on page 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Anders Minkler Huber & Helms LLP

March 19, 2020

American Poolplayers Association, Inc.
Balance Sheets
December 31, 2019 and 2018

Assets

	2019	2018
Current Assets		
Cash	$ 3,348,910	$ 3,820,736
Short-term investments	3,210,595	2,941,803
Accounts receivable	851,929	806,663
League materials	234,401	213,393
Notes receivable - current	36,184	44,646
Due from related party	170,537	162,138
Prepaid expenses and other current assets	134,229	157,383
Total Current Assets	7,986,785	8,146,762
Property and Equipment, net	746,510	236,139
Notes Receivable	439,395	2,776
Other Asset	178,000	178,000
Intangible Assets, net	1,365	1,812
Total Assets	$ 9,352,055	$ 8,565,489

Liabilities and Stockholders' Equity

Current Liabilities		
Accounts payable	$ 628,319	$ 879,722
Accrued expenses	194,984	151,288
Accrued taxes	74,562	89,376
Deferred revenue	2,857,579	2,639,431
Total Current Liabilities	3,755,444	3,759,817
Stockholders' Equity		
Common stock, $10 par value		
Authorized - 3,000 shares		
Issued - 1,830 shares		
Outstanding - 1,630 shares	18,300	18,300
Treasury stock - 200 shares	(6,000)	(6,000)
Retained earnings	5,584,311	4,793,372
Total Stockholders' Equity	5,596,611	4,805,672
Total Liabilities and Stockholders' Equity	$ 9,352,055	$ 8,565,489

American Poolplayers Association, Inc.
Statements of Income and Retained Earnings
Years Ended December 31, 2019 and 2018

	2019	2018
Revenue		
Membership	$ 5,706,712	$ 5,591,947
Royalties	8,485,153	7,854,070
Tournament	4,610,650	3,287,213
Sponsorship	92,096	80,479
Services to related party	243,459	156,971
Franchise fee	158,497	174,722
Other revenue	561,525	613,034
Total Revenue	19,858,092	17,758,436
Operating Expenses	13,920,673	12,417,827
Income from Operations	5,937,419	5,340,609
Other Income (Expense)		
Interest income	112,657	61,432
Loss on disposition of equipment	(1,603)	(501)
Total Other Income	111,054	60,931
Income before Income Taxes	6,048,473	5,401,540
Provision for Income Taxes	20,477	21,710
Net Income	6,027,996	5,379,830
Retained Earnings, Beginning of Year	4,793,372	4,126,005
Distributions to Stockholders	(5,237,057)	(4,712,463)
Retained Earnings, End of Year	$ 5,584,311	$ 4,793,372

American Poolplayers Association, Inc.
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Net income	$ 6,027,996	$ 5,379,830
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	78,259	80,591
Loss on disposal of equipment	1,603	501
(Increase) decrease in assets		
Accounts receivable	(79,589)	(222,001)
League materials	(21,008)	72,443
Due from related party	(8,399)	2,030
Prepaid expenses and other current assets	23,154	(12,894)
Increase (decrease) in liabilities		
Accounts payable	(251,403)	212,739
Accrued expenses	43,696	10,918
Accrued taxes	(14,814)	(8,055)
Deferred revenue	218,148	608,895
Net Cash Provided by Operating Activities	6,017,643	6,124,997
Cash Flows From Investing Activities		
Purchases of short-term investments	(4,675,780)	(4,678,388)
Proceeds from sales of short-term investments	4,406,988	4,458,589
Purchases of property and equipment	(589,786)	(120,460)
Payments on notes receivable	51,347	36,419
Proceeds on notes receivable - related party	(445,181)	-
Net Cash Used in Investing Activities	(1,252,412)	(303,840)
Cash Flows From Financing Activities		
Distributions to stockholders	(5,237,057)	(4,712,463)
Net Cash Used in Financing Activities	(5,237,057)	(4,712,463)
Net Increase (Decrease) in Cash	(471,826)	1,108,694
Cash, Beginning of Year	3,820,736	2,712,042
Cash, End of Year	$ 3,348,910	$ 3,820,736

Noncash Operating and Investing Activities

During 2019 and 2018, the Company converted $34,323 and $58,338 of its accounts receivable to interest-bearing notes receivable, respectively.

American Poolplayers Association, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

1. Nature of Operations and Basis of Presentation

Nature of Operations

American Poolplayers Association, Inc. (the "Company"), a Missouri corporation, was incorporated in March 1981. The Company enters into franchise agreements with league operators to operate pool leagues nationwide, and in Tokyo, Japan and is considering requests from other countries. The Company acts as a sanctioning body for the membership, establishes all league rules, conducts annual tournaments, and sells league related accessories.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Company follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Carrying amounts of certain financial instruments such as cash, short-term investments, accounts receivable, notes receivable, accounts payable, and accrued expenses approximate fair value due to their short maturities or because the terms are similar to market terms. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Short-term Investments

Short-term investments consist of certificates of deposit ("CDs") with original maturities greater than three months and remaining maturities less than one year. These investments are valued based on the purchase price stated on the certificate, which approximates fair value. Interest income is recognized when earned and is included in other income on the statements of income and retained earnings.

Accounts Receivable

Accounts receivable, including billed accounts and unbilled accounts for which the unconditional right to payment exists, are recognized when the right to consideration is unconditional and subject only to the passage of time. Accounts receivable are due under normal trade terms generally requiring payment within 30 days of the invoice date. Changes in the estimate of uncollectible amounts are recorded as those circumstances become known, which is recognized as bad debt expense in the statements of income and retained earnings.

The Company provides an allowance for doubtful accounts equal to the estimated losses that will be incurred in the collection of accounts receivable. This estimate is based on historical experience coupled with a review of the current status of existing receivables. The allowance and associated accounts receivable are reduced when the receivables are determined to be uncollectible. Currently, the Company considers accounts receivable to be fully collectible.

League Materials

League materials consist of membership materials and accessories given to league operators and are stated at cost.

Notes Receivable

Notes receivable are stated at unpaid principal balances, less an allowance for losses, if any. Interest on notes receivable is recognized over the term of the note and is calculated using the simple-interest method on principal amounts outstanding.

The Company provides an allowance for note losses based on the Company's past loss experience, known and other risks inherent to the note type, specific impaired notes, adverse situations that may affect the borrower's ability to repay, and current economic conditions. Currently, the Company considers notes receivable to be fully collectible.

The Company considers a note impaired when based on current information or factors, it is probable that the Company will not collect the principal and interest payments according to the note agreement. Management considers many factors in determining whether a note is impaired, such as payment history, value of collateral, and changes in the borrowers' profitability. The Company does not receive updated financial information from its borrowers on an ongoing basis over the life of the note and, therefore; reviews delinquent notes to determine impaired accounts. At December 31, 2019 and 2018, no notes are delinquent or considered impaired.

The notes do not accrue interest once management believes that the notes are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is written off. Interest income on these loans are recognized only to the extent cash payments are received. At December 31, 2019 and 2018, no notes are on nonaccrual status.

Property and Equipment

Property and equipment are stated at cost. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful lives of the assets.

The estimated lives for computing depreciation and amortization on property and equipment are:

Classification	Years
Leasehold improvements	15-40
Machinery and equipment	5-7
Computer hardware and software	3-5
Furniture and fixtures	7
Automobiles	5

Other Asset

Other asset consists of an American Poolplayers Association St. Louis, Missouri franchise. The Company's purpose of owning the franchise is twofold: to experiment with marketing initiatives that may ultimately grow the brand on a world-wide level and to provide staff with hands-on experience in order to better support league operators. The Company values the franchise at cost and has no plans to sell the franchise in the near future.

Intangible Assets

Intangible assets consisting of copyrights and trademarks are deemed to have a definite life. The associated costs are amortized over the life of the copyrights and trademarks. The Company periodically reviews its amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Management does not believe any impairment exists as of December 31, 2019 or 2018.

Long-Lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2019 and 2018.

Revenue Recognition

The Company recognizes membership revenue generally on a straight-line basis over the contract period. The Company's inputs are expected evenly, and the members receive the benefits of membership throughout the contract period. Tournament fees are recognized when the event takes place and the sales-based royalties are recognized as the franchisee sales occur.

The Company sells franchises to third parties in exchange for the license to establish and operate an American Poolplayer's Association local pool league within an assigned territory. The sale price of a franchise varies based on the market and the projected number of players in a territory. The Company collects a non-refundable initial franchise fee from the franchisee at the time of sale, which is generally recognized when substantially all services or conditions comprising the performance obligations have been performed or satisfied by the Company.

The Company does not have any significant financing components as payment is received at or shortly after the membership period or point of sale of a franchise. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than one year.

Deferred Revenue

Deferred revenue is revenue received in advance from customers before the contract period or event. These liabilities are reported on the balance sheets on a contract-by-contract basis at the end of each reporting period. The Company generally receives advances from customers for sponsorship fees, memberships and tournament revenue in advance of the period or event. These deferred revenues are removed when revenue is recognized. Changes in the deferred revenue balances during the year ended December 31, 2019 and 2018 were not materially impacted by any other factors.

Advertising Costs

The Company expenses advertising costs as they are incurred. Advertising costs included in operating expenses totaled $989,969 and $1,009,606 for the years ended December 31, 2019 and 2018, respectively.

