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
khinkebein@poolplayers.com
www.poolplayers.com

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

The total investment necessary to begin operation of an American Poolplayers Association, Inc. franchise is $22,210.46 - $30,749.46. This includes the initial franchise fee, which is $10,000 plus $1,000 for every 50,000 people, or portion thereof, in the territory over 400,000 people that must be paid to the franchisor or its affiliate(s). 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 Miley, 1000 Lake St. Louis Blvd., Suite 325, Lake St. Louis, MO 63367, 636-625-8611 x5040, amiley@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: April 22, 2025, materially amended July 31, 2025.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
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 Q.
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 P 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 Q 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.

2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

4. **Sales Performance Required.** You must maintain minimum sales and growth performance levels. Your inability to maintain these levels may results in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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	7
2	BUSINESS EXPERIENCE	9
3	LITIGATION	10
4	BANKRUPTCY	10
5	INITIAL FEES	10
6	OTHER FEES	12
7	ESTIMATED INITIAL INVESTMENT	24
8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	28
9	FRANCHISEE'S OBLIGATIONS	33
10	FINANCING	34
11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	34
12	TERRITORY	42
13	TRADEMARKS	45
14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	48
15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	49
16	RESTRICTIONS ON WHAT YOU MAY SELL	50
17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP	51
18	PUBLIC FIGURES	55
19	FINANCIAL PERFORMANCE REPRESENTATIONS	56
20	OUTLETS AND FRANCHISEE INFORMATION	56
21	FINANCIAL STATEMENTS	70
22	CONTRACTS	71
23	RECEIPTS	71

EXHIBITS

A List of State Agencies
B Agents for Service of Process
C Franchise Agreement
D State Specific Amendments to the Franchise Agreement
E APA Addendum for Conditional, Initial Regular Term or Successor Agreements
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 Consent To Transfer, Agreement, And Release
M League Operator Manual, Table of Contents
N Franchisee Release upon Renewal or Transfer
O Assignment of Telephone Numbers, Facsimile Numbers, Email Addresses, URLS, and Social Media Access Credentials; Special Power of Attorney
P APA Financial Statements
Q List of Franchisees
R Index of Defined Words and Phrases
S State Specific Addenda
State Effective Dates
T 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 league businesses 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 since 1982. As of December 31, 2024, we have 334 local league franchises in 49 states and the District of Columbia, and intend to franchise additional local pool league businesses 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, that we have designated or may designate in the future for use with the System (the "APA Marks"). The APA Marks include the name, American Poolplayers Association, and our APA ball-hand-cue logo. The System and APA Marks may be changed, improved and further developed by us.

We do not conduct other businesses. As of the date of this disclosure document, APA operates five (5) "APA owned" pool leagues. APA intends to operate four (4) 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 Canadian Pool League, Inc., an Ontario corporation to which we have 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 business 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 business in Japan which does business under our System as the "Japanese Poolplayers Association" or "JPA". The JPA currently operates in multiple Japanese prefectures. Finally, since 2022, we have licensed a pool league business in Singapore, which does business under our System as the APA of Singapore.

The Franchise Offered

We offer a franchise to operate a pool league business (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 (our form franchise agreement is attached to this Disclosure Document as 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 Franchised League 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 obligations to make payments to 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.

The general market for pool, and pool leagues, is developed in most areas. Local league play occurs year round over three (3) annual sessions. However, in many areas, participation in our local leagues decreases during the summer months. Players in the local leagues must become members of our association of amateur pool players ("Members"). Anyone can be a Member, and enjoy participation in our local leagues, regardless of whether they are a long-time pool player, or just learning how to play the game. Members come from a variety of sources including taverns, businesses, social and fraternal organizations and the like. Members come from a variety of sources including Host Locations, businesses, social and fraternal organizations and the like.

Some of the other primary amateur pool leagues in the United States are those operated by the Valley National Eight Ball Association (VNEA), CueSports International (CSI) which runs the BCA Pool League and USA Pool League (USAPL), the American Cuesports Alliance (ACS), North American Poolshooters Association (NAPA) and The Association of Pool (TAP), however you may also face competition from local, unaffiliated leagues in your market. All of these are substantially smaller than APA on a national basis, but might have, or develop, a significant presence in certain local areas. In addition, you may face competition from locally administered leagues. Promoters of other sports and recreational activities will 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 before signing a franchise agreement with us.

Industry Specific Regulations

We are not aware of any laws or regulations directly applicable to pool league businesses. Some state and local liquor laws restrict sponsorship of events in taverns and pubs by breweries and distilleries. Existing, or future, liquor regulations might also restrict the following: local sponsorships of teams or league play by liquor distributors, wholesalers or retailers; or contributions of prizes and awards by liquor distributors, wholesalers or retailers. Some states, counties, municipalities, or districts might have restrictions on the prizes and awards that may be offered to, or given to players, or may implement public health orders temporarily prohibiting or limiting 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. You should consult an attorney regarding laws and regulations that might be applicable in your Territory.

ITEM 2

BUSINESS EXPERIENCE

President: Greg Fletcher

Greg Fletcher has been the President of APA since January, 2020. He has had experience in the line of business associated with the franchise since 1995.

Director/Treasurer: Olendia Bell

Olendia Bell has been APA's Treasurer since June 1984. She has been a member of APA's Board of Directors since 1983.

Director: Nancy Hubbart

Nancy Hubbart was APA's Corporate Secretary from February 1985 to December 2021. She has been a member of APA's Board of Directors since 1985.

Senior Vice President: Pamela Aston

Pamela Aston has been APA's Senior Vice President since January, 2019.

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 has served as APA's Secretary since December, 2021. She has been a member of APA's Board of Directors since December, 2019. She is located in Ventura, California.

Assistant Vice President: Traci Tufts

Traci Tufts has served as an Assistant Vice President since January, 2022. Prior to becoming an Assistant Vice President, she was APA's Director of Learning & Performance from July, 1999 to January, 2022.

Assistant Vice President: Glenda Owenby

Glenda Owenby has served as an Assistant Vice President since January, 2022. Prior to becoming an Assistant Vice President, she was an Assistant Information Systems Administrator with APA from March, 2009 to January, 2022.

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 $1,000 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 2024 (www.census.gov) or, when necessary, other online resources. As of July 2025, we plan to use the PEP Data released in that month.

> *Example Initial Franchise Fee Calculation: Your assigned Territory consists of one county. That county has a population of 598,518. The base fee is $10,000. The county's population exceeds the base population of 400,000 by 198,518 people. There are 4 increments of 50,000 people in 198,518. (Note: any amount above a 50,000 increment is calculated at the next highest increment). The Initial Franchise Fee is $14,000, calculated by adding $4,000 (4 x $1,000) to the $10,000 base fee.*

During your scheduled Training Seminar I, 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 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 lost profits, income or employment or any other actual, consequential, special or reliance damages. We do not give refunds of the Initial Franchise Fee under any other circumstances.

APA offers a 25% discount on the initial franchise fees or transfer fees when a franchise is purchased by a veteran of the United States Armed Forces who was not dishonorably discharged, and otherwise meets APA requirements. If the franchise is purchased by an entity, or a partnership, a veteran must own at least 50% of the entity or the partnership to be eligible for the discount. If you are a veteran and you wish to be considered for the discount, you must provide documentation establishing that you are eligible for the discount (e.g., provide documentation of an honorable and/or medical discharge).

There are no other fees that you are required to pay, or commit to paying, to us, or any affiliate of ours, before your Franchised League begins operating.

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 paid to and, if appropriate, split by, the referring franchisee(s) if the new franchisee reaches certain team growth goals set out in the franchise agreement 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 underdeveloped 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 advanced 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	20% of the Basic Weekly Fee charged each team weekly and on certain other revenue received. (Note 2)	Weekly - Collected via ACH 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 and on certain other revenue. (Notes 2 and 3)
Player Membership Fees	The Annual APA Membership Fee is currently $30 per player per year.	Collected via ACH 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 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. Members joining late in a calendar year may be allowed to pay a reduced Membership Fee, which is currently $15. If a Member is allowed to pay a reduced fee, you will only be required to remit the amount of the reduced fee.
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).	Collected via ACH on the Wednesday following the day you are invoiced for the royalty, or on a later due date designated by us.	In our discretion, this royalty may be partially refundable if you can demonstrate that you are unable to sell the merchandise and wish to give it away as promotional items.
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.	Collected via ACH 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)	$388 per year. (Subject to change annually. No increase will exceed 10% annually without approval of the League Operator Advisory Board).	Annually. Currently collected via ACH on the last Wednesday of January.	Fee for support and maintenance of the Software Program. The fee for the first 12 months of your operations is included in Initial Franchise Fee if you purchase a newly granted Franchised League (Note 5).
Advertising	As assessed by the advertising plan approved by area	Payable upon the plan going into	Any plan must be approved by two-

(Note 6)	franchisees. Maximum - 5% of gross revenue. (Note 7)	effect unless the plan provides for another due date(s).	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.
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 (or the maximum amount allowed by law if less), 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 or other amounts due)	Past due royalties or other payment plus $100 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.
Insufficient Funds 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 ACH transfer being denied.	
Late Fee (Scoring Teams Scheduled)	$100/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	These fees are subject to increase by a change to the Operations Manual.

		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 by the Wednesday following the Friday of the week in which the match was played.	
Late Fee (Local Singles Qualifier Boards)	$50 for each local singles qualifier board submitted 30 or more days after the board was played; $50 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)	$500 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 the 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 (Showdown Series Entries And Setup)	$200 for each 8-ball doubles team, 9-ball doubles team, wheelchair entry, and jack-and-jill team entered late; $300 for each masters team entered late; $300 for each team captain team entered late; and $400 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	These fees are subject to increase by a change to the Operations Manual.

		Program by the due date.	
Hotel Sub Block Late Fee	Initial late fee of $50, then $25 thereafter for each additional calendar day late, up to a maximum of $250, at which time the sub block will be released.	Twelve days after player rooming list is submitted or the sub block is released.	Prior to each PPC and WPC, 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.
Hotel Sub Block Late Payment Fee	Initial late fee of $50, then $25 thereafter for each additional calendar day late, up to a maximum of $250, at which time the sub block will be released.		Prior to each PPC and WPC, if you reserve a sub block of rooms at the event hotel, you will be given a deadline to submit payment for that block. These fees are charged if the payment 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 a copy of the document signed by you is not received.	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 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	$2,000	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.
Administrative Fee	$250	Following our preparation of any amendment to your Franchise Agreement requested by you	If we agree to amend your franchise agreement to make a change you requested, or that is for your benefit in whole, or in part, you may be required to pay us an administrative fee for the cost of preparing the amendment.

Territory Expansion Fee	$2,000 plus $100 for each increment of 10,000 people, or portion thereof, residing in the territory being added to your Territory	Prior to us amending your Franchise Agreement to add the additional territory	You are not entitled to any expansion of your Territory. However, if we agree to allow you to add additional territory to your existing Territory, under a current Franchise Agreement between you and us, you will be required to pay this fee.
Interim Manager Fee	$800 per week	Collected via ACH on the Wednesday following the day you are invoiced for the fee, or on a later due date designated by us, or collected from the revenue generated by the Franchised League and collected by us.	If APA chooses to appoint itself as Interim Manager of your Franchised League due to your death, or incapacitation, or due to APA establishing a termination date for your Franchise Agreement, APA will charge a Fee to manage your Franchised League. If APA appoints another League Operator, or a third party to act as Interim Manager, you will owe a fee to that Interim Manager as set by APA.
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	As incurred.	

	travel to, and stay, in your Territory during the training.		
Additional Assistance Beyond What Is Outlined In The Operations Manual And Franchise Agreement	Our expenses plus a reasonable charge for our services.	As incurred.	
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. 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.
Supplier And Product Testing Fees	$500 or the actual cost APA incurs to test or evaluate a supplier or product	Due at the time you request APA to approve you to purchase a product not otherwise approved by APA, or to purchase a product or service from a supplier not otherwise approved by APA.	If you request that APA approve a supplier of products or services, or request that APA approve that you purchase a product or services not otherwise authorized by APA, APA may charge a fee for the testing, and a fee for making a determination on the proposed supplier.
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.

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 LSC Insurance Agency, Inc., APA will collect your premium in one payment made annually. The amount of the premium will vary year to year. In 2025, the annual premium is $789.46.	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 LSC Insurance Agency, Inc. If you do, APA will collect your premium payment. If you sell the Franchised League in the middle of a policy year you will receive a pro-rata reimbursement of the premium you pay if the transferee pays the premium for the remainder of the year. 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, except as stated above, and are non-refundable once collected.

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. Approved formats may be changed by us. Each player or team is required to pay you a weekly service fee (the "Weekly Team Fee") for every league match, whether it is played or not, or the individual player's portion thereof, for matches, played or unplayed. You are responsible for collecting All Weekly Team Fees. 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 unless we are permitted by applicable law to set the amount of your Weekly Team Fee, and we choose to do so. 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 additional dues or fees collected from players to fund trophies, tournament travel for teams advancing to the APA World Pool Championships and the APA Poolplayer Championships (collectively the "Championship Tournaments") or other tournaments, banquets, prizes, or similar awards or rewards for player/team participation and accomplishments achieved while playing in your Franchised League during the League Year**.** 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; (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. Your Franchised League's Players Fund must be collected, held and used consistent with the terms of the Franchise Agreement and the procedures and policies set out in the Operations Manual.

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 do not have to pay any royalty on merchandise (e.g., apparel, patches, novelties) bearing the APA Marks ("APA Merchandise") that you purchase from APA, a Sponsor or an APA licensed supplier (collectively an "APA Licensed Vendor"), even if you purchase the merchandise for the purpose of reselling it. 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 to be used by you as promotional 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 regarding the 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.

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, you will be obligated to contribute to the advertising 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 agreement 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 LSC Insurance Agency, Inc. to offer an insurance policy issued by American Specialty Insurance & Risk Services, Inc. ("ASI") that meets our coverage requirements that covers APA and is available to any and all APA franchisees. The cost of insurance set forth above is based on each participating franchisee's share of the premium currently being charged by ASI, Inc. For those franchisees that choose to be covered by the insurance offered through ASI, APA collects each franchisee's premium and remits the entire premium payment to ASI. 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 Territory; $10,000-$14,000 (Note B)	Paid as a lump sum.	At signing of Franchise Agreement.	APA
Equipment/ Computer Software and Hardware	$2,165 - $5,804 (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	$300 for 3 months (Note C)	As incurred.	Before operations.	Broadband Internet Service Provider chosen by you
Training Seminar I Expenses	$1,956 - $2,856 (Note D)	As incurred.	At time of training.	Providers of air travel, car rental,

				lodging, and 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	$789.46 (Note G)	Lump sum or in regular payments as required by your insurer	Before operations	Collected by APA or paid to your chosen insurance company or insurance broker
Attorney/ Accountant fees	$4,000 (Note H)	As incurred	As required under the fee arrangements you enter into with your attorney or accountant.	The attorney and/or accountant of your choice
Additional Funds -3 months	$3,000 (Note I)	As incurred	As incurred	
Total Estimated Initial Investment	$22,210.46 - $30,749.46 (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 $1,000 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 $12,000, (b) 600,000 people, the initial fee would be $14,000. 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. 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. You are given access to the Software Program , 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 $1,500 to $3,000. The estimated cost of a smart phone from a typical phone vendor meeting the requirements is $40 to $60 per month, $120 to $180 or your first three months of operation, and the estimated cost of a cellular plan for that phone is $55 to $144 per month, or $165 to $432 for your first three months. The estimated cost of a tablet meeting the requirements is between $150 to $800. If you do not have a smart phone, and you do not have internet access at your Host Locations, you may need to either purchase a data plan for your tablet or a plan for your cell phone that would enable you to use it as a hotspot for your smart device so you can connect the device 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 $100 per month, or $300 for your first three months, 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 $100 for a year's subscription. 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 1TB thumb drive should cost you around $25, a 1TB external hard drive will likely cost around $50 and an online cloud based back up service subscription should cost about $72 for a year. 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 We do not charge a fee for Training Seminar I. You are responsible for all travel, lodging and meal costs associated with attending Training Seminar I. APA may, in its sole discretion, conduct Training Seminar I virtually. If you are scheduled for a virtual Training Seminar I 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 in person, attendees will not have the option of attending virtually. If held in-person, the Training Program will be 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. Car rental prices will also vary, but are estimated to be around $70 per day. Lodging rates near the training site are estimated to be $120 per night, exclusive of taxes and fees. We estimate your cost of meals to average $86 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 these events 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.