Sales Tax

The Company collects and remits taxes assessed by various governmental authorities. These taxes may include sales and use taxes. Taxes collected from customers are recognized as a liability with the liability subsequently reduced when the taxes are remitted to the respective taxing authorities.

Income Taxes

The stockholders of the Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Earnings and losses after the date of election are included in the personal income tax returns of the stockholders. Accordingly, the financial statements do not include a provision for income taxes. The Company does file with various states and cities incurring corporate franchise and excise taxes. A provision for these taxes has been included in the financial statements.

The Company is required to evaluate tax positions taken (or expected to be taken) in the course of preparing the Company's tax returns and recognize a tax liability if the Company has taken an uncertain tax position that more likely than not would not be sustained upon examination by the applicable taxing authorities. The Company has analyzed the tax positions taken and has concluded that as of December 31, 2019 and 2018, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements.

If applicable, the Company recognizes interest and penalties related to unrecognized tax liabilities in the statement of income and retained earnings.

Management is required to analyze all open tax years, as defined by the Statute of Limitations, for all major jurisdictions, including federal and certain state taxing authorities. The Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by taxing authorities for years before 2016. As of and for the years ended December 31, 2019 and 2018, the Company did not have a liability for any unrecognized taxes. The Company has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax liabilities will significantly change in the next twelve months.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the current year presentation.

Recent Accounting Pronouncements

Leases

The FASB has issued new guidance on the recognition of lease assets and lease liabilities by lessees for those leases previously classified as operating leases. The guidance requires a lessee to recognize in the balance sheet a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the balance sheet. The guidance will be required for the first fiscal year beginning after December 15, 2020. Based on a preliminary analysis, the Company does expect the new guidance will have a significant impact on its financial statements.

3. Change in Accounting Principle

During the year ended December 31, 2019, the Company changed its method of presentation disclosure of revenue recognition in accordance with Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. The major changes associated with ASU 2014-09 are to create a single framework for recognizing revenue from contracts with customers that fall within its scope. Adoption of ASU 2014-09 did not have an impact on the Company's prior revenue recognition process.

4. Contract Balances

Account receivables and deferred revenue at December 31, are as follows:

	2019	2018	2017
Accounts receivable, net	$ 851,929	$ 806,663	$ 643,000
Deferred revenue	$ 2,857,579	$ 2,639,431	$ 2,030,536

5. Property and Equipment

Property and equipment at December 31, is as follows:

	2019	2018
Leasehold improvements	$ 60,632	$ 52,503
Machinery and equipment	104,452	110,172
Computer hardware and software	3,161,213	3,104,672
Construction in progress - developed software	465,861	48,982
Furniture and fixtures	276,975	277,614
Automobiles	85,539	85,539
	4,154,672	3,679,482
Less accumulated depreciation and amortization	3,408,162	3,443,343
	$ 746,510	$ 236,139

Depreciation and amortization expense for the years ended 2019 and 2018 totaled $77,812 and $80,130, respectively.

6. Notes Receivable

Notes receivable at December 31, are as follows:

	2019	2018
Unsecured notes receivable, interest from 0.00 percent to 6.00 percent, weekly payments ranging from $100 - $300 including principal and interest, paid on various dates through May 28, 2021	$ 30,398	$ 47,422
Related party note receivable, interest of 2.19%, monthly payments of $2,317 including principal and interest, payments due through March 2040	445,181	-
Less current portion	36,184	44,646
	$ 439,395	$ 2,776

7. Intangible Assets

The carrying amount and accumulated amortization of recognized intangible assets at December 31, are as follows:

	2019		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:			
Copyrights and trademarks	$ 13,169	$ 11,804	$ 1,365

	2018		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:			
Copyrights and trademarks	$ 13,169	$ 11,357	$ 1,812

Copyrights and trademarks are being amortized over 5-15 years. Amortization expense totaled $447 and $461 for the years ended December 31, 2019 and 2018, respectively.

8. Related Party Transactions

The Company and the Canadian Poolplayers Association ("CPL") are related by common ownership. The Company entered into a master license agreement with CPL granting them an exclusive master license to use and practice the Company's system of operations within Canada, including the right to appoint franchisees of CPL to develop and operate amateur pool leagues within Canada. The Company further grants CPL the right to develop and use the Company's branding. Both entity's have the right to terminate this agreement upon written notice. CPL is required to pay the Company an annual licensing fee equal to the membership fees received by CPL during each calendar year this agreement is in effect.

The Company also provides management and other services to the CPL based on a month-to-month management service agreement. For the services noted above, CPL paid the Company $243,459 and $156,971 for the years ended December 31, 2019 and 2018, respectively.

Due from Related Party

At December 31, 2019 and 2018, the amount due from CPL and APAS was $170,537 and $162,138, respectively.

Related Party Lease

The Company and APA Services, Inc. ("APAS") are related by common ownership. The Company leases warehouse space from APAS. The lease commencement date is January 1, 2020 and expires on December 31, 2030 with monthly lease payments of $3,750.

The Company also has a note receivable with APAS totaling $445,181, as indicated in footnote 6.

9. Retirement Plan

The Company maintains a contributory retirement savings plan under Section 401(k) of the Internal Revenue Code covering substantially all employees who meet certain eligibility requirements. Employer contributions to the plan totaled $99,238 and $88,248 for the years ended December 31, 2019 and 2018, respectively.

10. Risks and Uncertainties

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and accounts receivable. The Company maintains its cash with multiple financial institutions. Deposits at these banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2019, there were cash balances of $2,338,536 in excess of federally insured limits at these financial institutions. The Company performs ongoing credit evaluations of its league operators and maintains allowances, as needed, for potential credit losses. Although the Company is directly affected by the financial stability of its league operators base, management does not believe significant credit risk exists at December 31, 2019.

The Company maintains its CDs in multiple brokerage accounts with various brokerage firms. The CDs held at each firm are insured by the FDIC up to $250,000. At December 31, 2019, there were no CDs in excess of FDIC limits.

11. Commitments and Contingencies

Leases

The Company leases office and warehouse space and equipment under various operating leases. Future minimum lease payments at December 31, 2019 are as follows:

Years Ending December 31,	
2020	$ 308,788
2021	283,736
2022	88,003
2023	47,790
2024	45,750
Thereafter	225,000
	$ 999,067

Rent expense related to operating leases for the years ended December 31, 2019 and 2018 totaled $277,463 and $273,375, respectively.

Contingency

The Company is currently working through a pending legal matter that is reasonably possible to result in a loss. Due to various circumstances, the Company cannot reasonably estimate a loss, and as such, no liability has been accrued as of December 31, 2019. The Company will accrue for the loss, if applicable, upon such time whereas management of the Company believes an amount may be reasonably estimated.

12. Subsequent Event

The Company has evaluated subsequent events through March 19, 2020, the date the financial statements were available to be issued.

Due to the COVID-19 outbreak, the majority of the Company's pool leagues have suspended play for an unspecified amount of time. Due to various circumstances, the Company cannot reasonably estimate the expected impact on operations.

American Poolplayers Association, Inc.
Schedules of Operating Expenses
Years Ended December 31, 2019 and 2018

	2019	2018
Salaries and benefits	$ 5,752,370	$ 5,344,985
Tournament expense	4,799,994	3,462,889
Advertising	989,969	1,009,606
League development	753,791	810,673
Software development	542,987	625,853
Depreciation and amortization	78,259	80,591
Occupancy	291,638	297,381
Repairs and maintenance	216,194	165,660
Professional fees	216,164	140,329
Other operating expense	279,307	479,860
	$ 13,920,673	$ 12,417,827

Independent Auditors' Consent

Board of Directors and Stockholders
American Poolplayers Association, Inc.
Lake Saint Louis, Missouri

Anders CPAs + Advisors consents to the use in the Franchise Disclosure Document issued by American Poolplayers Association, Inc. ("Franchisor") on March 15, 2019, as it may be amended, of our report dated March 14, 2019, relating to the financial statements of Franchisor for the period ending December 31, 2018.

Anders Minkler Huber & Helms LLP

March 15, 2019

AMERICAN POOLPLAYERS ASSOCIATION, INC.

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2018 AND 2017

Contents

	Page
Independent Auditors' Report	1 - 2
Financial Statements	
Balance Sheets	3
Statements of Income and Retained Earnings	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 14
Supplementary Information	
Schedules of Operating Expenses	15

ANDERS
CPAs + ADVISORS

Independent Auditors' Report

Stockholders of
American Poolplayers Association, Inc.
Lake Saint Louis, Missouri

We have audited the accompanying financial statements of American Poolplayers Association, Inc., which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Poolplayers Association, Inc. as of December 31, 2018 and 2017, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses on page is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Anders Minkler Huber & Helms LLP

March 14, 2019

American Poolplayers Association, Inc.
Balance Sheets
December 31, 2018 and 2017

Assets

	2018	2017
Current Assets		
Cash	$ 3,820,736	$ 2,712,042
Short-term investments	2,941,803	2,722,004
Accounts receivable	806,663	643,000
Accounts receivable - other	3,098	13,101
League materials	213,393	285,836
Notes receivable - current	44,646	21,461
Due from related party	162,138	164,168
Prepaid expenses and other current assets	154,285	131,388
Total Current Assets	8,146,762	6,693,000
Property and Equipment, net	236,139	196,310
Notes Receivable	2,776	4,042
Other Asset	178,000	178,000
Intangible Assets, net	1,812	2,273
Total Assets	$ 8,565,489	$ 7,073,625

Liabilities and Stockholders' Equity

Current Liabilities		
Accounts payable	$ 879,722	$ 666,983
Accrued expenses	151,288	140,370
Accrued taxes	89,376	97,431
Deferred revenue	2,639,431	2,030,536
Total Current Liabilities	3,759,817	2,935,320
Stockholders' Equity		
Common stock, $10 par value		
Authorized - 3,000 shares		
Issued - 1,830 shares		
Outstanding - 1,630 shares	18,300	18,300
Treasury stock - 200 shares	(6,000)	(6,000)
Retained earnings	4,793,372	4,126,005
Total Stockholders' Equity	4,805,672	4,138,305
Total Liabilities and Stockholders' Equity	$ 8,565,489	$ 7,073,625

American Poolplayers Association, Inc.
Statements of Income and Retained Earnings
Years Ended December 31, 2018 and 2017

	2018	2017
Revenue		
Membership	$ 5,591,947	$ 5,548,614
Royalties	7,854,070	7,469,240
Tournament	3,287,213	3,037,860
Sponsorship	80,479	39,903
Services to related party	156,971	205,659
Franchise fee	174,722	177,632
Other revenue	613,034	538,571
Total Revenue	17,758,436	17,017,479
Operating Expenses	12,417,827	11,806,576
Income from Operations	5,340,609	5,210,903
Other Income (Expense)		
Interest income	61,432	21,894
Loss on disposition of equipment	(501)	(542)
Total Other Income	60,931	21,352
Income before Income Taxes	5,401,540	5,232,255
Provision for Income Taxes	21,710	21,343
Net Income	5,379,830	5,210,912
Retained Earnings, Beginning of Year	4,126,005	3,977,711
Distributions to Stockholders	(4,712,463)	(5,062,618)
Retained Earnings, End of Year	$ 4,793,372	$ 4,126,005

American Poolplayers Association, Inc.
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Net income	$ 5,379,830	$ 5,210,912
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	80,591	74,222
Loss on disposal of equipment	501	542
(Increase) decrease in assets		
Restricted cash	-	4,596
Accounts receivable	(222,001)	(56,642)
Accounts receivable - other	10,003	(9,930)
League materials	72,443	(73,350)
Due from related party	2,030	(95,612)
Prepaid expenses and other current assets	(22,897)	(4,808)
Increase (decrease) in liabilities		
Accounts payable	212,739	270,297
Accrued expenses	10,918	19,232
Accrued taxes	(8,055)	24,542
Deferred revenue	608,895	132,107
Net Cash Provided by Operating Activities	6,124,997	5,496,108
Cash Flows From Investing Activities		
Purchases of short-term investments	(4,678,388)	(5,943,004)
Proceeds from sales of short-term investments	4,458,589	5,203,000
Purchases of property and equipment	(120,460)	(90,944)
Payments on notes receivable	36,419	50,672
Net Cash Used in Investing Activities	(303,840)	(780,276)
Cash Flows From Financing Activities		
Distributions to stockholders	(4,712,463)	(5,062,618)
Net Cash Used in Financing Activities	(4,712,463)	(5,062,618)
Net Increase (Decrease) in Cash	1,108,694	(346,786)
Cash, Beginning of Year	2,712,042	3,058,828
Cash, End of Year	$ 3,820,736	$ 2,712,042

Noncash Operating and Investing Activities

During 2018, the Company converted $58,338 of its accounts receivable to interest-bearing notes receivable.

During 2017, the Company converted $6,290 of its accounts receivable to interest-bearing notes receivable.

American Poolplayers Association, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

1. Nature of Operations and Basis of Presentation

Nature of Operations

American Poolplayers Association, Inc. (the "Company"), a Missouri corporation, was incorporated in March 1981. The Company enters into franchise agreements with league operators to operate pool leagues nationwide, and in Tokyo, Japan and is considering requests from other countries. The Company acts as a sanctioning body for the membership, establishes all league rules, conducts annual tournaments, and sells league related accessories.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Company follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Carrying amounts of certain financial instruments such as cash, short-term investments, accounts receivable, notes receivable, accounts payable, and accrued expenses approximate fair value due to their short maturities or because the terms are similar to market terms. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Short-term Investments

Short-term investments consist of certificates of deposit ("CDs") with original maturities greater than three months and remaining maturities less than one year. These investments are valued based on the purchase price stated on the certificate, which approximates fair value. Interest income is recognized when earned and is included in other income on the statements of income and retained earnings.

Accounts Receivable

Accounts receivable are uncollateralized league operator obligations due under their contractual terms. League operators participate in an automated billing and electronic payment cycle that averages 12 days after the close of the week.

The Company provides an allowance for doubtful accounts equal to the estimated losses that will be incurred in the collection of accounts receivable, if any. When necessary, this estimate is based on historical experience coupled with a review of the current status of existing receivables. The allowance and associated accounts receivable are reduced when the receivables are determined to be uncollectible. Currently, the Company considers accounts receivable to be fully collectible.

League Materials

League materials consist of membership materials and accessories given to league operators and are stated at cost.

Notes Receivable

Notes receivable are stated at unpaid principal balances, less an allowance for losses, if any. Interest on notes receivable is recognized over the term of the note and is calculated using the simple-interest method on principal amounts outstanding.

The Company provides an allowance for note losses based on the Company's past loss experience, known and other risks inherent to the note type, specific impaired notes, adverse situations that may affect the borrower's ability to repay, and current economic conditions. Currently, the Company considers notes receivable to be fully collectible.

The Company considers a note impaired when based on current information or factors, it is probable that the Company will not collect the principal and interest payments according to the note agreement. Management considers many factors in determining whether a note is impaired, such as payment history, value of collateral, and changes in the borrowers' profitability. The Company does not receive updated financial information from its borrowers on an ongoing basis over the life of the note and, therefore; reviews delinquent notes to determine impaired accounts. At December 31, 2018 and 2017, no notes are delinquent or considered impaired.

The notes do not accrue interest once management believes that the notes are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is written off. Interest income on these loans are recognized only to the extent cash payments are received. At December 31, 2018 and 2017, no notes are on nonaccrual status.

Property and Equipment

Property and equipment are stated at cost. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful lives of the assets. The costs of software developed for internal use are capitalized and amortized using the straight-line method over the estimated useful lives of software.

The estimated lives for computing depreciation and amortization on property and equipment are:

Classification	Years
Leasehold improvements	15-40
Machinery and equipment	5-7
Computer hardware and software	3-5
Developed software	5
Furniture and fixtures	7
Automobiles	5

Other Assets

Other assets consists of an American Poolplayers Association St. Louis, Missouri franchise. The Company's purpose of owning the franchise is twofold: to experiment with marketing initiatives that may ultimately grow the brand on a world-wide level and to provide staff with hands-on experience in order to better support league operators. The Company values the franchise at cost and has no plans to sell the franchise in the near future.

Intangible Assets

Intangible assets consisting of copyrights and trademarks are deemed to have a definite life. The associated costs are amortized over the life of the copyrights and trademarks. The Company periodically reviews its amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Management does not believe any impairment exists as of December 31, 2018 or 2017.

Long-Lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2018 and 2017.

Revenue Recognition

The Company recognizes membership revenue in accordance with the contract period. Tournament and royalties revenues are recognized when earned.

The Company sells franchises to third parties in exchange for the license to establish and operate an American Poolplayer's Association local amateur pool league within an assigned territory. The sale price of a franchise varies based on the market and the projected number of players in a territory. The Company collects a non-refundable initial franchise fee from the franchisee at the time of sale, which is generally recognized when substantially all services or conditions relating to the franchise sale have been performed or satisfied by the Company.

Deferred Revenue

Deferred revenue consists of sponsorship fees, memberships, and tournament revenue received in advance of the contract period or event.

Advertising Costs

The Company expenses advertising costs as they are incurred. Advertising costs included in operating expenses totaled $1,009,606 and $972,509 for the years ended December 31, 2018 and 2017, respectively.

Sales Tax

The Company collects and remits taxes assessed by various governmental authorities. These taxes may include sales and use taxes. Taxes collected from customers are recognized as a liability with the liability subsequently reduced when the taxes are remitted to the respective taxing authorities.

Income Taxes

The stockholders of the Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Earnings and losses after the date of election are included in the personal income tax returns of the stockholders. Accordingly, the financial statements do not include a provision for income taxes. The Company does file with various states and cities incurring corporate franchise and excise taxes. A provision for these taxes has been included in the financial statements.

The Company is required to evaluate tax positions taken (or expected to be taken) in the course of preparing the Company's tax returns and recognize a tax liability if the Company has taken an uncertain tax position that more likely than not would not be sustained upon examination by the applicable taxing authorities. The Company has analyzed the tax positions taken and has concluded that as of December 31, 2018 and 2017, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements.

If applicable, the Company recognizes interest and penalties related to unrecognized tax liabilities in the statement of income and retained earnings.

Management is required to analyze all open tax years, as defined by the Statute of Limitations, for all major jurisdictions, including federal and certain state taxing authorities. The Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by taxing authorities for years before 2015. As of and for the years ended December 31, 2018 and 2017, the Company did not have a liability for any unrecognized taxes. The Company has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax liabilities will significantly change in the next twelve months.

Subsequent Events

The Company has evaluated subsequent events through March 14, 2019, the date the financial statements were available to be issued.