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 LSC Insurance Agency, Inc. to offer APA franchisees insurance issued by ASI 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 ASI during the March 1, 2025 to February 28, 2026 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 $4,000.00, however rates vary considerably between professionals and even geographic regions.

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 the Franchised League's 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 $22,210.46 to $26,749.46. If the Territory's population is 600,000 persons, the initial investment would be $14,000, resulting in an estimated Initial Investment in the range of $26,210.46 to $30,749.46. We have relied on our 40+ years of experience in pool league business operations to compile these estimates.

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 are 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 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	At least 250 Gigabytes however, we recommend one with more space and one that is a SSD
RAM	8 Gigabyte or higher (16 GB if running Microsoft Office and Quickbooks)
Webcam	Webcam with microphone
Operating System	Windows 11 system version 23H2 or 24H2 (Windows 111 Pro if networking computers)
Printer	HP; Epson; or Canon Laserjet

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 13.0 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 or 11 Pro. 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 LaserJet 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 $4,057 to $6,732 (about 33% to 40% 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. Currently, franchisees are required to have insurance policies that provide at least: bodily injury, personal injury, premises/operations and liquor liability coverages with limits of at least $1,000,000 for each occurrence and $2,000,000 in the aggregate; and professional liability/wrongful acts coverage with limits of at least $100,000 per occurrence and in the aggregate. The insurance policy you purchase must be issued by an insurance company with at least an "A" rating by A.M. Best, and the policy must insure both you, and your Franchised League, and must name APA, its officers, directors and employees as additional insureds with rights of subrogation**.** 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 ASI, through our broker, LSC Insurance Agency, Inc., to offer insurance to APA franchisees that meets our coverage requirements (the "Insurance Program"). Each franchisee participating in the Insurance Program paid $789.46 in premium for coverage during the 2025-2026 policy period. You may participate in the Insurance Program if you choose. ASI may change the coverage, premium, and other terms and conditions under which it offers insurance to APA franchisees. We cannot promise that the Insurance Program will continue; that ASI will continue to offer insurance to franchisees; that insurance with the same coverage, premium, terms and conditions will be offered by ASI ; 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 amount of expenses you choose to incur in operating the Franchised 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 its share of the premium to be covered by that policy. APA does not receive any payment or rebate as a result of franchisees purchasing insurance from ASI.

Sponsorships and Suppliers

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 established by the sponsor. 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. If APA's relationship with a Sponsor ends, you must cease using the Sponsor's trademarks and/or materials upon notice from APA, or within the timeframe established by APA and/or the Sponsor. APA will not be liable for any damages, loss, cost or expense of any kind sustained by you as a result of the end, or change, of any Sponsorship agreement. 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 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, but that may change.

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. . 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 Rixstine Recognition ("Rixstine"), as part of their Franchised League's awards and rewards program. Pursuant to its 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 Championship Tournaments, APA receives certain rebates, and certain discounted or complimentary goods and services based on APA's performance. The 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; a complimentary lounge for APA staff to use while working the event, and comped or discounted AV, telephone, and internet services. Receiving complimentary or discounted goods and services contractually based upon performance is a normal and expected practice in the hotel industry, and supports APA's ability to host the 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 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. It is recommended you consult with the Compliance Department 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 work with Compliance to properly budget and structure your Franchised League's Players Fund each year, that Players Fund should have enough money collected to afford the budgeted expenses. By budgeting each League Year, you should not have to pay for players' accommodations out of the money you have collected as your income. 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 the Championship Tournaments in Las Vegas.

APA also conducts smaller events at various times of the year in various locations around the country, including the U.S. Amateur Championship, and occasional League Operator meetings for the ongoing training and enrichment of our League Operator network. APA receives rebates and favorable contract comps based on performance at these events, but the comps are scaled to the size of these events. Accommodations for players at the tournaments 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 tournament accommodations from your Franchised 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 our smaller events the comps are typically limited to reduced staff room rates, a limited number of complimentary upgrades to suites for APA Staff, and a reduced rental fee for event spaces based on performance.

Merchandise

Franchisees are not required to purchase or sell any league-related merchandise, such as 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 League Operators. 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 League Operators find it desirable to market our league-related merchandise because it promotes loyalty and league identity among Members. League Operators 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, 2024, we received $188,728.60 in revenue from the sale of APA Merchandise, representing 0.75% of our total revenue of $25,150,254 for that year.

Other Products or Services

Currently 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.

If APA so requires, you shall purchase only products and services which APA approves, such as APA branded products, awards, rewards, supplies, equipment, signs and/or software. In addition, if APA so requires, you shall purchase designated products and/or services only from approved suppliers or a designated sole supplier. APA and/or an APA Affiliate may be an approved supplier or designated as the sole supplier for any products or services. You cannot be a supplier to other franchisees without APA's written approval. If APA does not designate an approved supplier for a

particular product or service, you shall purchase only products and services that meet APA's standards and specifications if APA establishes any such standards or specifications for the particular product or service. You may request approval of an alternative supplier, but may have to pay for APA to have the supplier's products or services tested. APA is not obligated to approve your alternative supplier. In the future, we may negotiate other arrangements with product and service suppliers, beyond those referenced above, for the benefit of APA, and/or its franchisees. APA may receive fees and other payments from suppliers and others in connection with purchases made by you and/or other franchisees and may use the fees for APA's own purposes. You must discontinue selling and offering for sale any products or services that APA disapproves of at any time.

No purchasing or distribution cooperatives currently exist.

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
(a) Site selection and acquisition/lease	Not applicable	Not applicable
(b) Pre-opening purchases and leases	Sections 10.3, 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, 10.4, 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	Section 4.2(a)	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, 10.9 - 10.11, 11.2, 11.3, 12.1, 13.1, 13.2, 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, 7.6 and 10.1	Item **8** and **16**
(j) Warranty and customer service requirements	Sections 3.3, 8.1 and 20.2(b)(21)	Item **15**

(k) Territorial development and sales quotas	Sections 3.2, 4.2 - 4.3, 10.1, 12.1, 20.2(a), and 20.2(b)(11)	Item **12**
(l) Ongoing product/service purchases	Sections 10.1, 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	Sections 9.4 and 10.10 and 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, 25.3	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.

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 M.) The Operations Manual is provided to you online, but, if printed out is currently 690 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 (Exhibit K), access to the Operations Manual will be loaned to you for your review before you purchase the franchise. (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. (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. You are currently not required to follow our recommendation, however we reserve the right to dictate pricing to the extent allowed by law. (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, 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 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, is held approximately 12 months after you begin your Franchised League's operations and is currently conducted virtually but will be held in person at our headquarters facility starting in March 2025. The following table summarizes the training you will receive.

As of the date of this disclosure document, APA intends on conducting one portion of its Training Program virtually: Discovery Day and Pre-Training. This virtual session is conducted live, using

Zoom or another online video conferencing program that allows for interaction between our training staff and the trainees.

The virtual Discovery Day and Pre-Training program last 1.5 days. In-person Training Seminar II will take place over the course of 2 days. The virtual Training Seminar II is held over three days, for approximately three hours each day.

APA reserves the right to conduct Discovery Day and Pre-Training in person. If APA opts to hold these sessions in person attendees may not be able to participate virtually.

The chart below lists the estimated amount of time spent on each topic during each portion of the Training Program.

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	7.75	0	Virtual
Training Seminar I			
APA Programs; and Franchised League Operation	1.25	0	Lake Saint Louis, MO
League Administration; Scorekeeping/Handicapping; and Using the Software Program	19.5	2	Lake Saint Louis, MO
Accounting; and Reporting	2.25	0	Lake Saint Louis, MO
Sales and Marketing	19.25	0	Lake Saint Louis, MO
Field Training			
In-Market Sales and Marketing; Office Organization	0	24	Franchised Location
Webinar Series			
Training Webinar Series (at APA's discretion)	0	7.50	Franchised Location
Training Seminar II			

Follow-up Training: League Administration; Sales and Marketing	10	0	Lake Saint Louis, MO
Total	**60**	**33.5**	

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 participate in Discovery Day and Pre-Training. During Discovery Day and Pre-Training you will receive some initial training on topics including, but not limited to, the Franchise Agreement, operations, customer service, setting goals and priorities, and relationship management. Discovery Day and Pre-Training is conducted using Google Meet, or another online video conferencing program that allows for interaction between our training staff and the trainees.

The APA Academy

The APA Academy is an online e-learning platform that supplements the training you receive in other portion of APA's Training Program. The APA Academy consists of at least 2 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, and the second during Discovery Day. APA may require you to complete 20+ additional courses through the APA Academy after Discovery Day to prepare you to attend Training Seminar I. In addition, APA may require you to complete some courses within 2 weeks of completing Training Seminar I. Additional courses may be added to the APA Academy at 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 involved 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. 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, including 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**.** Currently, our fee for Training Seminar I is $250. 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 we assess. 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, hands-on training with our Software Program, and an interactive demonstration of league match play. APA does not anticipate conducting Training Seminar I virtually, however if circumstances warrant and

APA chooses to conduct your Training Seminar I session virtually, the session will last approximately 5 days and will not include the interactive demonstration. The instructional materials used at Training Seminar I include our Operations Manual, 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 travel, or health risks 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**.** In addition, if you require, or desire to receive, additional field training, or if we require you to receive additional field training, you must pay our daily fee of between $50 and $250 per day for each week day that the representative is in your Territory (the amount of the fee depends on the hourly rate we have agreed to pay the representative we send to conduct your training), and between $100 and $250 (depending on the representative) for each weekend day that the representative is in your Territory, plus the representative's travel costs.

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 series of webinars held once a week 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 12 months after you start operating your Franchised League, you (or your managing owner if you are a corporation, limited liability company or partnership) must participate in, and complete to our satisfaction, a follow-up training program referred to as Training Seminar II. In-person Training Seminar II sessions will last approximately 2 days. Training Seminar II, when held virtually, consists of three half-day training sessions held on consecutive 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, if the Training Seminar II is held in person, you will be responsible for the costs of transportation, lodging, meals and wages you incur to attend. 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. Currently, our fee for Training Seminar II is $100.00. The training program is held on an as-needed basis, generally at least 4-5 times a year. When virtual, the Training Seminar II is conducted using Zoom, or another online video conferencing program that allows for interaction between our training staff and the trainees. If your Training Seminar II session is held in person, it will be held at our headquarters facility in Lake Saint Louis, Missouri.

Our Training Instructors

Rebecca Collier: Rebecca Collier is APA's Director of Learning & Support Services. Ms. Collier coordinates and implements training for new APA Franchisees during Training Seminar I. Ms. Collier has over 9 years of experience with APA working in league operation and administration.

Jennifer Martin: Jennifer Martin is APA's Learning & Support Services Manager. Ms. Martin coordinates and implements online training for new APA Franchisees. Ms. Martin has 13 years of teaching experience and 3 years of experience working in league operation and administration.

Other Training Staff: Ms. Collier 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 previously owned the Raleigh, Durham, Chapel Hill APA from 2003 to 2017, and was a partner in APA Memphis from 2010 to 2017. He currently is one of the owners of a CPA franchisee in Montreal, QC.

In addition to Marc Lancaster, APA has three independent contractors who handle the Field Training of new League Operators and other League Operators as designated.

Jeff Howell: Jeff Howell has been an APA League Operator since 2015. Mr. Howell previously owned the Treasure Coast APA and currently owns the Piedmont APA. Mr. Howell's primary focus is field training of new League Operators purchasing markets with existing activity.

Brad Jones: Brad Jones has been an APA League Operator since 2015. He currently owns the Mid America APA. Mr. Jones's primary focus is field training of new League Operators purchasing markets with existing activity.

Scott Nelson: Scott Nelson owned the Akron/Canton APA from 2004-2016. Since retiring in 2016, Mr. Nelson has continued his involvement with APA as an independent contractor. Mr. Nelson's primary focus is field training of new League Operators purchasing new markets with no activity.

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 employment of those individuals complies with all local, state and federal laws and regulations, and 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 $388. Among other things, you will use the Software Program to deliver electronic data to us regarding Franchised 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 $4,057 - $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 estimate the cost of maintaining and upgrading your computer system, will be between $500 - $3,000 per year. 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. Your Territory will have a population of at least 25,000, though the population will likely be much higher. 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-- the St. Louis APA--on a long-term basis. 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 business using any other trademark.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution of competitive brands that we control. We will not license any other person to operate a pool league business using the APA Marks within your Territory, **except** as follows:

1. The Territory granted to you is subject to any 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 business 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 business 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, from host locations in your Territory, 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 any extension of the Conditional Term is granted.

b. Obligation to Continuously and Actively Market Your Franchised 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. If you wish to apply for a franchise over another territory, you must comply with APA's requirements and procedures for obtaining a new franchise, including signing APA's then current franchise agreement and paying the required franchise fee, and be accepted by APA which may approve or deny the application in its sole discretion. You have no right or option to acquire any additional Territory.

4. We, or any APA Affiliate, may sell, or license others to sell, products bearing the Marks through other channels of distribution, such as the internet, print catalogues, direct-marketing media or through other retailers within the Territory, and we may promote products bearing the Marks at special events, tournaments, athletic contests, etc. occurring within the Territory, including through the use of temporary locations.

5. We and any APA Affiliate have the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as APA franchises operating under the Marks or any other trademarks or service marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities which you acknowledge may be within your Territory or close to your Territory or your Site.

6. We reserve the right to, upon renewal of your Franchise Agreement, reduce the size of your Territory if, at the time of renewal, we determine that the geographic size of the Territory, and/or the population of the Territory is more than you can develop within the term of the Successor Agreement.

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
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 filed all required affidavits and 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 the 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 ensure 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.

You, your Manager, and your owners (if you are an entity) may not own any interest in a Host Location in you Territory during the term of any franchise agreement between you and APA without APA's prior written approval, which APA may refuse to give in its sole discretion.

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 thus qualify 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. However, even in these circumstances we may refuse a request to delegate your management functions.

The Manager must successfully complete our training program. Unless we give express written permission, 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. We may suggest an amount that you should charge as your Weekly Team Fee for each format, but the amount of the fee you charge is set by you in your discretion. 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, your Manager, and your owners (if you are an entity) may not own any interest in a Host Location in you Territory during the term of any franchise agreement between you and APA without APA's prior written approval, which APA may refuse to give in its sole discretion.

You have no obligation to purchase or lease any items from designated sources other than the Software Program and patches as described in more detail 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 Franchised 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.

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, 5-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 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. These provisions are subject to state law.
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).
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) your involvement in any act or conduct which materially, and unfavorably, reflects on the System or our brand.
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 deidentification; 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 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; you, new franchisee and APA sign a Consent to Transfer, Agreement, and Release similar to the one attached to this Disclosure Document as Exhibit L; APA determines that the geographic size or population of the territory being transferred is not too large for the new franchisee to develop; payment of amounts owed to vendors or third parties; APA determines that the condition of the sale, and/or the debt to be incurred by the new franchisee are not overly burdensome.
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

		manager and employees, if any. Non-competition provisions are subject to state law.
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. Non-competition provisions are subject to state law.
s. Modification of agreement	Section 22.2 and 25.7	No unwritten modifications generally, but Operations Manual subject to change.
t. Integration/merger clause	Section 25.7	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. These provisions are subject to state law.
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 2022-2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	313	313	0
	2023	313	325	+12
	2024	325	334	+9
Company Owned	2022	6	6	0
	2023	6	4	-2
	2024	4	5	+1
Total Outlets	2022	319	319	0
	2023	319	329	+10
	2024	329	339	+10

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For years 2022 to 2024

State+	Year	Number of Transfers
AK	2022	0
	2023	1
	2024	0
AL	2022	1
	2023	0
	2024	0
AZ[1]	2022	2
	2023	0
	2024	1
CA[2]	2022	2
	2023	1
	2024	3
CO[3]	2022	1
	2023	1
	2024	2
CT[4]	2022	0
	2023	1
	2024	0
FL	2022	4
	2023	3
	2024	2
GA[5]	2022	2

	2023	2
	2024	1
ID	2022	0
	2023	0
	2024	1
IL[6]	2022	2
	2023	2
	2024	3
IN	2021	0
	2022	0
	2024	1
KY	2022	1
	2023	0
	2024	1
LA	2022	0
	2023	1
	2024	2
ME[7]	2022	0
	2023	0
	2024	1
MA	2022	1
	2023	0
	2024	0
MI	2022	1
	2023	0
	2024	0
MO[8]	2022	0

	2023	2
	2024	0
NC[9]	2022	0
	2023	1
	2024	1
NE	2022	0
	2023	1
	2024	0
NJ	2022	2
	2023	1
	2024	2
NY[10]	2022	2
	2023	2
	2024	2
OH	2022	0
	2023	1
	2024	4
OK	2021	1
	2022	0
	2024	0
OR	2022	0
	2023	2
	2024	1
PA	2022	1
	2023	0
	2024	2
SC[11]	2022	0

	2023	2
	2024	1
SD	2022	0
	2023	0
	2024	1
TX	2022	2
	2023	5
	2024	1
UT	2022	0
	2023	1
	2024	0
VA	2022	0
	2023	0
	2024	1
WI	2022	0
	2023	1
	2024	0
Total	2022	24
	2023	33
	2024	34

+No applicable transfers occurred during 2022-2024 in states not listed in this chart.
[1] In 2022, an existing franchisee in the state of AZ transferred two portions of its Territory to two separate new franchises, and retained the portion of its Territory that was not transferred.
[2] In 2024, an existing franchisee in the state of CA transferred two portions of its Territory to two separate franchisees, one new franchisee and one existing franchisee, and retained the portion of its Territory that was not transferred.
[3] In 2022, an existing franchisee in the state of CO transferred a portion of its Territory to a new franchisee and retained the portion of its Territory that was not transferred. In 2024, an existing franchisee in the State of CO transferred its entire Territory in two portions to two new franchisees.
[4] In 2023, an existing franchisee in the state of CT transferred a portion of its Territory to a new franchisee and retained the portion of its Territory that was not transferred.

[5] In 2022, an existing franchisee in the state of GA transferred a portion of its Territory to a new franchisee and retained the portion of its Territory that was not transferred.
[6] In 2024, an existing franchisee in the state of IL transferred a portion of its Territory to a new franchisee and retained the portion of its Territory that was not transferred. Later in the year, the same existing franchisee transferred the remaining portion of its Territory to the same new franchisee in a separate transaction that resulted in the new franchisee having two separate franchises.
[7] In 2024, an existing franchisee in the state of ME transferred a portion of its Territory to a new franchisee and retained the portion of its Territory that was not transferred.
[8] In 2023, an existing franchisee whose territory included parts of both the state of KS and the state of MO transferred its Territory in MO to an existing franchisee and retained the portion of its Territory that is in KS.
[9] In 2023, an existing franchisee in the state of NC transferred a portion of its Territory to a new franchisee and retained the portion of its Territory that was not transferred.
[10] In 2023, an existing franchisee in the state of NY transferred a portion of its Territory to a new franchisee and retained the portion of its Territory that was not transferred.
[11] In 2023, an existing franchisee whose Territory included parts of the state of NC and the state of SC transferred its SC Territory to a new franchisee and retained a portion of its Territory in NC that was not transferred.

Table No. 3

Status of Franchise Outlets
For years 2022-2024

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	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
AL	2022	5	0	0	0	0	0	5
	2023	5	1	0	0	0	0	6
	2024	6	1	0	0	0	0	7
AZ	2022	4	2	0	0	0	0	6
	2023	6	0	1	0	0	0	5
	2024	5	1	0	0	0	0	6
AR	2022	4	0	0	0	0	0	4

	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
CA	2022	18	0	0	0	0	1	17
	2023	17	3	0	0	0	0	20
	2024	20	4	0	0	1	0	23
CO	2022	7	1	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	1	0	0	0	0	9
CT	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
DE	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
DC	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
FL	2022	26	0	0	0	0	0	26
	2023	26	0	0	0	0	0	26
	2024	26	0	0	0	0	0	26
GA[3]	2022	10	1	0	0	0	0	11
	2023	11	0	0	0	0	0	10
	2024	10	1	0	0	0	0	11
HI	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
ID	2022	1	0	0	0	0	0	1

	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
IL[1]	2022	24	0	0	0	0	0	23
	2023	23	0	0	0	0	0	23
	2024	23	2	0	0	0	0	25
IN	2022	12	0	0	0	0	0	12
	2023	12	1	0	0	0	0	13
	2024	13	0	0	0	0	0	13
IA	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
KS	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
KY	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	1	0	0	0	0	7
LA	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7
	2024	7	0	0	0	0	0	7
ME	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
MD	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
MA	2022	6	0	0	0	0	0	6

	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
MI	2022	8	0	0	0	0	0	8
	2023	8	2	0	0	0	0	10
	2024	10	0	0	0	0	0	10
MN	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
MS	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
MO	2022	8	0	0	0	0	0	8
	2023	8	1	0	0	0	0	9
	2024	9	0	0	0	0	0	9
MT	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NE	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NV	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NH	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
NJ	2022	10	0	0	0	0	0	10

	2023	10	0	0	0	0	0	10
	2024	10	0	0	0	0	0	10
NM	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NY[2]	2022	14	0	0	0	0	0	13
	2023	13	2	0	0	0	0	15
	2024	15	0	0	0	0	0	15
NC	2022	10	0	0	0	0	0	10
	2023	10	1	0	0	0	0	11
	2024	11	0	0	0	0	0	11
OH	2022	12	0	1	0	0	0	11
	2023	11	1	0	0	0	0	12
	2024	12	0	0	0	1	0	11
OK	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
OR	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
PA	2022	14	0	0	0	0	0	14
	2023	14	0	0	0	0	0	14
	2024	14	0	0	0	0	0	14
PR	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
RI	2022	1	0	0	0	0	0	1

	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
SC	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
SD	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
TN	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	1	0	7
TX	2022	28	0	0	0	0	0	28
	2023	28	0	0	0	0	0	28
	2024	28	1	1	0	0	0	28
UT	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
VT	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
VA	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
WA	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
WI	2022	2	1	0	0	0	0	3

	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
WV	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
WY	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	313	6	1	0	0	3	313[1, 2]
	2023	313	14	1	0	0	0	325[3]
	2024	325	13	1	0	3	0	334

[1] – In 2022, an existing franchisee in IL owned two separate franchises and opted to combine both franchises into one.
[2] – In 2022, an existing franchisee in NY owned two separate franchises and opted to combine both franchises into one.
[3] – In 2023, a previous franchisee in the state of GA sold its Territory to an existing franchisee, and the existing franchisee opted to combine both franchises into one.

The actual number of Franchisees as of the date of this disclosure document is 295. The number of franchises, in each state, as shown in the Franchise Status Summary table, totals more than 295 because some franchisees operate more than one franchise, and because some franchises operate across state lines and therefore are counted in the franchise totals of more than one state. Numbers for 2022 are as of December 31, 2022, numbers for 2023 are as of December 31, 2023 and numbers for 2024 are as of December 31, 2024.

Exhibit Q 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 business (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 2022-2024

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	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
IL	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0
KY	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0
MI	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
	2024	0	0	0	0	0	0
MO	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
MS	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
NC	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
OH	2022	1	0	0	0	0	1

	2023	1	0	0	0	1	0
	2024	0	0	1	0	0	1
Totals	2022	6	0	0	0	0	6
	2023	6	0	0	0	2	4
	2024	4	0	3	0	2	5

+ No applicable transfers occurred during 2022-2024 in states not listed in this chart.

Table No. 5

Projected New Franchised Outlets
As of December 31, 2024

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	2	0
Idaho	0	1	0
Illinois	0	1	0
Texas	0	1	0
Totals	0	5	0

We estimate that we will grant approximately 5 franchises nationwide during the one (1) year period following the date of this disclosure document.

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). While current and former franchisees will not be able to discuss the aspects of our System that are confidential, proprietary trade secrets, they are not restricted from talking to you about their experiences as franchisees, or about the non-confidential aspects of their League's operation**.**

Franchisee Organizations

The League Operators Advisory Board ("LOAB") is a franchisee organization created, sponsored and endorsed by APA. 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 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	Danielle Hecht	Fall 2027	502-498-5313	louisvilleapa@outlook.com
Mid Atlantic	Don Ward	Fall 2026	919-578-4758	dward@apa-raleigh.com
Mid South	Dart Volz	Fall 2025	985-807-4829	dvolz@apaleagues.com
Midwest	Dana Patton	Fall 2026	618-578-8955	midwestilapa@sbcglobal.net
Mountain	Jeff Olson	Fall 2025	307-262-7457	centralwyoming@apaleagues.com
Northeast	Gregg Cordero	Fall 2026	607-349-6193	gcordero@apaleagues.com
Southeast	Ashley Morgan	Fall 2026	904-528-7657	firstcoast@apaleagues.com
Western	Liza Gazmen	Fall 2027	619-303-0183	sandiego@apaleagues.com
Canada	Gord Fessenden	Fall 2027	226-218-4555	guelphcpa@rogers.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 P are our audited fiscal year-end financial statements for 2024, 2023, and 2022.

ITEM 22

CONTRACTS

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

Exhibit	*Document*
C	Franchise Agreement
D	State Specific Amendments to the Franchise Agreement (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	Consent To Transfer, Agreement, And Release
N	Franchisee Release upon Renewal or Transfer (if applicable)
O	Assignment of Telephone Numbers, Facsimile Numbers, Email Addresses, URLS, and Social Media Access Credentials; Special Power of Attorney

ITEM 23

RECEIPTS

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

EXHIBIT A

LIST OF STATE AGENCIES

Exhibit A

List of State Agencies

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws.

California

Department of Financial Protection and Innovation
State of California
320 West 4th Street
Suite 750
Los Angeles, California 90013
(213) 576-7500
(866) 275-2677

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2744

Illinois

Franchise Bureau
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Franchise Section
Indiana Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Office of the Attorney General
Securities Division
State of Maryland
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Michigan

Franchise Unit
State of Michigan
Department of Attorney General
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48909
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Franchise Section
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1500

New York

Bureau of Investor Protection and Securities
New York State Department of Law
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222

North Dakota

North Dakota Securities Department
State of North Dakota
Fifth Floor, Dept. 414
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510
(701) 328-4712

Oregon

Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140

Rhode Island

Division of Securities
State of Rhode Island
233 Richmond Street, Suite 232
Providence, Rhode Island 02903
(401) 222-3048

South Dakota

Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

State Corporation Commission
Division of Securities & Retail Franchising
Commonwealth of Virginia
1300 E. Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

Washington Dept. of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8738

Wisconsin

Division of Securities
Department of Financial Institutions
Wisconsin Commissioner of Securities
P.O. Box 1768
Madison, Wisconsin 53701-1768
(608) 266-8559

EXHIBIT B

AGENTS FOR SERVICE OF PROCESS

Exhibit B

Agents for Service of Process

California

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
State of California
Suite 750
320 West 4th Street
Los Angeles, CA 90013-2344

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
335 Merchant Street
Room 204
Honolulu, Hawaii 96813

Illinois

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

Indiana

Secretary of State
State of Indiana
201 State House
200 W. Washington St.
Indianapolis, IN 46204

Maryland

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

Michigan

Michigan Department of Commerce
Corporation & Securities Bureau
6546 Mercantile Way
Lansing, MI 48909

Minnesota

Commissioner of Commerce
Minnesota Department of Commerce
Franchise Section
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

New York

Secretary of State
99 Washington Avenue Albany, NY 12231
(518) 473-2492~~Secretary of State~~
~~State of New York~~
~~41 State Street~~
~~Albany, NY 12231~~

North Dakota

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

Oregon

Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
350 Winter Street, N.E., Room 21
Portland, OR 97310

Rhode Island

Director of Business Regulation
Department of Business Regulation
Division of Securities
State of Rhode Island
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota

Franchise Administration
Division of Securities
Department of Revenue and Regulation
State of South Dakota
124 S. Euclid Ave
Pierre, SD 57501

Virginia

Clerk of the State Corporation Commission
Commonwealth of Virginia
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington

Director of Financial Institutions
Securities Division
State of Washington
150 Israel Rd., S.W.
Olympia, WA 98501

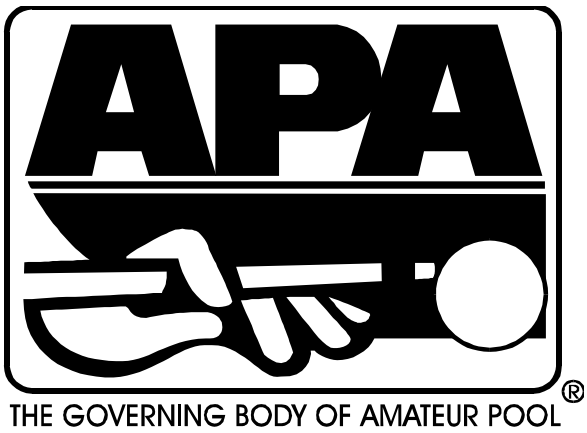
Wisconsin

Commissioner of Securities
Wisconsin Securities Commission
345 W. Washington Ave., 4th Floor
Madison, WI 53703

EXHIBIT C

FRANCHISE AGREEMENT

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
1.4 Retention of Rights:....2

ARTICLE 2 GRANT OF FRANCHISE AND LICENSE....3
2.1 Franchise Granted....3

ARTICLE 3 TERRITORY....3
3.1 Your Territory....3
3.2 Coverage of Territory....4
3.3 National Accounts....4
3.4 Marketing, Other League Activity and Local APA Specialty Tournaments Outside of Territory Prohibited Except in Limited Circumstances....5
3.5 Territory Subject to Pre Existing Out of Area Agreement:....6
3.6 No Right or Option to Expand Territory or Acquire Another Territory....6

ARTICLE 4 TERM....6
4.1 Term of Your Franchise Agreement....6
4.2 The Conditional Term....7
4.3 Initial Regular Term Franchise Agreement:....8
4.4 Successor Regular Term Franchise Agreement:....8
4.5 Continuation:....9

ARTICLE 5 INITIAL FRANCHISE FEE....9
5.1 Fees Due Upon Execution Of This Agreement:....9
5.2 Initial Franchise Fee....9
5.3 Veteran Discount Program:....9
5.4 Exception - Refund if APA Does Not Accept This Agreement....9

ARTICLE 6 ROYALTIES AND FEES....10
6.1 Annual Membership Fees....10
6.2 Weekly Royalties....10
6.3 Royalties on Other Receipts....10
6.4 Annual Software Support and Maintenance Fee; Fees for Upgrades and Enhancements to the Software Program....11
6.5 Royalties on Merchandise and APA Merchandise....12
6.6 Other Payments to APA....12

6.7 No Right of Offset and Application of Payments....12
6.8 Interest and Late Fees:....12

ARTICLE 7 SPONSORS....13
7.1 APA Sponsors....13
7.2 Sponsor's Rules Binding....13
7.3 Termination of Sponsorship....13
7.4 Cooperative Agreements....14
7.5 Relations with APA Sponsors....14
7.6 APA Approval of Local Sponsors....14

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

ARTICLE 9 TRAINING AND GUIDANCE....15
9.1 Training Program....15
9.2 Additional Training....16
9.3 Continuing Guidance....16
9.4 Promotional Materials....16
9.5 Other Support....17

ARTICLE 10 UNIFORM SYSTEM CONFIDENTIAL & PROPRIETARY OPERATIONS MANUAL, SOFTWARE AND SYSTEM INFORMATION....17
10.1 APA's Uniform Proprietary System....17
10.2 Ownership of Proprietary Materials and Information....19
10.3 Your Access to the Operations Manual and Obligation to Conform to System Standards....19
10.4 License of APA's Software Program/Application; Obligation to Use and Maintain; and Equipment Requirements....19
10.5 Software Program and Computer Requirements May Change....20
10.6 Software Support and Maintenance....20
10.7 Claims and Disputes Involving Software Program....21
10.8 Claims and Disputes Involving Copyrights....21
10.9 Use of Member, Player, and Team Lists and Other Records....22
10.10 League Websites, Social Media, Email Addresses and Telephone Numbers:....22
10.11 Obligation to Comply with Privacy Laws and Privacy Policies:....23

ARTICLE 11 MARKS....23
11.1 Limited License Only....23
11.2 Use of APA Marks on Purchased Goods....24

11.3 Obligation to Follow APA and Sponsor Rules 24
11.4 Obligation to Use Only the Marks 25
11.5 Authorized Marks Subject to Discontinuance, Substitution, Change 25
11.6 Ownership of Marks 25
11.7 Claims and Disputes Involving Marks 25

ARTICLE 12 MARKETING AND ADVERTISING 26
12.1 Active Marketing Required 26
12.2 Advertising Fund 26

ARTICLE 13 FRANCHISEE ENTITY, OBLIGATION TO MANAGE BUSINESS, AND GUARANTY OF OBLIGATIONS 27
13.1 Franchisee Entity 27
13.2 Obligation to Manage League 27
13.3 All Owners of Franchisee and Spouses Must Guaranty Obligations 28