Recent Accounting Pronouncements

Revenue from Contracts with Customers

The FASB has issued new guidance on the recognition of revenue from contracts with customers. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this, an entity should apply a five step process to (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The guidance also requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance will be required for the first fiscal year beginning after December 15, 2018. Based on a preliminary analysis, the Company has not yet determined what impact, if any, this new guidance will have on its financial statements.

Leases

The FASB has issued new guidance on the recognition of lease assets and lease liabilities by lessees for those leases previously classified as operating leases. The guidance requires a lessee to recognize in the balance sheet a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the balance sheet. The guidance will be required for the first fiscal year beginning after December 15, 2019. Based on a preliminary analysis, the Company does expect the new guidance will have a significant impact on its financial statements.

3. Property and Equipment

Property and equipment at December 31, is as follows:

	2018	2017
Leasehold improvements	$ 52,503	$ 52,503
Machinery and equipment	110,172	110,172
Computer hardware and software	3,033,194	3,079,589
Developed software	71,478	-
Construction in progress - developed software	48,982	-
Furniture and fixtures	277,614	278,722
Automobiles	85,539	85,539
	3,679,482	3,606,525
Less accumulated depreciation and amortization	3,443,343	3,410,215
	$ 236,139	$ 196,310

Depreciation and amortization expense for the years ended 2018 and 2017 totaled $80,130 and $73,081, respectively.

4. Notes Receivable

Notes receivable at December 31, are as follows:

	2018	2017
Unsecured notes receivable, interest from 0.00 percent to 7.25 percent, weekly payments ranging from $100 - $875 including principal and interest, paid on various dates through June 25, 2020	$ 47,422	$ 25,503
Less current portion	44,646	21,461
	$ 2,776	$ 4,042

5. Intangible Assets

The carrying amount and accumulated amortization of recognized intangible assets at December 31, are as follows:

	2018		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:			
Copyrights and trademarks	$ 13,169	$ 11,357	$ 1,812

	2017		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:			
Copyrights and trademarks	$ 13,169	$ 10,896	$ 2,273

Copyrights and trademarks are being amortized over 5-15 years. Amortization expense totaled $461 and $1,142 for the years ended December 31, 2018 and 2017, respectively.

6. Related Party Transactions

The Company and the Canadian Poolplayers Association ("CPL") are related by common ownership. The Company entered into a master license agreement with CPL granting them an exclusive master license to use and practice the Company's system of operations within Canada, including the right to appoint franchisees of CPL to develop and operate amateur pool leagues within Canada. The Company further grants CPL the right to develop and use the Company's branding. Both entity's have the right to terminate this agreement upon written notice. CPL is required to pay the Company an annual licensing fee equal to the membership fees received by CPL during each calendar year this agreement is in effect.

The Company also provides management and other services to the CPL based on a month-to-month management service agreement. For the services noted above, CPL paid the Company $156,971 and $205,659 for the years ended December 31, 2018 and 2017, respectively.

Due from Related Party

At December 31, 2018 and 2017, the amount due from CPL and a stockholder was $162,138 and $164,168, respectively.

7. Retirement Plan

The Company maintains a contributory retirement savings plan under Section 401(k) of the Internal Revenue Code covering substantially all employees who meet certain eligibility requirements. Employer contributions to the plan totaled $88,248 and $76,789 for the years ended December 31, 2018 and 2017, respectively.

8. Risks and Uncertainties

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and accounts receivable. The Company maintains its cash with multiple financial institutions. Deposits at these banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2018, there were cash balances of $2,280,688 in excess of federally insured limits at the financial institutions. The Company performs ongoing credit evaluations of its league operators and maintains allowances, as needed, for potential credit losses. Although the Company is directly affected by the financial stability of its league operators base, management does not believe significant credit risk exists at December 31, 2018.

The Company maintains its CDs in multiple brokerage accounts with various brokerage firms. The CDs held at each firm are insured by the FDIC up to $250,000. At December 31, 2018, there were no CDs in excess of FDIC limits.

9. Commitments and Contingencies

Leases

The Company leases office and warehouse space and equipment under various operating leases. Future minimum lease payments at December 31, 2018 are as follows:

Years Ending December 31,	
2019	$ 271,780
2020	75,740
2021	6,878
2022	1,251
	$ 355,649

Rent expense related to operating leases for the years ended December 31, 2018 and 2017 totaled $273,375 and $263,024, respectively.

Guarantor

In January 2010, a third-party entered into a personal loan agreement with a bank in the amount of $160,000. The Company was a guarantor on this loan. The loan was repaid in full as of December 31, 2017 and therefore the bank has released all restrictions.

American Poolplayers Association, Inc.

Schedules of Operating Expenses
Years Ended December 31, 2018 and 2017

	2018	2017
Salaries and benefits	$ 5,344,985	$ 5,296,265
Tournament expense	3,462,889	3,399,953
Advertising	1,009,606	972,509
League development	810,673	843,994
Software development	625,853	398,747
Depreciation and amortization	80,591	74,222
Occupancy	297,381	285,072
Repairs and maintenance	165,660	158,123
Professional fees	140,329	133,061
Other operating expense	479,860	244,630
	$ 12,417,827	$ 11,806,576

Exhibit O

Part I

LIST OF CURRENT APA FRANCHISEES

Area	Franchisee Name	Address	City	ST	Zip	Phone
Alaska						
994	Kristy Donovan/Richelle Donovan	1936 Commodore Drive	Anchorage	AK	99507-_	(907) 350-3362
Alabama						
352	Skip & Joyce Lassiter	PO Box 2057	Alabaster	AL	35007-_	(205) 621-4199
358	Cyndi Harbin/Lee Zeiher	2109 Sycamore Street	Huntsville	AL	35805-_	(256) 476-6093
361	Bryan Ainsworth/Katherine Lorren	235 Wildwood Ln	Titus	AL	36080-_	(334) 717-9624
366	Dan & April Shepherd	7841 Eagle Creek Dr W	Daphne	AL	36526-_	(251) 219-8902
398	Johnny & Mandy Odom	102 Jennifer Drive	Headland	AL	36345-_	(334) 701-2798
Arkansas						
381	Bobby & Nika Harvison	20363 Hwy, 70E	Heth	AR	72346-_	(901) 481-5129
720	John & Angela Falco	3409 Pelton Rd	Benton	AR	72019-_	(501) 351-0654
722	Russell & Cyndi Hannahs	2511 Alcoa	Benton	AR	72015-_	(501) 315-2120
727	Tom Porch	16132 Cypress Lane	Rogers	AR	72756-_	(479) 295-8437
Arizona						
850	Lance & Tina Schulze	13212 W Ocotillo Lane	Surprise	AZ	85374-_	(623) 224-7805
851	Doug & Gina Nowlin	6422 W Mercer Lane	Glendale	AZ	85304-_	(602) 920-9192
857	Brandon & Adrianne Ferguson	9750 N Texas Ebony Lane	Marana	AZ	85653-_	(520) 370-8656
863	Sue Orr	1389 Essex Way	Chino Valley	AZ	86323-_	(928) 458-0222
California						
906	Liza Gazmen	PO Box 62304	Irvine	CA	92602-_	(714) 862-8566
911	Jason Maust/Jerame Mote	1160 E. Mariposa St.	Altadena	CA	91001-_	(818) 903-5544
917	Marc Ong	727 E Bickley Dr	Covina	CA	91722-_	(877) 274-8272
921	Brian & Jill Frankland	7363 Birchcreek Road	San Diego	CA	92119-_	(619) 303-0183
922	Bob Michaels	12403 Central Avenue #598	Chino	CA	91710-_	(909) 574-6083
923	Amanda English	1050 Kingswell Ave	Banning	CA	92220-_	(951) 660-8059
925	Kim Pankonin/Ryan Parent	38118 Cypress Point Drive	Murrieta	CA	92563-_	(909) 226-7889
926	Kim Nichols	8681 Katella Ave. Spc#942	Stanton	CA	90680-_	(714) 674-7665
930	Phil & Taz Brooker	3475 Germain Street	Camarillo	CA	93010-_	(805) 388-2036
933	Michelle & Sam Henry	2709 Nicole Way	Bakersfield	CA	93312-_	(661) 204-9230
934	Debbra Stoner	727 Camino Caballo	Nipomo	CA	93444-_	(805) 345-1822
937	Ken & Beth Mendoza	7447 North Sandrini Ave	Fresno	CA	93723-_	(559) 478-5322
939	Ron Flint	7560 Chester Dr	Salinas	CA	93907-_	(831) 455-6864
941	Nicole & Chris Frendl	946 N Idaho Street	San Mateo	CA	94401-_	(415) 506-9645
942	Gary Frerking	155 Silver Hill Court	Lincoln	CA	95648-_	(866) 401-7665
943	Selwyn Ward	385 14th street #782	Oakland	CA	94612-_	(510) 833-3333
949	Max Ahmadi	209 Falcon Place	Clayton	CA	94517-_	(707) 687-8757
950	Doug Coleman	5255 Stevens Creek Blvd., Suite 315	Santa Clara	CA	95051-_	(408) 873-7665
Colorado						
800	Kevin Leivonen	1437 N. Denver Ave. Unit #146	Loveland	CO	80538-_	(303) 862-0466
804	Joe Laughlin	5944 S Ukraine St	Aurora	CO	80015-_	(720) 601-7831
805	Peggy LeBlanc	12005 W. 20th Ave	Lakewood	CO	80215-_	(303) 205-9781
809	Dennis Mersman	1375 Winding Ridge Terrace	Colorado Springs	CO	80919-_	(719) 499-4612
810	Damon & Carrie Cooper	1167 Shenandoah Drive	Pueblo West	CO	81007-_	(719) 250-2067
815	Shanna Stanley	2467 Brookwillow Loop	Grand Junction	CO	81505-_	(303) 250-4566
Conneticut						
010	Bruce & Ann Barthelette	P.O. Box 1290	Enfield	CT	06083-_	(413) 536-3838
Delware						
197	Mark & Lisa Gokey	P.O. Box 10064	Wilmington	DE	19850-_	(302) 276-0332
232	Duke Black & Charlyn Wilson-Black	303 E. Hazeldell Ave.	New Castle	DE	19720-_	(302) 652-5944
Florida						
320	Pamela Rowdon	2268 Oriole Lane	Daytona Beach	FL	32119-_	(386) 788-0729
321	Ashley & Kevin Morgan	2045 Crosshair Circle	Orlando	FL	32837-_	(407) 801-5386
322	Ken Lewis	5609 Maverick	Middleburg	FL	32068-_	(904) 291-6860
323	Stacey Elliott	1131 Havana Highway	Quincy	FL	32352-_	(850) 566-8885

324	Claudia Cardinal	537 S. CR 21	Hawthorne	FL	32640-_	(352) 546-2123
325	Debi Burdeshaw	3938 Jenkins Rd.	Youngstown	FL	32466-_	(850) 819-3561
326	Matt Miley	6628 Elva St	Milton	FL	32570-_	(850) 450-4610
327	Jim Rowe	203 Old Ferry Rd	Shalimar	FL	32579-_	(619) 251-9294
328	Chris Happel	3101 Rider Pl	Orlando	FL	32817-_	(407) 703-9001
329	Richard Johnson/Jennifer Lust	1566 Alaqua Way	West Melbourne	FL	32904-_	(321) 252-8080
330	Gary and Howard Kalos	20641 NE 1 Ct.	Miami Gardens	FL	33179-_	(305) 896-6786
331	Gene Weaver	6023 Sequoia Cir	Vero Beach	FL	32967-_	(954) 530-1491
332	Eric & Kim Aiken	1955 SW Aguero Street	Port St. Lucie	FL	34953-_	(561) 721-5925
333	Ken & Leslie Wood	13413 Mandalay Place	Spring Hill	FL	34609-_	(352) 514-7014
334	Jeff & Cassie Howell	3189 SW Letchworth St.	Port Saint Lucie	FL	34953-_	(919) 669-9027
336	Jeanette Lee	10219 Lockwood Pines Lane	Tampa	FL	33635-_	(813) 977-1499
337	Michael & Sherie Strout	6 Harbor Oaks Circle	Safety Harbor	FL	34695-_	(727) 724-9248
339	Tim Pollet	9424 Scarlette Oak Avenue	Ft. Myers	FL	33967-_	(239) 281-5905
340	Steve & Nina Myers	437 Edgewood Road	Venice	FL	34293-_	(941) 441-8978
342	Bruce Monnier	26205 Bage Dr	Punta Gorda	FL	33983-_	(941) 815-8694
344	James & Michelle Harper	1521 Cloverbay Lane	Casselberry	FL	32707-_	(407) 448-9155
345	Adam Ellison/Cory George	2523 Hwy 27 South, Ste 204	Avon Park	FL	33825-_	(863) 212-8971
347	Bobby & Kristina Powell	301 Fish Hawk Dr	Winter Haven	FL	33884-_	(719) 337-3478
349	Kelly Moore	15702 NW 107th St.	Alachua	FL	32615-_	(386) 204-0715
Georgia						
301	Charli McAllister	6454 Roy Rd	Ellijay	GA	30536-_	(404) 433-2904
303	Woody & Pamela McClure	702 Bombay Lane	Roswell	GA	30076-_	(770) 667-1105
305	Charli McAllister	6454 Roy Rd.	Ellijay	GA	30536-_	(404) 433-2904
306	Joe & India Kirkland	228 Pleasant Hill Church Rd. SE	Winder	GA	30680-_	(770) 725-8516
308	Dona Yelton	910 Manatee Circle	Harlem	GA	30814-_	(706) 799-2386
312	Billy Brantley	1518 Lamars Creek Road	Sandersville	GA	31082-_	(478) 278-4240
316	Isaac Avrett	209 Island Street	Lake Park	GA	31636-_	(850) 405-6620
Hawaii						
968	Dante Guagliardo	PO Box 502	Aiea	HI	96701-_	(808) 520-1135
Iowa						
503	Randy Jones	2712 Kingman Blvd.	Des Moines	IA	50311-_	(515) 321-9114
528	Chad & Meghan Howell	1813 LeClaire Street	Davenport	IA	52803-_	(563) 320-4527
Idaho						
836	Charice Hubbard	910 W Orchard Avenue	Nampa	ID	83651-_	(208) 573-7578
Illinois						
599	Matt Nichols	506 Beach Drive	Algonquin	IL	60102-_	(847) 915-8630
600	Liz & Joseph Mathews	89 E. Green Valley Ct.	Round Lake Beac	IL	60073-_	(224) 602-5211
602	Braden Hall	2904 Scottlynne Dr.	Park Ridge	IL	60068-_	(773) 575-4157
603	Amanda & Jeff Hays	18530 W. 3000N Rd. Lot #236	Reddick	IL	60961-_	(815) 651-1442
604	Johnny & Gloria Maricich	P. O. Box 273	Lansing	IL	60438-_	(708) 745-8244
605	Chad & Trisha Birch	2047 Kentland Dr.	Romeoville	IL	60446-_	(630) 940-6181
607	Aaron & Lindsay Hernandez	2415 Parkview Drive	Aurora	IL	60502-_	(630) 346-5609
608	Benjamin Almazan	6247 W. 55th Street	Chicago	IL	60638-_	(312) 428-0306
609	Ross Schaefer	1316 N Bell Apt#2	Chicago	IL	60622-_	(312) 550-5491
610	Suzanne Zadel & Karl Nordeen	1009 Edward Street	Prospect Heights	IL	60070-_	(847) 754-8409
612	Doug Krus	2605 W. Whittington Way	Dunlap	IL	61525-_	(309) 276-3075
613	Lois & Scott Darlington	101 Spruce St	Morris	IL	60450-_	(815) 585-7142
615	Aaron & Kellee Hubbard	603 Wren Road	Bloomington	IL	61704-_	(309) 261-0376
616	Maggie Moore	15774 Red Shale Hill Rd	Pekin	IL	61554-_	(309) 208-2427
619	Brian Garwood	594 Phillip Circle	Forsyth	IL	62535-_	(217) 827-9333
620	Santino Lamancusa	9449 Janel Dr	Bloomington	IL	61705-_	(309) 319-8672
621	Cris Handley	9092 N CR 2150 E	Ashmore	IL	61912-_	(217) 549-1521
621	Chris Esker	16016 E 1485th Avenue	Teutopolis	IL	62467-_	(217) 690-9274
622	Doug Gellner	421 Wyatt Avenue	Lincoln	IL	62656-_	(217) 671-1339
624	Lisa Schilling & Steve Gillaspie	122 E 5th St.	Lockport	IL	60441-_	(815) 909-7693
625	Kim Jones	PO Box 478	Bethany	IL	61914-_	(217) 620-0556
627	Brad Fellhauer	PO Box 873	Jacksonville	IL	62651-_	(217) 414-4060