ARTICLE 14 CONFIDENTIALITY AND NON-COMPETITION AGREEMENT 28
14.1 Acknowledgments 28
14.2 Obligation to Maintain Confidentiality 29
14.3 Non-Competition During This Agreement 29
14.4 Non-Competition After this Agreement 29
14.5 Persons That Later Join Your Business 30
14.6 APA's Right to Enforce Obligations 30
14.7 Host Location Ownership or Affiliation is Not Allowed: 30
14.8 Other Activities at APA Events 30

ARTICLE 15 RELATIONSHIP OF THE PARTIES 31
15.1 Independent Contractor: 31
15.2 No Employment Relationship: 31
15.3 Taxes 31
15.4 Indemnification: 31

ARTICLE 16 RECORDS, REPORTING AND AUDIT 32
16.1 Reporting and Records 32
16.2 Inspection and Audit 33
16.3 APA's Right to Interim Management of Franchised League 34

ARTICLE 17 INSURANCE 36
17.1 Insurance Required 36
17.2 APA's Right to Purchase Insurance at Your Cost 36

ARTICLE 18 RENEWAL 36
18.1 Your Renewal Right 36
18.2 Manner of Renewal 37
18.3 Successor Agreement 37

ARTICLE 19 TRANSFER OR ENCUMBRANCE 38
19.1 Transfer by APA 38
19.2 Transfer by You 38
19.3 Sub-Franchise or Partial Transfer Prohibited 39
19.4 Transfer During Conditional Term 39
19.5 Transfer During Regular Term 39
19.6 Transfer Because of Death or Disability 41
19.7 APA Procures Purchaser 41
19.8 Transfer to a Wholly-Owned Corporation or Limited Liability Company 41

ARTICLE 20 TERMINATION OF FRANCHISE 42
20.1 Termination By Franchisee 42
20.2 Termination By APA: 42
20.3 APA's Alternative Right to Reduce Territory or Impose Other Conditions 47
20.4 Exercise of Other Remedies: 47

ARTICLE 21 OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION 47
21.1 Meaning of "Termination" and "Expiration" 47
21.2 Payment of Amounts Owed APA 48
21.3 Your Rights in System and Franchised League End 48
21.4 Obligations Regarding the Marks 48
21.5 Obligations Regarding Operations Manual and System Information 48
21.6 Obligations Regarding Records and Cooperation 49
21.7 Attorney-In-Fact 49
21.8 Continuing Obligations 49

ARTICLE 22 SEVERABILITY AND SUBSTITUTION OF ENFORCEABLE TERMS 49
22.1 Severability 49
22.2 Substitution of Enforceable Terms 49
22.3 Right to Contest Determinations 50

ARTICLE 23 DISPUTE RESOLUTION, APPLICABLE LAW AND CONSENT TO JURISDICTION 50
23.1 Negotiation of Disputes 50
23.2 Mediation of Disputes 50

23.3 Arbitration of Disputes 51
23.4 Powers of the Arbitrators 51
23.5 Arbitration Award Binding 51
23.6 Class Arbitration Waiver 51
23.7 Injunctive Relief Pending Negotiation, Mediation or Arbitration 52
23.8 Governing Law 52
23.9 Consent to Jurisdiction 52
23.10 Waiver of Punitive Damages 52
23.11 Waiver of Jury Trial 52
23.12 Limitation of Claims 52
23.13 Costs and Attorneys' Fees 53
23.14 Remedies Cumulative 53
23.15 Joint and Several Liability of Owners of Franchisee and Spouses 53

ARTICLE 24 YOUR WARRANTIES AND REPRESENTATIONS 53
24.1 Independent Investigation 53
24.2 No Conflict of, or Breach of, Any Other Agreement 53
24.3 Caveat 54
24.4 Non-Liability of Our Affiliates 54

ARTICLE 25 MISCELLANEOUS 54
25.1 Non-Waiver 54
25.2 Delivery and Receipt of Notices 54
25.3 Receipt and Delivery of Payments and Reports 55
25.4 Interpretation 55
25.5 Duplicate Originals 55
25.6 APA's Cure of Your Obligations 55
25.7 Entire Agreement and APA's Acceptance 55
25.8 Good Faith and Use of Reasonable Business Judgment 56
25.9 Right to Associate 56
25.10 Force Majeure 56
25.11 Varying Standards 56
25.12 APA's Cure of Your Obligations 56
25.13 Anti-Terrorism Provision 57

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

O Assignment of Telephone Numbers, Facsimile Numbers, Email Addresses, URLs, and Social Media Access Credentials; Special Power of Attorney

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 an 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.

1.4 Retention of Rights: APA, on behalf of ourselves and all APA Affiliates (as that term is defined in Section 24.4 below), reserve all rights not specifically granted to you pursuant to this Agreement, all without compensation to you, including the following:

(a) We and any APA Affiliate may own or operate, or license or franchise others to own or operate, APA local amateur pool league businesses anywhere outside of the Territory, as the term "Territory" is defined in Section 3.1 below.

(b) We and any APA Affiliate are allowed to own, open, franchise, operate, and/or manage any business within the Territory or outside of the Territory under trademarks or service marks different than the Marks.

(c) We and any APA Affiliate are allowed to own, open, franchise, operate, and/or manage any business within the Territory or outside of the Territory under systems that are different than the System.

(d) We and any APA Affiliate may develop, merchandise, sell and license others to sell products bearing the Marks through other channels of distribution such as the Internet, print catalogues, direct-marketing media and any other outlets within the Territory or outside of the Territory, and we may promote

products bearing the Marks at special events, tournaments, athletic contests, etc., including through the use of temporary locations and mobile units.

(e) We and any APA Affiliate have the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as APA franchises operating under the Marks or any other trademarks or service marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within your Territory or close to your Territory or your Site).

(f) We and any APA Affiliate may sell ourselves, our assets, our proprietary marks, the Marks, our systems and/or the System to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

(g) With regard to any of the above transactions identified in Subsections 1.4(a) through 1.4(f) above, inclusive, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, the Marks (or any variation thereof), the System and/or the loss of being identified as a franchisee under this Agreement. If we assign our rights in this Agreement, nothing will be deemed to require us to remain in the pool league business or to offer or sell any products or services to you.

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. However, we reserve the right, upon renewal of this Agreement, to reduce the size of your Territory if, at the time

of renewal, we determine that the geographic size of the Territory, and/or the population of the Territory is more than you can develop within the term of the Successor Regular Term Agreement.

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 World Qualifier 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 five (5) 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, from host locations in your Territory, 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, and teams playing from locations outside of your Territory, 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 Standard Format 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 five (5) years from the Effective Date of this Agreement.

4.5 Continuation: Unless otherwise set forth in writing, if you continue to operate the Franchised League with our express or implied consent following the expiration of the Term of this Agreement, the continuation will be deemed to be a month-to-month extension of this Agreement, and all agreements attached hereto as Exhibits, including, but not limited to, the "Guaranty & Assumption Agreement of Franchisee's Owners/Spouses" (Exhibit G) and the "Confidentiality and Non-Competition Agreement" (Exhibit H). All provisions of this Agreement will apply while you continue to operate the Franchised League. This Agreement will then be terminable by either party on 30 days' written notice to the other party, or such longer notice period as required by applicable law. For the avoidance of doubt, this provision does not apply in the case of your continued operation of the Franchised League after the Agreement has been terminated.

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 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 Veteran Discount Program: Veterans of the United States Armed Forces who otherwise meet the requirements established by APA are entitled to a 25% discount in any Initial Franchise Fee or Transfer Fee they owe to APA. To receive the discount, you must provide sufficient documentation to establish that you are eligible for APA's Veteran Discount 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 Veteran Discount Program and its rules and regulations are subject to change, or the Program may be discontinued in APA's sole discretion with or without notice to APA franchisees. If APA does discontinue the Veteran Discount Program, no effective franchise agreement will be terminated or otherwise solely because of the discontinuation.

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 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 Thirty Dollars ($30.00)), is set by APA and may be changed by APA from time to time. You are responsible for ensuring 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 ensure 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 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 No Right of Offset and Application of Payments: You agree to make prompt payment, without deduction or set-off, of all charges which are properly due, including, but not limited to, Royalties. You may not withhold any payment owed to us or any APA Affiliate on the grounds of non-performance by us of any of our obligations hereunder. 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 or payments due APA, in addition to the amount of the royalties or other payments owed, you must pay APA One Hundred Dollars ($100.00) or the then current administrative fee as set forth in the Operations Manual (which may be higher than $100.00) for each delinquent 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. 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 or 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, hands-on training with the Software Program and an interactive demonstration of league match play. 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 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 two (2) 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 they may be further developed, refined, modified or changed by APA in our discretion. Currently the Operations Manual is made accessible only through APA's Resource Library, though APA may post it, or make it available to you, through any other means that APA deems appropriate in its sole discretion. Revisions and modifications to the Operations Manual and/or the System and/or APA's System Standards, made by APA from time to time, may be made by revising the Operations Manual, by posting the changes on the Resource Library, or by otherwise communicating them to you in writing, either in documents or electronic form. 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.

You further acknowledge that your obligations under this Agreement and the requirements stated in the Operations Manual are reasonable, necessary and desirable for the operation of the Franchised League and the System. You shall adhere to our standards and specifications as set forth in this

Agreement and in the Operations Manual, and as otherwise communicated to you in writing. If APA so requires, you shall purchase only products and services which APA approves, including, but not limited to, APA branded products, awards, rewards, supplies, equipment, signs, and/or software. If APA so requires, you shall purchase designated products and/or services only from approved suppliers or a designated sole supplier for any items. APA and its subsidiaries, affiliates, or successor, may be an approved supplier or designated sole supplier for any products or services, including, without limitation, branded products and supplies, and may obtain revenue, and make a profit, from your purchase of such products or services. You may be required by APA to purchase or obtain these products and services through APA, its subsidiary, affiliate or successor, or a supplier approved by APA. You cannot be a supplier to other franchisees without APA's written approval. You must use the vendors mandated by APA, if APA mandates any vendors. If APA has not designated an approved supplier for a particular product or service, you shall purchase only products and services that meet APA's standards and specifications if APA establishes any such standards and/or specifications for the particular product or service. You may request approval of a supplier under APA's published procedures, which include inspection of the proposed supplier's facilities and testing of product samples. APA or an independent testing facility APA designates may charge a fee for the testing. You or the proposed supplier shall pay the test fees. APA may also charge a fee for making a determination on the proposed supplier. APA will reimburse the evaluation fee if it approves the product, or supplier for the entire System. APA reserves the right, at its option, to re-inspect the facilities and products of any approved supplier, and to revoke approval if the supplier fails to continue to meet any of APA's criteria. APA may receive fees and other payments from suppliers and others in connection with purchases made by you and/or other franchisees and may use the fees for APA's own purposes. APA shall provide you a standard price list for items which it sells to franchisees, including a description of each item and applicable price or lease terms, prepayment discounts (if any) and shipping charges. You may only offer and sell the products and services that APA periodically specifies and may not offer or sell through the Franchised League any products or services APA has not authorized. You must discontinue selling and offering for sale any products or services that APA disapproves of at any time. If you are found to not be in compliance with any System Standard for any reason, APA may require that you attend an in-person meeting with APA, or its designee, at your cost, to create a plan to bring your Franchised League into compliance with APA's System Standards. Participation in any such meeting does not necessarily cure any notice of default that APA may deliver to you in response to your failure to comply with the System Standards. You agree at all times to operate and maintain the Franchised League according to each and every System Standard, as APA periodically modifies and supplements them. System Standards may regulate any aspect of the Franchised Business's operation and maintenance as is necessary to provide the best experience for APA's Members, or to support the reputation and goodwill of the Marks and/or the System.

We agree to impose any of these changes in a reasonable, non-discriminatory manner among our franchisees. However, 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 discretion and as we may deem to be in the best interests of the System in any specific instance, to vary standards for any particular franchisee based upon the peculiarities of a particular territory, density of population, business potential, business practice, or other condition important to the successful operation of a particular APA League. We may grant variations from standard specifications and practices as we determine in our discretion, and we will have no obligation to grant you or any other franchisee like or similar variations and our failure to require a change from any particular franchisee will not affect your obligations under this paragraph.

You acknowledge and agree that the ultimate decision-making responsibility with respect to the System (among other things) must be, as a practical business matter, vested solely in us, since you, APA and all other franchisees have a collective interest in working within a franchise system with the unrestricted flexibility to quickly adjust to changing business conditions, including competitive challenges, new regulatory developments and emerging business opportunities. You understand and agree that such rights being vested in us is critical to our role as franchisor and to obtain the parties' goals for the continuing improvement of the System.

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 Your Access to the 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"), or give you access to a secure electronic version of 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 25.2 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, pursuant to the terms of this Agreement and the terms of the Software License Agreement attached as Exhibit I (the "Software License Agreement"), 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. You agree to sign and be bound by the Software License Agreement, the terms of which are an integral part of this Agreement, including those limiting who can access the Software Program on your behalf, and requiring each person granted access to the Software Program to only access the Program through a unique login assigned specifically to them. 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: We have established an Internet website at www.poolplayers.com, which we own and control, and we have established accounts with multiple social media services, including, but not limited to, Facebook, Twitter and Instagram. Except as we otherwise provide or authorize, you may not maintain a presence on the Internet for your Franchised League. APA will provide you at no charge with a League website and APA email addresses for you and your staff. You agree that APA is the lawful, rightful and sole owner of, the www.poolplayers.com Internet address (URL), or any other URL we or any APA Affiliate use in the future, the social media pages and accounts that we have created, email addresses we provide to you or your staff, telephone numbers associated with your Franchised League, and or other media and means of communication used in connection with your Franchised League's operations and marketing, and you unconditionally disclaim any ownership interest in those items listed herein or in any similar items. You agree not to register any Internet address name under any Internet domain, class or category that contains the Marks, or our name, or any abbreviation, acronym or variation of the Marks or our name, including, but not limited to, the acronym "APA." We, and our affiliates, retain the sole right to advertise on the Internet and create a website using any of the Marks or any variation of the Marks. You must use and keep updated the APA League website we provide you. We may require you, at your expense, to participate in our website on the Internet, our intranet system or extranet system or other online communications as we may require. We have the right to determine the content and use of our website and intranet or extranet system and will establish the rules under which franchisees may or must participate. Your general conduct on our website and intranet and extranet systems or other online communications (including social media), and specifically your use of the Marks or any advertising, is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our website or intranet or extranet system, including access codes and identification codes, may be considered confidential information that you are required to keep confidential under the terms of this Franchise Agreement and its exhibits. Your right to participate in our website and intranet or extranet system, or otherwise use the Marks or System on the Internet or other online communications, will terminate when this Agreement expires or terminates.

You agree that we may provide contact information for your Franchised League on any website we or an APA Affiliate create. We retain the right to pre-approve your use of linking and framing between your web pages and all other websites. You will, within five days after our request, dismantle any frames and links between your web pages and any other websites. Subject to our right to consent and the other terms of this Section 10.10, you may be permitted to create a social-media

account from which to advertise your Franchised League on the Internet (such as on Facebook, Instagram or Twitter) or other forms of social media or any other media yet to be invented or discovered. Any such permission shall only be for such time as we permit and shall be on the terms and conditions we specify from time to time in the Operations Manual, which may restrict the content that you are permitted to post to such social-media outlet. We have the right to cease granting you permission to operate any such social-media page, or outlet, at any time. Any online presence and/or social-networking activities in which you engage (in any form and in any media now existing or later developed or discovered) must comply in all respects with the requirements of this section. In addition, at all times you will ensure we have the current administrator-level access credentials, usernames, passwords, tokens, and all other information and items required for complete access to, and control over, any of the online presence or social-networking sites or activities related to the Franchised League or featuring the Marks that you create or otherwise have access to (collectively, the "Access Credentials"); in order to assist in this process, you shall complete, sign, deliver, and update as necessary, Exhibit O, attached hereto and incorporated herein, assigning to us all telephone numbers, facsimile numbers, email addresses, URLs and social-media access credentials. In the event that we determine that you have failed to comply with the requirements of this section with respect to your online presence and/or social-networking activities, you hereby irrevocably consent to and authorize us and/or our representatives to use the Access Credentials, to access the foregoing resources, and to alter them to comply with the requirements of this Section, without being guilty of trespass, conversion, infringement or any similar tort or comparable statutory infraction for which your consent/authorization constitutes a defense, excuse, or justification. You will pay us, on demand, all charges incurred by us in taking such corrective action, plus interest and late fees at the rates stated in this Franchise Agreement, from the date the charges were paid by us until reimbursement is received. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us.