629	Joseph Fronek	631 W Park St.	Du Quoin	IL	62832-_	(618) 534-1004
632	Bruce & Dana Patton	805 E. 5th Street	Trenton	IL	62293-_	(618) 578-8955
637	Rob Ahne	605 N 21st Street	Herrin	IL	62948-_	(618) 713-7509
Indiana						
461	Matt Gillespie	5347 1/2 North Keystone Ave.	Indianapolis	IN	46220-_	(317) 362-8220
466	Wayne Hartman	56702 Moyer Lane	Elkhart	IN	46516-_	(574) 606-8953
468	Gary & Heather Lyons	1610 E. Hollis Lane	Fort Wayne	IN	46816-_	(260) 440-4857
469	Tom & Julie Diesman	518 W. Griffith St.	Galveston	IN	46932-_	(574) 601-8784
473	Chris VanHoose	1517 S State Road 115	Wabash	IN	46992-_	(260) 571-4298
474	Keith Neer	7088 Addie Road	Spencer	IN	47460-_	(210) 608-6734
477	Chuck & Tina Austin	1503 S Barker Ave	Evansville	IN	47712-_	(812) 423-3333
478	Herb & Jami Wheeler	2831 N. 11th St.	Terre Haute	IN	47804-_	(320) 297-1038
479	Jerry Butler	PO Box 181	Dayton	IN	47941-_	(765) 426-5280
489	Oliver Morris	605 Johnson St.	South Bend	IN	46628-_	(269) 695-0809
492	Brad & Kaleena Cole	521 Fair Street	Kendallville	IN	46755-_	(260) 318-2692
Kansas						
661	Steve Kouri	15261 W 87th St, #246	Lenexa	KS	66219-_	(913) 401-8933
664	Kent & Gabriella Henderson	6535 Sw 24th Ct.	Topeka	KS	66614-_	(785) 250-4814
666	Roy Harris	323 E Avenue E	Hutchinson	KS	67501-_	(620) 664-3197
402	Danielle & Jesse Hecht	5610 Secret Way	Louisville	KY	40272-_	(502) 498-5313
405	Jeff Johns	4352 Evangeline Lane	Lexington	KY	40509-_	(513) 967-6822
410	Gary Muzzillo	1601 Caddie Circle	Florence	KY	41042-_	(859) 488-1489
412	Matthew Barone	340 Timber Ridge Dr., Unit 10	Wilder	KY	41071-_	(859) 380-6059
423	Quentin Spooner	2321 Hwy 144	Owensboro	KY	42303-_	(270) 570-4973
Louisanna						
617	Steve Floyd	2248 Landau Lane	Bossier City	LA	71111-_	(318) 918-7430
701	Darin & Stacy Daussat	PO Box 2662	Mandeville	LA	70470-2	(504) 525-1007
705	Joe Holden	28759 L.J. Methvien Rd.	Holden	LA	70744-_	(985) 520-2186
707	Preston & Lisa Granger	415 Fort Hamilton	Opelousas	LA	70570-_	(337) 407-2267
708	Dart Volz	PO Box 758	Hammond	LA	70404-_	(985) 807-4829
712	Trey & Angel Funderburg III	604 Wilmuth St.	Monroe	LA	71201-_	(318) 348-4238
Massachusetts						
013	Kelly Hall	P.O. Box 1177	Easthampton	MA	01027-_	(413) 322-8307
014	Peter & Keli Masuck	150 Heard St. Apt 534	Chelsea	MA	02150-_	(617) 461-0210
015	Pam Hall	28 Spruce St.	Greenfield	MA	01301-_	(413) 774-5872
023	Steve & Lisa Blaney	4 Open Square Way Suite 114	Holyoke	MA	01040-_	(508) 431-3565
024	Rick Burt	4 Jordan Street	Revere	MA	02151-_	(978) 430-6534
200	Rob Bell/Bob Greco	PO Box 559	North Chelmsfor	MA	01863-_	(978) 710-6403
Maryland						
212	Terry & Valerie Justice	8518 Ft Smallwood Road	Pasadena	MD	21122-_	(410) 255-5400
213	Sarah Vrooman/Dave Beatty	2317 Mountain Rd Unit A	Pasadena	MD	21122-_	(410) 439-9400
Maine						
060	John & Pauline Ostro	P.O Box 400	Lisbon Falls	ME	04252-_	(207) 353-6466
Michigan						
449	Nick Coutcher	766 Jefferson Lane	Milan	MI	48160-_	(734) 444-8717
465	Dean Johnson	1106 Huntly Road	Niles	MI	49120-_	(269) 470-1212
480	David & Jennifer Fritz/Michael Fritz	480 N. Canton Center #87571	Canton	MI	48187-_	(734) 664-0943
484	Christine Tamba/Michael Sexton	8101 Capac Road	Yale	MI	48097-_	(810) 627-4649
485	Lonnie Ward	PO Box 419	Clarkston	MI	48347-0	(810) 397-8005
490	Jim Cavender	6103 Brooklyn Rd	Jackson	MI	49201-_	(517) 416-0745
491	Mike & Daryl Keeler	1406 Nazareth	Kalamazoo	MI	49048-_	(269) 929-6618
495	Rhonda Ayers	8173 Birchwood Ave	Jenison	MI	49428-_	(616) 292-8599
Minnesota						
550	Dan & Renae Freinwald	14858 O'Connell Rd	Savage	MN	55378-_	(612) 205-8009
553	James & Trina Henry	18397 Chennault Way	Eden Prairie	MN	55346-_	(952) 937-2001
Missouri						
634	Joe & Kelly Wilmes	PO Box 76	Silex	MO	63377-_	(636) 358-7665
638	Brad & Temper Jones	1995 Williamsburg Drive	Cape Girardeau	MO	63701-_	(573) 450-7383

640	Rob Hough	113 E 2nd St Apt A	Holden	MO	64040-_	(816) 616-5900
641	John Hensley	25 G Street	Lake Lotawana	MO	64086-_	(816) 598-5978
642	Greg & Alana Pierce	1300 NE Englewood Rd.	Gladstone	MO	64118-_	(816) 678-1386
656	Willie Lloyd	2015 W University St., Apt E-105	Springfield	MO	65807-_	(417) 860-6099
Mississippi						
388	Bobby Cooper	5308 Kalian Cove	Southaven	MS	38671-_	(662) 782-3692
395	Michael Veglia	10065 Garfield St.	Waveland	MS	39576-_	(228) 493-0845
Montana						
594	John Amelsberg	737 14th Street S W	Great Falls	MT	59404-_	(406) 899-7665
596	Bob & Becky Zapata	640 Euclid	Helena	MT	59601-_	(406) 442-0014
North Carolina						
241	Jason & Misty Dusel	4704 Pauline Ct.	Summerfield	NC	27358-_	(336) 542-6866
273	Michael Fuller	64 Harvey B. Duncan Drive	Timberlake	NC	27583-_	(336) 504-3033
275	Don Humphreys	304 Squire Ct	Maple Hill	NC	28454-_	(252) 253-9848
277	Don Ward	2008 Hamlets Chapel Road	Pittsboro	NC	27312-_	(919) 578-4758
278	Grant Beyers	7822 Shuttle Rd	Fayetteville	NC	28311-_	(910) 568-8742
280	Greg Frye/KT Thompson	PO Box 11567	Charlotte	NC	28220-_	(704) 598-4555
281	Debbie Ritchotte/Donyell Ritchotte	2640 Campus Ridge Rd	Matthews	NC	28105-_	(704) 246-7063
287	Anita & Michael Maloney	PO Box 1708	Franklin	NC	28744-_	(828) 507-4467
288	Vicki Catalano	PO Box 16632	Asheville	NC	28816-_	(828) 329-8197
Nebraska						
515	Russ & Mary Reynolds-East	14536 Monroe Circle	Omaha	NE	68137-_	(402) 290-5597
690	Joe & Carmen Bond	P O Box 1033	McCook	NE	69001-_	(308) 344-4811
New Hampshire						
030	Jodi & Ron Tebbetts	PO Box 157	New Durham	NH	03855-_	(603) 312-1940
032	Tony & Toni-lyn DiBartolo	13A Trolley Car Ln	Londonderry	NH	03053-_	(603) 260-6539
New Jersey						
070	Jake Schwartz/Morgan O'Hara	305 Timberbrooke Drive	Bedminster	NJ	07921-_	(201) 605-7119
071	Cyndi Mahon	1 Knollwood Court	Manalapan	NJ	07726-_	(908) 420-7359
072	Moshinia Evans	101 Spruce St. 3A	Newark	NJ	07108-_	(862) 373-0087
073	Ozzy Guzman	PO Box 715	Middlesex	NJ	08846-0	(888) 819-8929
074	Al Pfersch	3 Deer Ct.	Chester	NJ	07930-_	(862) 251-4288
076	Anthony Narducci	786 Maywood Ave.	Maywood	NJ	07607-_	(856) 278-5555
082	Dave Piotrowski & Michelle Miller	313 West Broad Street	Burlington	NJ	08016-_	(609) 526-2000
085	Dawn Hopkins	19 Equestrian Court	Neptune	NJ	07753-_	(609) 226-0646
100	Stuart Scheer	P.O. Box 422	Cresskill	NJ	07626-_	(201) 569-2602
191	Jeff Duda	PO Box 100	Somerdale	NJ	08083-_	(215) 470-2818
New Mexico						
871	Laura Rigsby	1843 Arroyo Chamiso	Santa Fe	NM	87505-_	(505) 814-4419
Nevada						
891	Florian & Iana Kohler	10366 Kesington Dr.	Las Vegas	NV	89135-_	(702) 684-7665
895	Seth & Heather Allison	221 Shady Grove Lane	Dayton	NV	89403-_	(775) 443-8844
New York						
064	Jackie Levine	1312 Holiday Park Drive	Wantagh	NY	11793-2	(516) 679-2272
065	Rachel Webb	PO Box 115	Eastport	NY	11941-_	(631) 599-0084
066	Jerry Bayer / Melissa Cossidente	PO Box 186	Port Jefferson Sta	NY	11776-_	(631) 923-2701
112	Ross & Smith Banfield	312 Saint James Place #1C	Brooklyn	NY	11238-_	(917) 589-5867
122	Ryan Gilligan	1 Partridge Gln	Rexford	NY	12148-_	(518) 630-5664
126	Kathy McAleer/Ryan McAleer	13 Blossom Grove Court	Highland	NY	12528-_	(845) 883-5557
131	Gregg & Rosanne Cordero	38 Victoria Dr.	Binghamton	NY	13904-_	(607) 743-7474
132	Brad & Kim Rees	203 Hickory Way	Central Square	NY	13036-_	(607) 743-7474
133	Kelly Dreidel	PO BOX 66	Yorkville	NY	13495-_	(315) 796-8156
134	Patrick Lloyd	461 Bulls Head Rd	Amsterdam	NY	12010-_	(518) 775-6848
140	David & Ann Marie Powis	12887 Genesee Street	Akron	NY	14001-_	(716) 572-3752
142	Chris & Veronica Washy	41 Park Street	Gowanda	NY	14070-_	(716) 545-0505
145	Daisy Hutchinson	850 Winton Road South	Rochester	NY	14618-_	(585) 259-7665
Ohio						
160	Corey Mason	P.O. Box 206	New Springfield	OH	44443-_	(330) 770-9408

260	Darrin Harsh/Gene Hughes	2286 Southeast Blvd.	Salem	OH	44460-_	(330) 277-3439
409	Michael Wakley	5398 Sanrio Court	Cincinnati	OH	45247-_	(513) 708-2610
431	Bill Sharpe	1140 Buddy Dr	South Charleston	OH	45368-_	(614) 516-9488
432	Candy Fleischmann	9024 Marcy Road	Canal Wincheste	OH	43110-_	(614) 833-1009
434	Ken Caligiuri	7117 Township Rd. 212	Findlay	OH	45840-_	(567) 525-0821
441	Harold Keehl	7906 Liberty Avenue	Parma	OH	44129-_	(216) 860-2390
443	Stephen Weaver	6349 Westshore Dr.	Kent	OH	44240-_	(330) 608-5950
444	Brian & Pat Mosko	PO Box 8716	Warren	OH	44484-_	(330) 299-0211
445	Bernie & Nouhad Pavlock	P.O. Box 7	Girard	OH	44420-_	(330) 545-1951
449	Jason Wagner/Corey Pope	5634 Winona Drive	Toledo	OH	43613-_	(567) 868-7254
452	Ernie & Laura Byrd	P.O. Box 18281	Fairfield	OH	45014-_	(513) 870-0885
458	Jamie Roller	P.O. Box 517	Kalida	OH	45853-_	(419) 796-9139
Oklahoma						
730	Matt & Nicole Seely	12404 Maple Ridge Ln.	Guthrie	OK	73044-_	(618) 560-9894
731	Judy Duncan	10429 South Trafalgar Dr.	Oklahoma City	OK	73139-5	(405) 790-0600
735	Ezra Davis & Adriene Davis	926 SW 34th St.	Lawton	OK	73505-_	(580) 591-2343
741	Jeremy Shrum	5729 East 24th Street	Tulsa	OK	74114-_	(918) 520-1321
Oregon						
972	Merle & Boomer Humphreys	1280 70th Avenue SE	Salem	OR	97317-_	(503) 243-6725
973	Randee Lee	1920 Hoffman Rd NE	Salem	OR	97305-_	(503) 362-0133
975	Jason & Deanna Hunt-Sherman	2081 Martin Drive	Medford	OR	97501-_	(541) 993-2216
977	Steve Del Rosso	548 NE Quimby Ave	Bend	OR	97701-_	(541) 388-5188
Pennsylvania						
088	Brian & Marlene Boyle	P.O. Box 88	Ferndale	PA	18921-0	(610) 762-4734
150	David Hanna	1915 Kennedy Blvd.	Aliquippa	PA	15001-_	(724) 601-1614
156	Chuck & Kim Zerebnick	1184 Rebecca Street	Export	PA	15632-_	(724) 468-6121
162	Mark Kasiorek	256 Oakland Road	Mercer	PA	16137-_	(724) 662-2709
174	Dan Simning / Rob & Jen Miller	708 Hardwick Pl.	York	PA	17404-_	(410) 688-9588
178	Al Brouse	PO Box 188	Richfield	PA	17086-_	(717) 694-0077
179	Walter & Alix Jarrett	1789 Running Deer Drive	Auburn	PA	17922-_	(610) 628-2814
181	Michael Boyle	PO BOX 480	WARRINGTON	PA	18976-_	(267) 888-4383
182	Jason Thorne	132 Church St.	Plymouth	PA	18651-_	(570) 417-9656
183	Alex Holtzman	P.O. Box 2236	Pocono Summit	PA	18346-_	(570) 977-1330
186	Rich Rafalko/Mike Rorick	1015 Martarano Drive	Throop	PA	18447-_	(570) 483-8144
189	Rob Peuplie/Mark Mandic	116 N Main Street	Sellersville	PA	18960-_	(215) 675-3794
193	Denise Ross	564 Westfield Dr.	New Holland	PA	17557-_	(717) 368-5928
220	Dan Simning/Rob & Jen Miller	708 Hardwick Pl.	York	PA	17404-_	(410) 688-9587
Rhode Island						
011	Justin Wales/Shira Simon	PO Box 6907	Providence	RI	02940-_	(401) 216-7229
South Carolina						
292	Richard & Regina Johnson	273 E. Thorncliff Rd	Florence	SC	29505-_	(843) 250-3630
293	Dana Gung	112 North Bennington Drive	Spartanburg	SC	29307-_	(864) 415-3916
294	Scott Bates/Stephanie Bates	307 Clover Street	Summerville	SC	29483-_	(843) 871-4105
295	Ewa & Mitch Laurance/ Nikki & Toby Graham	PO Box 70970	Myrtle Beach	SC	29572-_	(843) 685-5625
297	Chris Lind	124B Shirley Circle	Anderson	SC	29625-_	(864) 274-9299
309	Chris & Stephanie Seiple	3627 Linbrook Drive	Columbia	SC	29204-_	(803) 753-8066
South Dakota						
571	Devinne & Kody Mertens	4013 W 90th St	Sioux Falls	SD	57108-_	(605) 759-3633
577	Bob Olson/Jeff Olson	6524 Beverly Drive	Rapid City	SD	57701-_	(307) 262-7457
Tennessee						
372	Ken Stapp	1519 St. Andrews Drive	Murfreesboro	TN	37128-_	(615) 691-0767
374	Valerie Reagan	3002 Wilson Avenue	Signal Mountain	TN	37377-_	(423) 886-6903
376	Angela & Lance Pate	2382 Suncrest Village Lane	Gray	TN	37615-_	(423) 207-0020
377	Bill Graifer	P.O. Box 1111	Kodak	TN	37764-1	(865) 684-5332
379	Paul Baird & Elizabeth McWhirter	9032 Candlewood Dr	Knoxville	TN	37923-_	(865) 692-9235
Texas						
749	Bennie Marquez & Kara Hagston	10448 Buffalo Way	Forney	TX	75126-_	(214) 433-1037
750	Steve & Tammie McBay	4802 Creekridge Court	Garland	TX	75043-_	(214) 796-5582

751	Sam Holliday	5917 DEER RUN DR	McKinney	TX	75070-_	(972) 412-5717
752	Shannon & Nikki Brown	PO Box 2409	Rockwall	TX	75087-_	(469) 769-1252
753	Lori Way	5381 Bobby Circle	Royse City	TX	75189-_	(972) 635-2489
754	Allison & David Miller	103 N Kaufaman St. Ste 204	Seagoville	TX	75159-_	(972) 900-7224
755	Dewayne & Sherl Kraklow	1317 Forest Have Dr	Anna	TX	75409-_	(214) 282-6327
756	Lori Way	5381 Bobby Circle	Royse City	TX	75189-_	(972) 635-2489
757	John Ervin	1109 Rhome Hill Rd	Bullard	TX	75757-_	(903) 780-6893
761	Les & Francee Moore	3432 Vine Ridge	Bedford	TX	76021-3	(817) 684-0006
762	Robert Santana	2200 Barton Springs Drive	Corinth	TX	76210-_	(940) 321-8800
765	Larry & Michelle Nicholson	580 Centex Sportsman Club Road	Belton	TX	76513-_	(210) 843-4557
766	Jay & Tish Gaines	206 W. Nolan Street	Lorena	TX	76655-_	(254) 214-9710
770	Cuong Nguyen	3522 Dappled Ridge Way	Pearland	TX	77581-_	(281) 220-9763
771	Steve Lechner	15931 Signal Creek Drive	Houston	TX	77095-_	(281) 300-2686
772	Kimberly Reiner	2815 Stanton St.	Houston	TX	77025-_	(832) 689-5692
773	Roger Schuett	13315 Veterans Memorial #406	Houston	TX	77014-_	(281) 682-2144
774	Johnny & Amy Griffin	2819 County Road 936a	Alvin	TX	77511-_	(919) 369-4533
775	Natalie Mans	2205 W Walker, Apt. 2105	League City	TX	77573-_	(832) 518-7694
776	Andrus Granger	653 Birchwood Drive	Port Neches	TX	77651-_	(409) 722-0023
778	Jon & Lulu Philp	5211 Birch Falls Lane	Sugar Land	TX	77479-_	(936) 777-5333
782	Scott & Karen Racy	6115 Outlook Ridge	San Antonio	TX	78233-_	(210) 599-4140
785	Erin Lacy	316 Thunderbird Ave	McAllen	TX	78504-_	(956) 821-6925
786	Shawn Rutledge	700 Centre Street	San Marcos	TX	78666-_	(512) 667-7587
787	Betty & Grady Dunagan	PO Box 6	Kosse	TX	76653-_	(254) 793-0213
793	Amanda Ritter/Mike Jones	3102 125th st	Lubbock	TX	79423-_	(806) 781-8328
796	Derriel Smith	626 FM. 1750	Abilene	TX	79602-_	(214) 544-5656
Utah						
840	Aldon & Melanie Terpstra	824 E Sherman Ave	Salt Lake City	UT	84105-_	(623) 889-4755
Virginia						
231	Marguerite Rueger & Dawn Buchanan	1405 Westshire Lane	Henrico	VA	23238-_	(804) 740-7225
235	Mike Ristaino	171 Normandy Lane	Newport News	VA	23606-_	(757) 871-5760
236	Michelle Arrigo	6479 Kenlake Court	Norfolk	VA	23518-_	(757) 479-2774
240	Brian & Leanne Scruggs	5255 Cave Spring Lane	Roanoke	VA	24018-_	(540) 397-2665
243	Andy & Joy Skerritt	6226 University Park Drive , Ste 2608	Radford	VA	24141-_	(540) 250-1458
245	Rob Marshall	2940 Rivermont Ave, Unit 5A	Lynchburg	VA	24503-_	(804) 928-2553
Vermont						
056	Terah Williams	3836 E BAKERSFIELD RD	Enosburg Falls	VT	05450-_	(802) 370-5037
Washington						
946	John & Sandy Wenglewski	P.O. Box 9536	Spokane	WA	99209-_	(509) 327-2591
982	Larry & Andrea Maes	1242 State Ave. Unit I PMB 105	Marysville	WA	98270-_	(425) 280-8422
984	Cathy & Ed Ambo	8240 147th Ave SE	Newcastle	WA	98059-_	(425) 529-7665
985	Michelle Barkdoll	3919 88th St E	Tacoma	WA	98446-_	(253) 627-0652
Wisconsin						
531	Chris & John Rossing	10531 79th Street	Pleasant Prairie	WI	53158-_	(224) 280-4736
544	Jeanna & Tommy Trzebiatowski	507 McDill Ave	Stevens Point	WI	54481-_	(715) 323-1554
Wyoming						
820	Jeff Olson	PO Box 50165	Casper	WY	82605-_	(307) 262-7457