10.11 Obligation to Comply with Privacy Laws and Privacy Policies: You must: (i) comply with all applicable international, national, federal, provincial, state, or local laws, codes, or regulations that regulate the processing of information that can be used (alone or when used in combination with other information your control) to identify, locate or contact an individual or which pertains in any way to an identified or identifiable individual ("Personal Information") in any way, including, but not limited to, national data-protection laws, laws regulating marketing communications and/or electronic communications, information-security regulations and security-breach-notification rules ("Privacy Laws"); (ii) comply with all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by us that relate to Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause us to breach any Privacy Laws; (iv) do and execute, or arrange to be done and executed, each act, document and thing we deem necessary in our business judgment to keep you in compliance with the Privacy Laws; and (v) immediately report to us the theft or loss of Personal Information (other than the Personal Information of your own officers, directors, shareholders, employees or service providers). You must also comply with payment card industry ("PCI") standards, norms, requirements, and protocols, including PCD Data Security Standards.

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 4.2 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 during all three sessions of the League Year; 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, or the Transfer of your Interest, 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, or the Transfer of your Interest, 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. You further acknowledge and agree that the time limitations set forth in this Section 14.4 shall be tolled during any default of the obligations set forth in this Section 14.4 or of 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, and your owners if you are an entity, 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, or your owners, 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, or your owners, 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. Occasionally, APA will permit franchisees to volunteer to assist APA in its organization of, and execution of, APA's championship events. No franchisee is ever required to volunteer in this capacity, and your choice to either volunteer, or not to volunteer, in this capacity will never have any impact on your rights or obligations under this Agreement. APA does not hire franchisees to assist at its championship tournaments, though APA may cover some of the costs you or other volunteers may incur in order to volunteer, and/or if the tournament is held at a location associated with a hotel, APA may provide rooms for volunteers to use. If you volunteer to assist APA at a championship tournament your decision to do so does not make you an employee of APA, nor does it change the nature of your relationship with APA as established by this Agreement.

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 in the following circumstances 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: (i) upon your death, disability, incapacity (whether physical or mental, temporary or permanent) or, if you are a partnership, corporation or limited liability company, upon the death, disability or incapacity of your manager; (ii) upon your abandonment of the Franchised League; or (iii) after notice of termination and pending termination of this Agreement pursuant to Article 20.

Where the Interim Manager is appointed by APA, 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 plus its then-current Interim Manager Fee (which currently is $800 per week) and out-of-pocket expenses incurred by APA and/or the Interim Manager in connection with the Interim Manager for the period of time the Interim Manager operates the Franchised League. APA will have sole discretion regarding who to appoint as the Interim Manager. APA may choose to appoint another League Operator, or other third-party, to act as the Interim Manager. If APA appoints another League Operator, or other third-party, to act as the Interim Manager, APA may or may not charge an Interim Manager fee, and may consider the amounts paid to the Interim Manager to be considered out-of-pocket expenses that APA will be entitled to pay from, or recover from, the revenue of the Franchised League. APA will have sole discretion to determine the appropriate amount to pay the Interim Manager if the Interim Manager is to be a League Operator, or other third-party.

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 five (5) 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 5-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 5-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. If this Agreement is a Conditional Term Franchise Agreement as indicated on page 1, 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, 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 if: 1) you and your owners are in compliance with this Agreement; and the party that is to receive the proposed Transfer of any Interest and its direct and indirect owners (collectively the "Transferee") meets APA's then applicable standards and qualifications for new franchisees. You acknowledge and agree that APA may withhold approval of a Transfer if: APA determines, in its sole discretion, that the geographic size or population of the territory to be transferred to the Transferee is too large for the Transferee to adequately develop; or APA determines, in its sole discretion, that the consideration to be paid by the Transferee for the Franchised League exceeds the fair market value of the Franchised League; or APA reasonably believes that the conditions of the sale to, and/or the debt to be incurred by, the Transferee are so burdensome that they could adversely affect the future operation of the Franchised League. 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) You agree to use any payments you receive as consideration for the Transfer to pay down, or pay off, any debt or other amounts you or the Franchised League owe to third parties that are related to the Franchised League, including, but not limited to, amounts owed to vendors or amounts owed to prior owners of the Franchised League (if you purchased your Franchised League from a previous franchisee who financed the Franchised League's purchase price);

(e) 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.

(f) The Transferee must pay to APA (in lieu of the Initial Franchise Fee) APA's then current Franchise Transfer Fee (which is presently Two Thousand Dollars ($2,000.00), or as set forth in the Operations Manual.

(g) 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.

(h) 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).

(i) 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.

(j) 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. 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 or a lesser amount determined by APA, (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) or a lesser amount determined by APA. 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 except that you may cease operations to the extent necessary to comply with the requirements of APA or any government authority with jurisdiction over the Franchised Business that are intended to address an emergency situation, such as an act of God, labor strike or civil unrest, which may endanger the public so long as you diligently take all actions reasonably necessary to resume operating when APA, the government authority and/or the circumstances permit;

(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, or engage in any fraudulent activity in connection with your ownership, management or operation of the Franchised League, or that materially and adversely affects the operation, maintenance, reputation or goodwill of the Franchised League or the System;

(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;

(21) 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.

(22) be involved in any act or conduct which reflects materially and unfavorably on the operation or reputation of the System, or the goodwill associated with the Marks or the System, including, but not limited to, using a Mark inappropriately online and/or violating our social media policy and/or guidelines;

(23) 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

(24) 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 International Franchise Association ("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). If you are a corporation, general partnership or limited liability company, or, subsequent to your execution of this Agreement, you assign this Agreement to a corporation, general partnership or limited liability company, all shareholders, all general partners or all members and managers, respectively, hereby personally and unconditionally guarantee without notice, demand or presentment the payment of all of your monetary obligations under this Agreement as if each were an original party to this Agreement in his or her individual capacity. In addition, all personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and non-renewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All personal guarantors shall execute a continuing personal guaranty in the form attached as Exhibit G.

ARTICLE 24
YOUR WARRANTIES AND REPRESENTATIONS

24.1 Independent Investigation: You and your guarantors have been advised to make an independent investigation of our operations. We have not and do not represent that you can expect to attain a specific level of sales, profits or earnings. You and your guarantors have been advised to obtain independent professional and legal advice regarding this franchise. You and your guarantors understand that you and they may sustain losses as a result of the operation or the closing of the Franchised League. You and your guarantors understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on your skills, abilities, initiative, and hard work.

24.2 No Conflict of, or Breach of, Any Other Agreement: You and your guarantors represent and warrant that the execution, delivery, and performance of this Agreement by you and the Guaranty & Assumption Agreement of Franchisee's Owners/Spouses by the guarantors do not

and will not violate, conflict with or result in the breach of any term, condition, or provision of any contract or agreement, or require the consent of any other person or entity.

24.3 Caveat: THE SUCCESS OF THE FRANCHISED LEAGUE IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. WE DO NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE FRANCHISED LEAGUE AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATION OR WARRANTY ON OUR BEHALF.

YOU UNDERSTAND AND AGREE THAT WE HAVE NO OBLIGATION TO ACCEPT YOUR APPLICATION AND MAY REFUSE TO GRANT YOU A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR OUR DECISION. YOU ACKNOWLEDGE THAT UNLESS AND UNTIL WE SIGN THIS AGREEMENT, THE FRANCHISE HAS NOT BEEN GRANTED, YOU ARE NOT A FRANCHISEE OF OURS AND YOU MAY NOT RELY UPON BECOMING A FRANCHISEE OF OURS.

24.4 Non-Liability of Our Affiliates: We are the only company obligated to you under this Agreement. You may not look to any APA Affiliate, or related companies, other business entities or individuals for performance of this Agreement.

ARTICLE 25
MISCELLANEOUS

25.1 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.

25.2 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.

25.3 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.

25.4 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.

25.5 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.

25.6 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.

25.7 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.

25.8 Good Faith and Use of Reasonable Business Judgment: 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. Whenever we reserve discretion in a particular area or when we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise reasonable business judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally.

25.9 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.

25.10 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.

25.11 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.

25.12 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.

25.13 Anti-Terrorism Provision: You, or if you are a corporation, limited liability company or a partnership, then each of your owners, represent and warrant to us that: (a) neither you nor any owner is named, either directly or by an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control; (b) you and each of your owners will take no action that would constitute a violation of any applicable laws against corrupt business practices, against money laundering and against facilitating or supporting persons or entities who conspire to commit acts of terror against any person or entity, including as prohibited by the U.S. Patriot Act, U.S. Executive Order 13244 or any similar laws; and (c) you and each of your owners shall immediately notify us in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

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
"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 23.3
"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

STATE SPECIFIC ADDENDA TO FRANCHISE AGREEMENT

MULTI-STATE AMENDMENT
TO FRANCHISE AGREEMENT
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)

This Amendment pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. Signing this Amendment where the SOP, because applicable jurisdictional requirements are not met, does not subject the parties to the provisions of the SOP. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____ _____, 20__, will be amended as follows:

1. The following language is added immediately before the signature block of the Franchise Agreement:

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

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
_____	_____
By:	By: _____
Its:	Its: _____
Date of signature: _____	Date of signature: _____

CALIFORNIA AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of California that are subject to the California Franchise Investment Law (the "Act") and is for the purpose of complying with California statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act, as set forth in this Amendment, or otherwise. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____, will be amended as follows:

1. The following language is added as new Section 25.14 of the Franchise Agreement:

"No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise, except for the "Non-Waiver" provision in Section 25.1 of the Franchise Agreement."

Notwithstanding anything to the contrary in this Agreement, and to the extent required by California Corporations Code Section 31512.1, any provision in this Agreement, the franchise disclosure document, and any other acknowledgement, questionnaire, or other writing, disclaiming or denying: (a) representations made by Franchisor or its personnel or agents to Franchisee before entering into the Franchise Agreement; (b) reliance by Franchisee on any representations made by Franchisor, or its personnel or agents; (c) reliance by Franchisee on the franchise disclosure document; or (d) violations of any other provision of the Act [that will be a reference to the California franchise law]; is void and will not be enforced by Franchisor."

Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will not prohibit the application of the California Franchise Investment law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.

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

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

_____
By:
Its:
Date of signature: _____

_____
By:
Its:
Date of signature: _____

Franchisee:

_____
By:
_____
Its:
_____
Date of signature:
_____

ILLINOIS AMENDMENT
TO FRANCHISE AGREEMENT

Illinois law governs the Franchise Agreement.

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

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

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

Dated: _____

Franchisor:	Franchisee:
_____	_____
By: _____	By: _____
Its: _____	Its: _____

MARYLAND AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Maryland that are subject to the Maryland Franchise Registration and Disclosure Law (the "Act") and is for the purpose of complying with Maryland statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____, 20___, will be amended as follows:

1. The following language is added to Section 18.1 of the Franchise Agreement:

   ", except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following language is added to the end of Section 23.9 of the Franchise Agreement:

   "Franchisee may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law."

3. The following language is added to the end of Section 23.12 of the Franchise Agreement:

   "all claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years after the grant of the franchise."

4. The following language is added to Sections 18.1, 18.2 and 19.5(g) of the Franchise Agreement:

   "Representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
_____	_____
By: _____	By: _____
Its: _____	Its: _____

MINNESOTA AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota Franchise Act (Minn. Stat. Sec. 80C.1 et seq., the "Act") and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Section 15.4 of the Franchise Agreement is amended to add the following language.

   "The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

2. Section 20.1 of the Franchise Agreement is amended to read as follows:

   "At the election of Franchisor, Franchisor may terminate the Agreement effective upon the expiration of 90 days after giving of written notice in the event Franchisee defaults, and does not cure to Franchisor's reasonable satisfaction within the 60-day notice period, in the performance of any other covenant or provision of this Agreement, including without limitation, the obligation to pay when due any financial obligation to Franchisor, the obligation to make reports and provide information when due hereunder, or failure to maintain any of the standards or procedures prescribed for the Franchised Business in this Agreement, the Manual or otherwise; provided, however, that Franchisee shall be entitled to notice and opportunity to cure any such default only once in any six month period, and any subsequent occurrence of the same or substantially similar default within such six month period shall entitle Franchisor, at its option, to terminate this Agreement effective immediately upon the giving of notice and without opportunity to cure."

3. Franchisor will protect the Franchisee's right granted hereby to use the Marks or will indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

4. Section 20.2 of the Franchise Agreement is amended as follows:

> "With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement."

5. Section 23.9 of the Franchise Agreement is amended as follows:

> "Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction."

6. Minn. Rule 2860.4400J. prohibits waiver of a jury trial. Accordingly, Section 23.11 of the Franchise Agreement is amended as follows:

> "Nothing contained herein shall limit Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J."

7. Minn. Rule 2860.4400J. prohibits requiring a franchisee to consent to liquidated damages.

8. Section 23.12 of the Franchise Agreement is amended to add the following:

> "Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement as of the day and year set forth above.

Franchisor:

_____

DATED: _____ By: _____

Its: _____

Franchisee:

_____

DATED: _____ By: _____

Its: _____

NEW YORK AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of New York that are subject to the New York Franchise Act (New York State General Business Law, Article 33, Sec. 680 et seq., the "Act") and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Franchisor and Franchisee are parties to that certain American Poolplayers Association, Inc. Franchise Agreement dated _____, ___ that has been signed concurrently with the signing of this Amendment. This Amendment is annexed to and forms part of the Franchise Agreement. This Amendment is being signed because: (a) you are a resident of the State of New York and your Franchise will operate in New York; and/or (b) the offer or sale of the license occurred in New York.

2. The following is added as a new Section 20.1 of the Franchise Agreement:

"Franchisee may terminate this Agreement upon any grounds available at law."

3. The following is added to Section 18.1 of the Franchise Agreement:

"This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder."

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the day and year first above written.

Franchisor:	Franchisee:
_____	_____
By: _____	By: _____
Its: _____	Its: _____

NORTH DAKOTA AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the "Act") and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The Franchise Agreement between _____ ("Franchisee" or "You") and American Poolplayers Association, Inc. ("Franchisor") dated as of _____ _____, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its Owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

Franchisor:

_____

By: _____

Its: _____

Franchisee:

_____

By: _____

Its: _____

RHODE ISLAND AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Rhode Island that are subject to the Rhode Island Franchise Investment Act (the "Act") and is for the purpose of complying with Rhode Island statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, ____ hereby agree that the Franchise Agreement will be amended as follows:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

Dated: _____, _____.

Franchisor:	Franchisee:
_____	_____
By: _____	By: _____
Its: _____	Its: _____

VIRGINIA AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the "Act") and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, ___, hereby agree that the Franchise Agreement will be amended as follows:

1. Section 20.2 of the Franchise Agreement is amended by adding the following language:

"§13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause."

Dated: _____

Franchisor:

_____

By: _____

Its: _____

Franchisee:

_____

By: _____

Its: _____

WASHINGTON AMENDMENT
TO FRANCHISE AGREEMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. Site of Arbitration, Mediation, and/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Nonsolicitation Agreements. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Inapplicable Provisions. Sections 1.2, 24.1 and 24.3 of the franchise agreement do not apply in Washington.

Dated: _____, _____.

Franchisor:	Franchisee:
_____	_____
By: _____	By: _____
Its: _____	Its: _____

EXHIBIT E

APA ADDENDUM UPON CONDITIONAL, INITIAL REGULAR TERM OR SUCCESSOR

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 O.)

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 net 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 Standard Format Teams as that phrase is defined in the Franchise Agreement. Teams that are not Standard Format Teams 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.

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 O.)

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: _____

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 O.)

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: _____

EXHIBIT F

FRANCHISEE OWNERSHIP SCHEDULE

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

GUARANTY/ASSUMPTION

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 NON-COMPETITION AGREEMENT

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. I further acknowledge and agree that the time limitations set forth in this Section 3 shall be tolled during any default of the obligations set forth in this Section 3 or of this Agreement.

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

Exhibit I

Software License Agreement

This Software License Agreement is a part of the Franchise Agreement between American Poolplayers Association, Inc. ("**APA**", "**we**", "**us**") and _____ ("**you**") dated _____. Any capitalized terms not otherwise defined below shall have the meanings as defined in the Franchise Agreement.

1. The Software Program Defined. APA owns proprietary computer software programs and/or applications for management of your franchise, pool league operations, and tournament management, including, without limitation, all modules and parts of the software, represented in 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 "**Software Program**") that are used in the operation of its franchised leagues. The Software Program includes, without limitation, our current software application referred to as NEXUS, our tournament administration software, known as TMS, the scorekeeping application known as APA SCOREKEEPER, access to the member services application known as APA MEMBER SERVICES application, any software that employs APA's proprietary handicapping and scoring system known as ***THE EQUALIZER***®, and any future software or application that we may develop or obtain, and provide to franchisees.

2. Additional Terms and Conditions. You agree that you and any users that you authorize to access the Software Program shall comply with the restrictions and obligations in the Membership Terms and Conditions (for being an APA Member), the APA Terms of Use Agreement, the Privacy Policy, and the Property Policy (all on the APA League website) and any other instructions that APA may issue from time to time.

3. Grant of Limited License. Upon your execution of this Software License Agreement, and the Franchise Agreement, we grant to you a limited, nontransferable, nonexclusive license to access and use APA's Software Program solely in connection with your Franchised League during the Term and subject to your Franchise Agreement. The rights we grant you are personal to you, and licensed to you, not sold.

   a. Requirement to Host Software Program. APA in its discretion may further develop, change, or substitute the Software Program and you must obtain and use the Software Program, module, or other software required by APA for your franchise and league operations. It is your responsibility to obtain a suitable computer system (for example, computer, modem, printer, device, high-speed internet access, operating system, browser, and other hardware and software) needed to operate the Software Program (including any future version), to report league matches, scoring, 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 Software Program or for an additional Software Program module or other software.

b. Limited Access for Authorized Users. APA grants you the limited right to designate authorized users who will have access to the Software Program as part of your Franchised League (such as your owners and employees) and who have agreed to instructions or restrictions as APA may issue from time to time ("Authorized Users"). Any such person must agree to the terms of the APA Confidentiality Agreement. This right to access the Software Program is personal, non-transferrable, non-exclusive, and limited to accessing and using the Software Program solely for its intended purpose according to APA's terms.

4. Responsible for Authorized Users. You are responsible for ensuring that your Authorized Users who you allow to access the Software Program comply with this limited license and other applicable APA policies.

5. Responsible for Operation. You are responsible for the installation, management, and operation of the Software Program.

a. Support, Upgrades. Only APA or persons authorized by APA, may perform support or maintenance of the Software Program. If APA does not provide the support or maintenance, APA will obtain an authorized vendor to provide such services (an "**Authorized Consultant**") with respect to the then current version of the Software Program. APA may terminate any maintenance and support arrangement, and substitute or authorize other persons to provide support and maintenance of the Software Program and may terminate the support and/or maintenance completely with respect to then prior versions of the Software Program and discontinued modules. APA is not responsible for and does not warrant any **Authorized** 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 **Authorized** Consultant (or other contractor).

b. Fees.

i. License Fee. Subject to APA's right to charge a license fee for new versions, in consideration for your executing the Franchise Agreement, APA grants this license to use the Software Program to you without any additional fee, and no monetary 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 Software Program, support, or maintenance of the Software Program, or your computer system.

ii. Support and Maintenance. APA reserves the right to charge a reasonable fee for support and maintenance of the Software Program, which fee you agree to pay. This Software Support and Maintenance 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 Software

Program. The amount of the annual fee may be changed annually subject to any limitation on such increase set forth in the Franchise Agreement.

c. Defects. In the event of a defect in the Software Program that makes the Software 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 Software Program because of the defect to be performed manually or by another alternative means. This is the only remedy for any defect. In addition to the other disclaimers and limitations of liability, 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 Software Program or your computer system, any act or omission (including negligence) in support or maintenance of the Software Program, or any other act or omission (including negligence) of APA or any employee or agent.

6. APA Ownership. You acknowledge and agree that APA owns all rights, title, and interest in the Software Program, its Marks, copyrights, know-how, and its other intellectual property (collectively "**APA IP**"), including any derivative works or derived data from the Franchised League, APA Members, or other sources. All goodwill derived from your use of the APA IP inures exclusively to APA's benefit. This License Agreement does not transfer any ownership rights to you.

7. Restrictions. Regarding the Software Program (whether installable or internet-based), the Software Program's manual or other documentation: you may not (nor allow anyone else) to make any copies, summarize, or create any description, memoranda, or record of all or any portion nor edit, publicly display, perform, transmit electronically (except for authorized support or maintenance by reporting to APA), access (except for authorized purposes), make derivative works, sublicense, resell, distribute, transfer, lease, loan or by any other means make it available for use by others, remove, alter, or otherwise interfere with any trademark, logo, copyright, patent, or other proprietary notices, legends, or labels, or reverse engineer, decompile, or reverse assemble in any way any aspects of the Software Program, manual, or documentation. Any prior versions of the licensed Software Program, manual, or documentation (or any portion of the same) – such as the League Scoring System ("LSS") or the Franchise Management System – 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.

8. Reserved Rights. APA reserves all rights anywhere in the world relating to the Software Program and the APA IP that are not expressly granted in this License Agreement, whether now existing, or which may thereafter come into existence.

9. Follow the Rules. You are required to comply with any APA rules established from time to time that relate to the Software Program, including any updated policies that may appear in the Operations Manual, on the APA website or on other portals, or that are communicated to you in any other way by APA, or its designee.

10. Suspension of Access. APA reserves the right to immediately suspend access to the Software Program by you, and any or all of the Authorized Users that you designate, in order to protect the security and integrity of APA personnel, its System, facilities, and equipment as APA may determine in good faith is necessary. A breach or failure by you, or one of your designated Authorized Users, to comply with the terms of this License Agreement, or any other applicable terms shall be deemed a breach of this License Agreement and you shall be responsible for such breach and/or failure.

11. Confidential Proprietary Information. The Software Program is among APA's confidential and Proprietary Information. You and your Authorized Users shall not a) use any such Proprietary Information in any way for your own benefit except as authorized by this License Agreement and the Franchise Agreement; b) disclose any Proprietary Information to any unauthorized person. You shall inform all of your employees or contractors (and any others authorized by APA to have access to the Software Program) that the Software Program is confidential and proprietary information of APA and that they are prohibited from copying or using the Software 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 Software Program. **You agree to take all action reasonably necessary to protect the Proprietary Information including keeping credentials and login information secure.**

12. Infringement. APA will defend any third party 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 that 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, in 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.

13. Term and Termination. Unless terminated earlier according to its provisions, this License Agreement shall terminate when the Franchise Agreement terminates for any reason. In addition to the terms in the Franchise Agreement, the following applies. 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 Software Program by you, and any Authorized Users in the event you fail to timely pay amounts due APA, or you breach the Franchise Agreement or any other agreement with APA. In the event you breach this License Agreement, you shall pay APA's costs and expenses (including reasonable attorney's, expert witness, and arbitration fees) as they become due associated therewith. You are responsible for any taxes charged as a result of this License Agreement or the loan of the Software Program to you.

a. Termination Without Notice. In the event that APA's IP is compromised, or you cause some other exigent situation, APA may terminate your rights, and the rights of any Authorized Users, to access the Software Program and enjoy the benefits of

your APA Membership for any good faith reason, with or without notice, regardless of whether you breached any of your obligations under this License Agreement or other APA terms and conditions or agreements.

b. Termination with Notice. APA may terminate this License Agreement if you breach its terms in a manner that does not compromise APA's IP or involve some other exigent situation. APA will provide reasonable notice of your breach and an opportunity to cure.

c. Effect of Termination. Upon termination for any reason, you shall cease all use of the Software Program, verifiably and permanently delete (or allow APA full rights and access to permanently delete) the Software 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 Software Program, together with all records and data maintained through use of the Software Program, including records of league play, player and team performance and operations of your Franchised League.

d. Survival of Certain Conditions. Those provisions of this License Agreement that by their terms are intended to survive (such as the obligation to maintain Propriety Information in confidence, and to protect the integrity of the Software Program) shall survive the termination of this License Agreement for any reason.

14. Disclaimers – No Warranties. THE SOFTWARE PROGRAM AND ANY SUPPORTING DOCUMENTATION IS PROVIDED "AS IS" "WHERE IS" AND "WITH ALL FAULTS." APA MAKES NO, AND DISCLAIMS ALL, WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE (EVEN IF MADE AWARE OF THIS), TITLE, OR NON-INFRINGEMENT OF THIRD PARTIES' INTELLECTUAL PROPERTY RIGHTS OR OTHER PROPRIETARY RIGHTS. THIS LICENSE DOES NOT EXPRESS OR IMPLY ANY WARRANTY THAT THE OPERATION OF THE SOFTWARE PROGRAM WILL BE UNINTERRUPTED, TIMELY, OR ERROR-FREE. YOU AGREE THAT THESE DISCLAIMERS ARE REASONABLE AND A BASIS FOR US GRANTING YOU THIS LICENSE. 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 Software Program, or that it will meet your needs or our requirements in the future.

15. Limitations on Liability. IN NO EVENT SHALL APA BE LIABLE FOR ANY LOST PROFITS, REVENUE, OR DATA, OR OTHER INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY, INDIRECT, OR CONSEQUENTIAL DAMAGES UNDER THIS LICENSE, INCLUDING WITHOUT LIMITATION, ANY DAMAGES ARISING OUT OF OR RELATED TO THE SOFTWARE PROGRAM OR THE USE THEREOF. IN NO EVENT SHALL APA'S TOTAL LIABILITY TO YOU, WHETHER IN CONTRACT, TORT, (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED ONE HUNDRED US DOLLARS ($100.00). THESE LIMITATIONS ON LIABILITY SHALL APPLY EVEN IF APA HAS BEEN ADVISED

OR IS OTHERWISE AWARE OF THE POSSIBILITY OF DAMAGE IN EXCESS OF SUCH LIMITATIONS AND EVEN IF THE SOFTWARE PROGRAM FAILS. YOU AGREE THAT THESE LIMITATIONS ON LIABILTIY ARE REASONABLE AND A BASIS FOR US GRANTING YOU THIS LICENSE.

16. Miscellaneous.

a. Governing Law. This License Agreement is governed and interpreted by the laws of the United States (for federal actions) and the state laws of Missouri, without reference to its conflict of law rules.

b. Equitable Relief, Disputes.

i. Equitable Relief. The Software Program and APA's IP comprises APA's most valuable assets and contains trade secrets. You acknowledge that your breach of this Software License, the Franchise Agreement, the confidentiality restrictions or ownership rights of this Agreement and APA's policies would cause irreparable harm to APA, the extent of which would be impossible to assess. Accordingly, in addition to all other remedies available at law or in equity, APA is entitled to seek temporary or permanent injunctive and other equitable relief in any court of competent jurisdiction without posting a bond in excess of $1,000.

ii. Disputes. Except as provided above, any dispute regarding this License Agreement shall be governed by the dispute resolution terms in the Franchise Agreement.

c. Construction. If any provision of this License Agreement is determined to be unenforceable, such provision shall be amended to accomplish the objectives of such provision with the understanding that it is the parties' intent to protect APA's intellectual property rights to the fullest extent possible. All other provisions shall continue in full force and effect.

d. Relationship. This is a License Agreement between a franchisor and a franchisee and shall not be construed to make you an employee and you are not granted any authority to act for, bind, or otherwise create or assume any obligation for or on behalf of APA.

e. Beneficiaries. There are no third-party beneficiaries of this Agreement; provided however, that the disclaimers and limitations of liability for APA's benefit extend to APA's officers, directors, owners, employees, agents, affiliates, and suppliers.

f. No Assignment, Amendment, Waiver. You may not assign this License Agreement without APA's prior written consent. Any amendment must be signed by both parties. No waiver is valid unless signed by the party granting the waiver in a writing that clearly identifies the rights being waived. Failure or delay by APA to enforce any provision of this License Agreement will not be deemed a waiver of present or future enforcement of that or any other provision.

g. Export Laws, Export Control. The Software Program (and any of its components) may not be used or accessed except as authorized by United States and other applicable law. The Software Program may not be exported or re-exported into any US embargoed countries, or to anyone on the US Treasury Department's list of Specialty Designated Nationals or the US Department of Commerce's Denied Person's List or Entity List. You represent and warrant that you are not located in, under the control of, or a national or resident of any US embargoed country or on such list.

h. Entire Agreement. This License Agreement and the Franchise Agreement and the APA policies applicable to your use of the Software Program are the entire agreement between you and us regarding the Software Program. Any additional or conflicting terms that you may propose are not binding upon APA, are objected to, and hereby expressly rejected.

i. Notice. Any required notice or communication between the parties shall be in writing and either personally delivered or emailed with confirmation of receipt or sent via certified or registered US Mail with return receipt acknowledged, or by recognized courier (e.g., UPS, FedEx) prepaid with confirmation of receipt. The parties designate the following addresses for notices, or such other addresses and they may designate from time to time.

AMERICAN POOLPLAYERS ASSOCIATION, INC. 1000 Lake Saint Louis Blvd. Ste. 325 Lake Saint Louis, MO 63367 notices@poolplayers.com	LICENSEE _____ _____ _____ Email:

j. ACCEPT: By signing below, you agree to be bound by the terms of this License Agreement and all of its provisions and referenced policies and terms.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

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

AMERICAN POOLPLAYERS ASSOCIATION, FRANCHISEE:

INC.

_____	_____
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT J

AUTHORIZATION FOR DIRECT PAYMENTS

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: _____

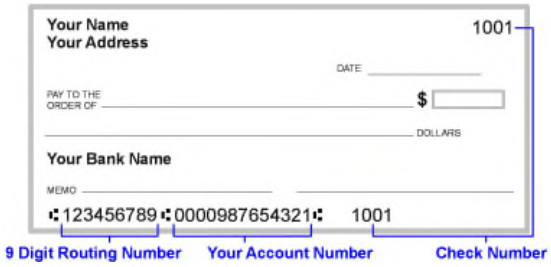
Checking/Savings Account Number: _____

Financial Institution (Bank) Routing Number: _____

Financial Institution City/State: _____

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

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

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) _____
Individually and jointly
Date: _____

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

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

_____
(Print Name) _____
Individually and jointly
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

CONSENT TO TRANSFER

Exhibit L

CONSENT TO TRANSFER, AGREEMENT, AND RELEASE

SELLER:_____
_____
(Specify name of selling Franchisee. If Franchisee is one or more individuals, state their names. If Franchisee is a corporation or limited liability company or other entity, state the entity's correct corporate name.)

SELLER'S OWNERS: _____
_____
(If the Franchisee is one or more individuals, leave blank. If Franchisee is a corporation or limited liability company or other entity, state the name(s) of the person(s) owning the entity)

PURCHASER: _____
_____
(Specify name of the individual(s) or the entity [corporation, limited liability company or other entity] purchasing the Franchised Pool League)

PURCHASER'S OWNERS: _____
_____

TERRITORY: _____
_____
(Describe the Franchised Territory being transferred, specifying the State and Counties. Include boundary lines if applicable or attach a more detailed description or map marked to show the Territory)

THIS AGREEMENT ("Agreement") is made by and among **SELLER**, **SELLER'S OWNERS** (collectively Seller and Seller's Owner will be referred to herein as "Seller"), **PURCHASER**, **PURCHASER'S OWNERS** (collectively Purchaser and Purchaser's Owners will be referred to herein as "Purchaser"), and **AMERICAN POOLPLAYERS ASSOCIATION, INC.** (referred to as "APA") (collectively, Seller, Purchaser and APA will be referred to herein as the "Parties") as of this ____ day of _____, 20___.

WHEREAS, Seller owns and operates an amateur pool league business in the Territory (the "Franchised Pool League") pursuant to a Franchise Agreement between Seller and APA dated _____ (referred to as "Seller's Franchise Agreement"); and

WHEREAS, Seller desires to sell to Purchaser all of Seller's Interest in the Franchised Pool League consistent with, and pursuant to the terms of Seller's Franchise Agreement (hereinafter "the Transfer"); and

WHEREAS, Seller and Purchaser have agreed to terms pursuant to which Seller has agreed to sell his/her/its/their interest in the Franchised Pool League, and all of the Franchised Pool League's assets

to Purchaser, and Purchaser would purchase from Seller Seller's interest in, and all of the assets of, the Franchised Pool League (the "Sales Agreement"); and

WHEREAS, Purchaser has executed, or will at or before the closing of the Transfer (the "Closing"), execute, APA's current Franchise Agreement, including, but not limited to, the Confidentiality and Non-Competition Agreement, the Software License Agreement and any documents memorializing the conditions placed on the Transfer by APA attached thereto, (collectively "Purchaser's Franchise Agreement"); and any documents agreed to by Seller and Purchaser memorializing the terms of the sale; and

WHEREAS, Seller, and Purchaser represent and agree that all awards and rewards for the 20___/20___ League Year due and owing to APA Members and teams playing in the Franchised Pool League have been or will be distributed and accounted for by Seller prior to the closing of the Transfer; and

WHEREAS, Seller and Purchaser desire APA's consent to the Transfer;

NOW THEREFORE, in consideration of the above representations, agreements and understandings, and other consideration stated herein below, the Parties agree as follows:

1. APA consents to the Transfer and accepts Purchaser as a franchisee for the Term provided in Purchaser's Franchise Agreement, subject to Purchaser's compliance with all terms and conditions contained in Purchaser's Franchise Agreement during the Term. Purchaser's Franchise Agreement shall become effective upon Closing of the Transfer.