PART II

LIST OF FRANCHISEES WHO LEFT THE FRANCHISE SYSTEM DURING THE LAST FISCAL YEAR

(JANUARY 1, 2020 - DECEMBER 31, 2020)

Franchisee Name	Address	City	ST	Zip	Phone #
Mark Arras	2978 W. Lydisu St.	Schenectady	NY	12303	518-925-0565
Andrew & Christine Reynolds	100 South Long St	Williamsville	NY	14221	716-907-4169
Jamey Gray	73 Brown Avenue	Jewett City	CT	06351	978-710-6403
Chris England	21174 Timberlake Road	Lynchburg	VA	24502	434-851-4100
Bernie Condlin	3830 Glencorra	Fayetteville	NC	28314	910-489-3838
Lulu Sweat	2844 Wilton Road	West Columbia	SC	29170	803-796-1723

Rich Chamberlain	3576 Rose Drive	Rockledge	FL	32955	321-917-2274
Rex Sharrai	3511 Wisteria Place	Punta Gorda	FL	33950	816-550-1174
Ben Head	2822 Johnson St	Hollywood	FL	33020	863-254-5105
Robin & Russ Dunnam	725 South Terrace Drive	Eagle Lake	FL	33839	813-505-3648
Shawn Wilson	7650 West Airport Rd	Bloomington	IN	47403	812-325-3094
Tom & Judy Jenkins	PO Box 74341	Romulus	MI	48174	734-941-8504
Jim Geiszler	1508 N Lalley Lane	Sioux Falls	SD	57107	605-759-6321
Rob & Mary Guzzo	319 Emery Avenue	Romeoville	IL	60446	815-886-2057
Lois & Scott Darlington	101 Spruce Street	Morris	IL	60450	815-585-7142
Santino Lamancusa	9449 Janel Dr	Bloomington	IL	61705	309-319-8672
Tony Morrison	3220 W. Broadmoor St	Springfield	MO	65807	417-860-6099
James Johnston	PO Box 46656	Kansas City	MO	64188	816-589-4730
Butch Patchell	30 Ash Avenue	Yukon	OK	73099	405-361-7691
Tony Walker	9322 Canaday Park Lane	Houston	TX	77075	866-678-7665
Robert Pham	10320 Pitcataway Drive	Spring	TX	77379	832-605-7869
Autumn Kuhn	814 Mazatlan Drive	Grand Junction	CO	81506	970-623-6438
Cynthia Phillips	9808 Lawlor Street	Oakland	CA	94605	254-743-8760

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

Exhibit P

Index of Defined Words and Phrases

Defined Word or Phrase	Page on Which Terms Defined
American Specialty	19
APA	1
APA 8-Ball League	3
APA 9-Ball League	3
APA Licensed Vendor	17
APA Marks	1
APA Merchandise	17
APA Pool Leagues	3
Basic Weekly Fee	3
Canadian Poolplayers Association or CPA	2
Championship Tournaments	2
Deposit	7
Devore Action	6
Franchised League	2
Host Locations	1
IFA	7
Initial Franchise Fee	6
Insurance Program	26
Interim Team Count Growth Requirement	39
Japanese Poolplayers Association or JPA	2
League Operators	1
League Year	3
LOAB	64
Local Sponsors	26
Maintenance	18
Manager	43
Marks	40
Members	1
Membership Fee	3
National Account Program	38
OAA	38
Operations Manual	3
Players Fund	3
PoolDawg	27
Proprietary Information	43
Renewal	45
Rixstine	27
Software Program	1
Standard Format Teams	39
System	1
System Standards	1
Team Count Growth Requirement	39

Territory	2
Us	1
VetFran Program	7
We	1
Weekly Team Fee	3
WQ	11
You	3

The words and phrases listed below are defined on the page of the Franchise Disclosure Document set forth opposite the word or phrase.

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:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
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 Q

RECEIPT

(KEEP THIS COPY FOR YOUR RECORDS)

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 APA 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, OR SOONER IF REQUIRED BY APPLICABLE STATE LAW.

IF APA DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL LAW AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND YOUR STATE'S AGENCY LISTED ON EXHIBIT A.

THE FRANCHISOR IS AMERICAN POOLPLAYERS ASSOCIATION, INC., LOCATED AT 1000 LAKE ST. LOUIS BLVD., LAKE ST. LOUIS, MO 63367. ITS TELEPHONE NUMBER IS (636) 625-8611.

ISSUANCE DATE: MARCH 19, 2021

THE FRANCHISE SELLER FOR THIS OFFERING IS KEVIN HINKEBEIN, DIRECTOR OF DEVELOPMENT, AMERICAN POOLPLAYERS ASSOCIATION, INC., 1000 LAKE ST. LOUIS BLVD., LAKE ST. LOUIS, MO 63367, TELEPHONE NO. (636) 625-8611 (EXT. 5120)

WE AUTHORIZE THE APPLICABLE STATE AGENT LISTED ON EXHIBIT B TO RECEIVE SERVICE OF PROCESS FOR US.

I HAVE RECEIVED A DISCLOSURE DOCUMENT DATED MARCH 19, 2021, THAT INCLUDED THE FOLLOWING EXHIBITS:

A List of State Agencies
B Agents for Service of Process
C Franchise Agreement
D State Addendum (if applicable)
E APA Addendum
F Franchisee Ownership Schedule
G Guaranty & Assumption Agreement of Franchisee's Owners/Spouses
H Confidentiality and Non-Competition Agreement
I Software License Agreement
J Authorization Agreement for Direct Payments
K Confidentiality Agreement
L League Operator Manual, Table of Contents
M Franchisee Release upon Renewal or Transfer
N APA Financial Statements
O List of Franchisees
P Index of Defined Words and Phrases
Q Receipts

_____
Signature of Prospective Franchisee

_____
Print Name

_____
Date (do not leave blank)

RECEIPT

(RETURN THIS COPY TO US AT THE ADDRESS BELOW)

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 APA 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, OR SOONER IF REQUIRED BY APPLICABLE STATE LAW.

IF APA DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL LAW AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND YOUR STATE'S AGENCY LISTED ON EXHIBIT A.

THE FRANCHISOR IS AMERICAN POOLPLAYERS ASSOCIATION, INC., LOCATED AT 1000 LAKE ST. LOUIS BLVD., LAKE ST. LOUIS, MO 63367. ITS TELEPHONE NUMBER IS (636) 625-8611.

ISSUANCE DATE: MARCH 19, 2021.

THE FRANCHISE SELLER FOR THIS OFFERING IS KEVIN HINKEBEIN, DIRECTOR OF DEVELOPMENT, AMERICAN POOLPLAYERS ASSOCIATION, INC., 1000 LAKE ST. LOUIS BLVD., LAKE ST. LOUIS, MO 63367, TELEPHONE NO. (636) 625-8611 (EXT. 5120)

WE AUTHORIZE THE APPLICABLE STATE AGENT LISTED ON EXHIBIT B TO RECEIVE SERVICE OF PROCESS FOR US.

I HAVE RECEIVED A DISCLOSURE DOCUMENT DATED MARCH 19, 2021, THAT INCLUDED THE FOLLOWING EXHIBITS:

A List of State Agencies
B Agents for Service of Process
C Franchise Agreement
D State Addendum (if applicable)
E APA Addendum
F Franchisee Ownership Schedule
G Guaranty & Assumption Agreement of Franchisee's Owners/Spouses
H Confidentiality and Non-Competition Agreement
I Software License Agreement
J Authorization Agreement for Direct Payments
K Confidentiality Agreement
L League Operator Manual, Table of Contents
M Franchisee Release upon Renewal or Transfer
N APA Financial Statements
O List of Franchisees
P Index of Defined Words and Phrases
Q Receipts

_____
Signature of Prospective Franchisee

_____
Print Name

_____
Date (do not leave blank)