2. Seller represents that at, before or after Closing, he/she/it/they will: 1) take all actions and execute all documents, necessary to fully transfer to Purchaser all of the Franchised Pool League's assets including, but not limited to, the money held in the Franchised Pool League's Players Fund; 2) pay to Purchaser all amounts due and owing to Purchaser on the date of the Closing at or before the Closing; and 3) pay all monies he/she/it/they or the Franchised Pool League, owe APA, including, but not limited to, royalties for all play that occurs prior to and on the effective date of the Transfer, and memberships paid by APA Members prior to, and on, the effective date of the Transfer. Seller and Purchaser represent to APA and agree that the amount of the Players Fund to be transferred to Purchaser at Closing of the Transfer will be in the amount of _____/100 Dollars ($_____) being the balance of the Players Fund at the time of the Transfer. Purchaser agrees that immediately upon the Closing Purchaser shall establish a bank account for the Players Fund and deposit into the account _____/100 Dollars ($_____). Purchaser agrees to, and shall be responsible for, demonstrating to APA that Purchaser has received the full amount of the Players Fund, that Purchaser has reviewed the portions of APA's Operations Manual (the "Operations Manual") describing Purchaser's obligations regarding the use and management of the Players Fund, and that Purchaser is maintaining the Players Fund in the Players Fund account consistent with Purchaser's obligations as stated in Purchaser's Franchise Agreement and the Operations Manual.

3. Seller agrees that at the Closing Seller will deliver to Purchaser all APA Software, Operations Manuals, System Standards and all other confidential and proprietary information of APA, together with all league books and records, including member, team and host location lists and records, and represents that Seller will not retain any copies of such materials or disclose any such information to anyone not expressly authorized to possess it or have knowledge of it.

4. Seller agrees and represents to Purchaser and APA that he/she/it/they will be responsible for paying for and distributing all awards and rewards due and owing to the APA Members and teams playing in the Franchised Pool League prior to the Closing of the Transfer, including without limitation all trophies, cash prizes, travel assistance to APA's Championship Events, patches, pins and other Players Fund Obligations due for the 20__/20__ League Year ("Players Fund Obligations"). Seller will notify Purchaser in writing at the Closing of any unfulfilled or unpaid Players Fund Obligations known to Seller at the time of Closing, and Seller will turn over to Purchaser all undistributed trophies, patches, pins and other award or reward items in Seller's possession. Except for those obligations identified by Seller in writing at closing, Seller represents that all Players Fund Obligations have been fully paid and distributed and that there are no unfulfilled or unpaid Players Fund Obligations still due and owing at the time of Closing. Purchaser shall be fully responsible for all Players Fund Obligations that become due and owing after the Closing for the 20__/20__ League Year. In the event that any unfulfilled or unpaid Players Fund Obligations from prior to the Closing remain after the Closing, Seller shall provide Purchaser with the awards and rewards owing or Purchaser may, at Purchaser's sole option, demand that Seller fully indemnify Purchaser for all costs incurred in satisfying any and all Players Fund Obligations. Purchaser shall have 90 days from closing of the Transfer to notify Seller in writing of any unfulfilled or unpaid pre-closing Players Fund Obligations discovered owed by Seller. Seller will only be liable to Purchaser for unfulfilled or unpaid Players Fund Obligations if notice is given to Seller within the 90-day period.

5. As required by Section 19.5(e) of Seller's Franchise Agreement, Seller shall execute and provide to APA the attached Non-Competition and Confidentiality Agreement (Exhibit A) at, or prior to, the Closing.

6. APA and Seller acknowledge and agree that the Seller's Franchise Agreement shall terminate upon the Closing and that only those terms and obligations specified in the Seller's Franchise Agreement as continuing after termination shall survive that termination.

7. In consideration of and in reliance upon the representations and agreements above, Seller hereby releases, remises, discharges and covenants not to sue APA or any affiliate of APA, as well as their respective subsidiaries, affiliates and sponsors, and their shareholders, directors, officers, employees and agents (hereinafter collectively the "Releasees" and each individually a "Releasee") from 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 Seller's Franchise Agreement or the relationship between APA and Seller; provided, however, nothing herein shall release or discharge APA from any continuing obligations under this agreement, under Seller's Franchise Agreement as of termination pursuant to Article 21, or Seller's Franchise Agreement as of termination pursuant to Article 21, or under the terms of Seller's Franchise Agreement that obligate APA to indemnify and hold Seller harmless from any third party claim brought against Seller after the expiration or termination of Seller's Franchise Agreement. If any claim or cause of action is asserted against any Releasee in violation of the releases given in this Paragraph, the Releasee shall be entitled to recover from the person asserting such claim or cause of action, attorneys fees and expenses incurred by the Releasee as a result of the assertion of such claim or cause of action. Such recovery of attorney's fees and expenses shall be in addition to any other damages the Releasee shall have suffered as a result of the breach.

8. In the event that the Seller and Purchaser fail to close on the Transfer, this Agreement shall become null, void and of no effect. This Agreement is binding upon and inures to the benefit of the

Parties hereto and, as applicable, their parents, subsidiaries, affiliates, agents, servants, successors, assigns, heirs, executors, administrators, and legal representatives. This Agreement may be executed in counterparts and such counterparts shall together constitute a single document. This is the entire agreement between the Parties and all negotiations, representations and understandings between them have been included. This Agreement may not be amended or modified orally, but only through a writing signed by all of the Parties.

9. Seller agrees to abide by, and both Seller and Purchaser acknowledge that, APA's policy restricting former League Operators from playing in APA will restrict Seller's Owners from participating in APA regular play for two (2) years, and in APA Higher Level Tournaments for five (5) years following the Closing.

THE PERSONS SIGNING THIS AGREEMENT REPRESENT THAT (A) THEY HAVE READ THIS AGREEMENT AND UNDERSTAND AND AGREE TO ITS TERMS, AND (B) THAT THEY HAVE THE AUTHORITY AND LEGAL CAPACITY TO SIGN THIS AGREEMENT AND MAKE THIS AGREEMENT BINDING UPON THE PARTIES.

SELLER:	**PURCHASER:**
_____	_____
Name	**Name**
Individually and as duly authorized representative of and agent for	**Individually and as duly authorized representative of and agent for**
_____	_____
(a limited liability company or corporation)	**(a limited liability company or corporation)**
Date:_____	**Date:**_____

FRANCHISOR:

AMERICAN POOLPLAYERS ASSOCIATION, INC.

By: _____
Greg Fletcher, President

(Exhibit A)

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT OF SELLER UPON TRANSFER

SELLER:_____
_____
(Specify name of selling Franchisee. If Franchisee is one or more individuals, state their names. If Franchisee is a corporation or limited liability company or other entity, state the entity's correct corporate name.)

SELLER'S OWNERS: _____
_____
(If the Franchisee is one or more individuals, leave blank. If Franchisee is a corporation or limited liability company or other entity, state the name(s) of the person(s) owning the entity)

PURCHASER: _____
_____
(Specify name of the individual(s) or the entity [corporation, limited liability company or other entity] purchasing the Franchised Pool League)

TERRITORY: _____
_____
(Describe the Franchised Territory being transferred, specifying the State and Counties. Include boundary lines if applicable or attach a more detailed description or map marked to show the Territory)

Seller, and Seller's Owners, in accordance with the terms of the Franchise Agreement with American Poolplayers Association, Inc. ("APA") and, further, in consideration of the sale of the Franchised Pool League Business to Purchaser and the consent of APA to that transfer, agrees as follows:

1. The term "Seller" in this Agreement refers to the Franchisee selling or transferring the Franchised Pool League Business. If the Franchisee is a corporation, limited liability company (LLC), or other entity, the term "Seller" includes, individually and collectively, the Franchisee entity and the individuals who own the Franchisee entity.

2. Seller represents and agrees that at Closing of the Transfer, Seller will deliver to Purchaser all APA Software, Operations Manuals, System Standards and all other confidential and proprietary information of APA, including without limitation all information relating to ***The Equalizer®*** scoring and handicapping system, together with all league books and records, including all member, team and host location lists, data and records (collectively the "Confidential Information"). Seller further represents and agrees that Seller has not retained any copies of any Confidential Information, and Seller has not disclosed any such Confidential Information to anyone else. Seller agrees that at all times: (a) Seller will keep strictly the Confidential Information strictly confidential and will not disclose any of the Confidential Information to others; and (b) Seller will not use or allow others to use any of the Confidential Information in any other business or capacity.

3. Seller agrees that for the Non-Competition Term (as defined in Paragraph 4), Seller will not, directly or indirectly, individually or collectively, (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 pool league, tournament or event or any business operating any pool league, tournament or event within 100 miles of the Territory's boundaries; (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 pool league play, tournament or events within 100 miles of the Territory's boundaries; 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.

4. Seller and Purchaser have agreed in the sale of the Franchised Pool League to payment of the agreed purchase price in installments over a period of _____ (_) years from the date of the Closing. As a result, Seller and Purchaser agree that the Non-Competition Term will extend for the full ___-year time period that Purchaser is making installment payments to Seller, unless Purchaser pays the full amount of the purchase price earlier than ___ years, in which case the Non-Competition Term will end when Purchaser's last payment is made. However, nothing in the preceding sentence will shorten the Non-Competition Term to less than two (2) years from the termination of Seller's affiliation with the Franchised Pool League as stated in Seller's Franchise Agreement. Seller acknowledges and agrees that the Non-Competition Term is fair and reasonable to Seller and will not unreasonably restrict Seller from being able to earn a living or seek other gainful employment if Seller wishes to do so.

5. Seller agrees that that APA and Purchaser are beneficiaries of this Agreement and either or both of them may enforce the terms of this Agreement in any court of competent jurisdiction. Seller agrees that injunctive relief preventing Seller's breach or compelling Seller's compliance with this Agreement may be entered. In the event of the breach of any term of this Agreement by Seller, the breaching Seller agrees to pay the reasonable attorney's fees incurred by APA and/or Purchaser in enforcing this Agreement, whether or not litigation is actually commenced. The foregoing, however, shall not limit the relief or damages of such party. Seller further agrees that the Purchaser and APA may advise any third-party of the existence of this Agreement and of its terms, and Seller releases APA and the Franchised League from any liability for doing so.

6. 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, Seller agrees 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 if the scope or duration were reduced, or the provision was otherwise modified, 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.

7. Seller agrees that the failure of the Purchaser or APA to exercise any of their rights under this Agreement in the event of any breach or any of the separate and distinct promises of this Agreement, or the failure of the Purchaser or APA to exercise any of their rights under any similar contracts with others,

shall not be construed as a waiver of any breach by Seller or prevent the Purchaser or APA from later enforcing strict compliance with any and all of the promises in this Agreement.

8. This Agreement is binding on the heirs, executors, administrators, and legal representatives of Seller. Further, Seller acknowledges that this Agreement shall be for the benefit of APA and Purchasers and their respective successors and assigns. This Agreement is supplemental and in addition to (and does not replace or supersede) any other non-competition agreement and obligations of Seller. Seller agrees that this Agreement does not constitute a contract of employment for a fixed term or otherwise.

IN SIGNING THIS AGREEMENT, THE SIGNATORIES REPRESENT AND WARRANT THAT THEY HAVE READ THIS AGREEMENT AND UNDERSTAND THE MEANING AND EFFECT OF THE TERMS OF THIS AGREEMENT.

SELLER:

_____
Name: _____

_____
Name: _____

Date: _____

EXHIBIT M

OPS MANUAL TOC

APA Operations Manual Table of Contents
May 4, 2025

Business Procedures

Bar or Pool Room Ownership/Management (3 pages)

Business Procedures (18 pages)

Insurance (23 pages)

Liability Claims or Threats of Litigation (8 pages)

Non-APA Tournaments & Events (3 pages)

Obligations of a Franchisee (4 pages)

Office Considerations & Procedures (24 pages)

Orienting Yourself for Business Success (8 pages)

Succession Planning (9 pages)

Taxes, Business Licenses, Fees and Permits (17 pages)

Technical Support & Nexus (7 pages)

Trademarks (7 pages)

Transfers of an Interest in Your League (30 pages)

Financial Procedures

Electronic Payments (6 pages)

Membership & Late Fees (11 pages)

Prize Money Funds (3 pages)

Weekly Reporting (4 pages)

Weekly Team Fees (13 pages)

Your Awards Program and Players Fund (24 pages)

Miscellaneous

Recognition Programs & Incentives for League Operators (37 pages)

League Operator Incentive Program Cutoff Dates (4 pages)

APA Operations Manual Table of Contents
May 4, 2025

League Operations

APA Division Representatives (11 pages)

APA Junior Divisions (5 pages)

Board of Governors (4 pages)

Creating Your Local Bylaws (22 pages)

Customer Service (16 pages)

Handicap Advisory Committee (6 pages)

League Patches & Player Recognition (2 pages)

Official Team Manual (1 page)

Other Formats (1 page)

Planning Your Calendar (11 pages)

Qualifying Structures (18 pages)

Renewal Procedures (2 pages)

Scheduling & Playoffs (4 pages)

Scorekeeping Clinics (15 pages)

Scoresheets-Messages & Delivery (4 pages)

Sexual Assault, Abuse, And Molestation (5 pages)

Sexual Harassment on League Night (6 pages)

Sportsmanship & Disciplinary Actions (24 pages)

Team Captains Meeting & Players Meeting (6 pages)

Handicap System

Understanding The Equalizer® Handicap System in 8-Ball (12 pages)

Understanding The Equalizer® Handicap System in 9-Ball (14 pages)

General Information Regarding the Handicap System (6 pages)

How to Catch a Sandbagger (13 pages)

APA Operations Manual Table of Contents
May 4, 2025

Marketing

Charitable Events (15 pages)

Competition (34 pages)

Facebook and Social Media (13 pages)

Fan Favorites (3 pages)

Image Building (25 pages)

League Materials (7 pages)

Membership Services (6 pages)

Networking (20 pages)

Press Releases (6 pages)

Team Building (26 pages)

Telemarketing (3 pages)

Sales Development & Retention

Active Sales & Marketing Plan (17 pages)

Cell Development (10 pages)

Franchise Development (28 pages)

Getting League Activity Started (18 pages)

Getting Ready for the Next Session (10 pages)

Goal Setting (11 pages)

Dealing with Stagnation (19 pages)

Selling to Host Locations (28 pages)

Working Effectively with Host Locations (33 pages)

APA Operations Manual Table of Contents
May 4, 2025

Tournaments & Other Formats

Championship Lowest Attainable System (2 pages)

Local Qualifier Program (26 pages)

Interleague Events (36 pages)

Team Tournaments (39 pages)

US Amateur Championship (11 pages)

World Tournament Rules (1 page)

Temporary Standards and Best Practices Relating to COVID-19

PlaySafe Precautions (2 pages)

EXHIBIT N

FRANCHISEE RELEASE

Exhibit N

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.

This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

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.

This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Dated: [DATE]

_____

FRANCHISEE

EXHIBIT O

ASSIGNMENT OF TELEPHONE NUMBERS, FAX NUMBERS…

EXHIBIT O
TO THE FRANCHISE AGREEMENT

ASSIGNMENT OF TELEPHONE NUMBERS, FACSIMILE NUMBERS, EMAIL ADDRESSES, URLS, AND SOCIAL MEDIA ACCESS CREDENTIALS; SPECIAL POWER OF ATTORNEY

1. _____ [Your legal name] ("**you**"), to induce AMERICAN POOLPLAYERS ASSOCIATION, INC. ("**we** or **us**") to grant you a franchise, hereby assign to us all telephone numbers, facsimile numbers, email addresses, URLs and online and social-media resources and access credentials, where you advertise, publicize, or otherwise make yourself known to customers or the public in the operation of an APA Franchised League, both now and in the future, in the Territory where the Franchised League is operated.

2. This assignment will automatically become effective immediately upon issuance of a notice of termination of the Franchise Agreement (meaning termination, expiration, or nonrenewal of your Franchise Agreement) for your Franchised League. When the term of your Franchise Agreement is terminated, you agree to do whatever is necessary to cause the companies providing service to your Franchised League to promptly transfer your telephone number(s), facsimile number(s), email address(es), URL(s), online and social media resources and associated directory and any other listings to us or our designee.

3. You agree to pay such service providers, on or before the date when the term of your Franchise Agreement is terminated, all amounts you owe them in connection with the service, account, listing, directory, resources, or directories as the case may be. You further agree to indemnify us for any amounts, obligations, or expenses, including legal fees that we must pay the service providers before the service providers will carry out this assignment.

4. You appoint us as your attorney-in-fact to sign any documents and do anything(s) necessary to carry out this assignment if you fail to sign or to do them within three (3) business days after the date of a notice of termination or other expiration or termination of the term of your Franchise Agreement. You further agree to indemnify us for any expenses, including reasonable attorneys' fees, that we incur which would not have been incurred if you had performed as promised under this assignment.

Dated: _____

By: _____

Name: _____

Its: _____

EXHIBIT P

APA FINANCIAL STATEMENTS FOR 2024, 2023 AND 2022

AMERICAN POOLPLAYERS ASSOCIATION, INC.

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2024 AND 2023

Contents

	Page
Independent Auditors' Report	1 - 3
Financial Statements	
Balance Sheets	4
Statements of Income and Retained Earnings	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 16
Supplementary Information	
Schedules of Operating Expenses	17

ANDERS
CPAs + ADVISORS

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of American Poolplayers Association, Inc., which comprise the balance sheets as of December 31, 2024 and 2023, 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.

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, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Poolplayers Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Poolplayers Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

March 13, 2025

American Poolplayers Association, Inc.
Balance Sheets
December 31, 2024 and 2023

Assets

	2024	2023
Current Assets		
Cash	$ 9,390,275	$ 11,381,803
Short-term investments	7,037,000	4,524,000
Accounts receivable	1,048,088	1,014,571
League materials	181,504	134,818
Notes receivable - current	50,582	20,533
Due from related party	159,609	224,679
Prepaid expenses and other current assets	310,229	257,726
Total Current Assets	18,177,287	17,558,130
Property and Equipment, net	489,867	695,465
Notes Receivable	335,284	355,403
Other Asset	178,000	178,000
Operating Right-of-Use Assets	1,316,302	1,538,819
Total Assets	$ 20,496,740	$ 20,325,817

Liabilities and Stockholders' Equity

Current Liabilities		
Current maturities of operating lease liabilities	$ 229,804	$ 215,094
Accounts payable	2,131,175	1,469,639
Accrued expenses	382,138	367,559
Accrued taxes	121,620	181,860
Deferred revenue	5,178,613	5,009,019
Total Current Liabilities	8,043,350	7,243,171
Long-term Operating Lease Liabilities	1,126,012	1,355,815
Total Liabilities	9,169,362	8,598,986
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	11,315,078	11,714,531
Total Stockholders' Equity	11,327,378	11,726,831
Total Liabilities and Stockholders' Equity	$ 20,496,740	$ 20,325,817

American Poolplayers Association, Inc.
Statements of Income and Retained Earnings
Years Ended December 31, 2024 and 2023

	2024	2023
Revenue		
Membership	$ 7,295,828	$ 7,010,867
Royalties	11,988,665	10,745,382
Tournament	4,668,659	4,087,979
Sponsorship	49,417	42,765
Services to related party	243,336	326,896
Franchise fee	208,894	258,170
Other revenue	695,455	651,918
Total Revenue	25,150,254	23,123,977
Operating Expenses	18,093,018	15,817,013
Income from Operations	7,057,236	7,306,964
Other Income (Loss)		
Interest income	773,210	662,271
Loss on disposition of equipment	-	(6,535)
Total Other Income	773,210	655,736
Income before Income Taxes	7,830,446	7,962,700
Provision for Income Taxes	167,443	173,685
Net Income	7,663,003	7,789,015
Retained Earnings, Beginning of Year	11,714,531	10,249,078
Distributions to Stockholders	(8,062,456)	(6,323,562)
Retained Earnings, End of Year	$ 11,315,078	$ 11,714,531

American Poolplayers Association, Inc.
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Net income	$ 7,663,003	$ 7,789,015
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	285,582	303,004
Noncash lease expense	7,424	39,155
Loss on disposal of equipment	-	6,535
(Increase) decrease in assets		
Accounts receivable	(90,425)	(25,686)
League materials	(46,686)	12,118
Due from related party	65,070	(65,874)
Prepaid expenses and other current assets	(52,503)	1,220,011
Increase (decrease) in liabilities		
Accounts payable	661,536	189,528
Accrued expenses	14,579	58,818
Accrued taxes	(60,240)	51,840
Deferred revenue	169,594	900,497
Net Cash Provided by Operating Activities	8,616,934	10,478,961
Cash Flows From Investing Activities		
Purchases of short-term investments	(7,037,000)	(4,524,000)
Proceeds from sales of short-term investments	4,524,000	3,165,000
Purchases of property and equipment	(79,984)	(156,771)
Payments on notes receivable	46,978	19,258
Net Cash Used in Investing Activities	(2,546,006)	(1,496,513)
Cash Flows From Financing Activities		
Distributions to stockholders	(8,062,456)	(6,323,562)
Net Cash Used in Financing Activities	(8,062,456)	(6,323,562)
Net Increase (Decrease) in Cash	(1,991,528)	2,658,886
Cash, Beginning of Year	11,381,803	8,722,917
Cash, End of Year	$ 9,390,275	$ 11,381,803
Supplemental Disclosures of Cash Flow Information		
Cash paid for income taxes	$ 119,370	$ 77,683

Noncash Operating and Investing Activities

During 2024 and 2023, the Company converted $56,908 and $849, respectively, of its accounts receivable to interest-bearing notes receivable.

During 2023, the Company capitalized right-of-use assets of $599,953 for assets under operating leases with corresponding lease liabilities for the same amount.

American Poolplayers Association, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

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, as well as Singapore and 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

Variable Interest Entities

The Company has elected the private company alternative not to apply variable interest entity ("VIE") guidance issued by the FASB on the consolidation of legal entities under common control arrangements. The alternative guidance issued by the FASB allows the Company, as a private entity, to elect an alternative not to apply VIE guidance to a legal entity if the Company and the legal entity are under common control. In addition, indirect interest held through related parties in common control arrangements are required to be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests.

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 credit loss expense in the statements of income and retained earnings.

The Company provides an allowance for credit losses equal to the estimated losses that will be incurred in the collection of accounts receivable, if any. The allowance is based on multiple factors, including historical experience, the credit quality of the customer base, the aging of accounts receivable, current economic conditions, and management's expectations of conditions in the future, as applicable. The allowance and associated accounts receivable are reduced when the receivables are determined to be uncollectible.

The Company's accounts receivable are disaggregated and pooled by aging categories. Accounts past due 90 days or more are evaluated for loss individually on a customer by customer basis. For all other aging categories, the risk of loss is assessed over the contractual life of the accounts receivable and the historical loss amounts for each pool are adjusted for current and future conditions based on management's qualitative considerations.

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 credit 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. There was no accrued interest receivable on notes receivable balances at December 31, 2024 and 2023.

The Company provides an allowance for credit 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, current economic conditions, as well as management's expectations of conditions in the future, as applicable. 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, 2024 and 2023, no notes are delinquent or considered impaired.

The notes do not accrue interest once management believes, after considering economic conditions, business conditions, and collection efforts, that the notes are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is written off. There were no such write-offs in 2024 and 2023. Interest income on these loans are recognized only to the extent cash payments are received. At December 31, 2024 and 2023, 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 shorter of the life of the related asset or the term of the lease.

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

Classification	Years
Leasehold improvements	2-40
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, which are between five and fifteen years. Amortization expense for the year ended December 31, 2023 totaled $113. Intangible assets were fully amortized at December 31, 2023.

Leases

The Company leases office and warehouse space and equipment under various operating leases. The Company assesses whether an arrangement qualifies as a lease (conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are modified. The Company has recognized liabilities representing the future lease payments and right-of-use ("ROU") assets representing its right to use the underlying assets for the lease term. As most of the leases do not provide an implicit rate, the Company elected to use the practical expedient to use the risk-free rate of return at the commencement date in determining the present value of lease payments. The Company has elected to treat leases with an initial term of 12 months or less as short term leases and are not recorded on the balance sheet. Lease expense is recognized on a straight-line basis over the lease term for short term leases, and variable lease expenses are recognized in the period in which they are incurred.

The Company's leases include one or more options to renew, with renewal terms that can extend the leases for a fixed period of three to five years. The exercise of lease renewal options is at the Company’s sole discretion. The Company has determined certain lease renewal options will be exercised, and have included them in the ROU asset and lease liability. In determining which renewal options the Company is likely to execute, management reviewed the need for the location, the leasehold improvements at that location, the cost to move operations at that facility, and the possibility of relocation.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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. Management does not believe any impairment exists as of December 31, 2024 or 2023.

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 capitalizes these fees upon collection from the franchisee, which are then amortized 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, 2024 and 2023 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 $337,252 and $394,029 for the years ended December 31, 2024 and 2023, 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 ("IRC"). Earnings and losses after the date of election are included in the personal income tax returns of the stockholders. The Company does file with various states and cities incurring corporate franchise, excise and state income 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, 2024 and 2023, 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 statements 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 2021. As of and for the years ended December 31, 2024 and 2023, 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.

Due to statute changes in the states of Missouri, Illinois, Maryland and North Carolina, effective for tax years ending December 31, 2022 and later, the Company can make an annual election to be taxed at the entity level through a pass-through entity tax. During the years ended December 31, 2024 and 2023, the Company elected to be taxed at the entity level and paid $117,821 and $119,370, respectively, for taxes which are included in the Company's statements of income and retained earnings as provision for income taxes.

Subsequent Events

The Company has evaluated subsequent events through March 13, 2025, the date the financial statements were available to be issued.

3. Contract Assets and Liabilities

Accounts receivable and deferred revenue at December 31, are as follows:

	2024	2023	2022
Accounts receivable	$ 1,048,088	$ 1,014,571	$ 989,734
Deferred revenue	5,178,613	5,009,019	4,108,522

4. Property and Equipment

Property and equipment at December 31, is as follows:

	2024	2023
Leasehold improvements	$ 60,632	$ 60,632
Machinery and equipment	124,922	126,100
Computer hardware and software	4,184,548	4,193,273
Construction in progress - leasehold improvements	93,415	63,635
Furniture and fixtures	195,441	196,011
Automobiles	93,627	93,627
	4,752,585	4,733,278
Less accumulated depreciation and amortization	4,262,718	4,037,813
	$ 489,867	$ 695,465

Depreciation and amortization expense for the years ended 2024 and 2023 totaled $285,582 and $302,891, respectively.

5. Leases

The Company leases office and warehouse space and equipment under various operating leases. The following summarizes the weighted average remaining lease term and discount rate as of December 31,:

	2024	2023
Weighted Average Remaining Lease Term		
Operating leases	6.48 years	7.32 years
Weighted Average Discount Rate		
Operating leases	3.28%	3.35%

The maturities of lease liabilities as of December 31, 2024, are as follows:

Years Ending December 31	Operating
2025	$ 269,590
2026	275,810
2027	282,152
2028	288,682
2029	85,796
Thereafter	274,500
Total lease payments	1,476,530
Less: present value discount	120,714
Present Value of Lease Liabilities	$ 1,355,816

The components of lease expense for the years ended December 31, are as follows:

	2024	2023
Operating Lease Expenses:		
Operating lease expense	$ 270,558	$ 298,243
Short-term lease expense	37,544	26,255
Total lease expense	$ 308,102	$ 324,498

The following summarizes cash flow information related to leases for the years ended December 31,:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 263,134	$ 259,088

6. Notes Receivable

Notes receivable at December 31, are as follows:

	2024	2023
Unsecured notes receivable, interest ranging from 0.00 - 9.75 percent, weekly payments ranging from $400 - $830 including principal and interest, paid on various dates through July 2, 2025.	$ 30,463	$ -
Related party note receivable, interest of 2.19 percent, monthly payments of $2,317 including principal and interest, payments due through March 2040.	355,403	375,936
Less current portion	50,582	20,533
	$ 335,284	$ 355,403

7. 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 entities 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 $243,336 and $326,896 for the years ended December 31, 2024 and 2023, respectively.

Due from Related Party

At December 31, 2024 and 2023, the amount due from a related party under common ownership was $159,609 and $219,847, 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 in December 2030 with monthly lease payments of $3,750. There is an option to renew the initial term of the lease for a period of five years with monthly payments of $3,825. The Company anticipates they will exercise that option to extend the lease term through December 2035. The Company made rental payments totaling $45,000 to APAS for each of the years ended December 31, 2024 and 2023.

The Company also has a note receivable with APAS totaling $355,403 and $375,936 at December 31, 2024 and 2023, respectively, as indicated in Note 6.

8. Retirement Plan

The Company maintains a contributory retirement savings plan under Section 401(k) of the IRC covering substantially all employees who meet certain eligibility requirements. Employer contributions to the plan totaled $131,015 and $120,436 for the years ended December 31, 2024 and 2023, respectively.

9. 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, 2024, there were cash balances of $8,291,224 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, 2024.

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, 2024, there were no CDs in excess of FDIC limits.

American Poolplayers Association, Inc.
Schedules of Operating Expenses
Years Ended December 31, 2024 and 2023

	2024	2023
Salaries and benefits	$ 8,396,583	$ 7,087,376
Tournament expense	5,142,087	4,530,608
Advertising	337,252	394,029
League development	887,573	863,224
Software development	1,663,645	1,340,167
Depreciation and amortization	285,582	303,004
Occupancy and lease expense	384,714	397,328
Repairs and maintenance	207,595	173,888
Professional fees	554,142	500,924
Other operating expense	233,845	226,465
	$ 18,093,018	$ 15,817,013

AMERICAN POOLPLAYERS ASSOCIATION, INC.

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2023 AND 2022

Contents

	Page
Independent Auditors' Report	1 - 3
Financial Statements	
Balance Sheets	4
Statements of Income and Retained Earnings	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 17
Supplementary Information	
Schedules of Operating Expenses	18

ANDERS
CPAs + ADVISORS

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of American Poolplayers Association, Inc., which comprise the balance sheets as of December 31, 2023 and 2022, 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.

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, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Poolplayers Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Poolplayers Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

March 14, 2024

American Poolplayers Association, Inc.
Balance Sheets
December 31, 2023 and 2022

Assets

	2023	2022
Current Assets		
Cash	$ 11,381,803	$ 8,722,917
Short-term investments	4,524,000	3,165,000
Accounts receivable	1,014,571	989,734
League materials	134,818	146,936
Notes receivable - current	20,533	19,258
Due from related party	224,679	158,805
Prepaid expenses and other current assets	257,726	1,477,737
Total Current Assets	17,558,130	14,680,387
Property and Equipment, net	695,465	848,120
Notes Receivable	355,403	375,087
Other Asset	178,000	178,000
Intangible Assets, net	-	113
Operating Right-of-Use Assets	1,538,819	1,216,819
Total Assets	$ 20,325,817	$ 17,298,526

Liabilities and Stockholders' Equity

Current Liabilities		
Current maturities of operating lease liabilities	$ 215,094	$ 241,866
Accounts payable	1,469,639	1,280,111
Accrued expenses	367,559	308,741
Accrued taxes	181,860	130,020
Deferred revenue	5,009,019	4,108,522
Total Current Liabilities	7,243,171	6,069,260
Long-term Operating Lease Liabilities	1,355,815	967,888
Total Liabilities	8,598,986	7,037,148
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	11,714,531	10,249,078
Total Stockholders' Equity	11,726,831	10,261,378
Total Liabilities and Stockholders' Equity	$ 20,325,817	$ 17,298,526

American Poolplayers Association, Inc.
Statements of Income and Retained Earnings
Years Ended December 31, 2023 and 2022

	2023	2022
Revenue		
Membership	$ 7,010,867	$ 5,452,655
Royalties	10,745,382	9,351,275
Tournament	4,087,979	3,373,805
Sponsorship	42,765	37,732
Services to related party	326,896	159,789
Franchise fee	258,170	185,188
Other revenue	651,918	771,090
Total Revenue	23,123,977	19,331,534
Operating Expenses	15,817,013	13,840,372
Income from Operations	7,306,964	5,491,162
Other Income (Loss)		
Interest income	662,271	118,590
Gain (loss) on disposition of equipment	(6,535)	1,500
Other income	-	1,220,744
Total Other Income	655,736	1,340,834
Income before Income Taxes	7,962,700	6,831,996
Provision for Income Taxes	173,685	111,469
Net Income	7,789,015	6,720,527
Retained Earnings, Beginning of Year	10,249,078	10,527,748
Distributions to Stockholders	(6,323,562)	(6,999,197)
Retained Earnings, End of Year	$ 11,714,531	$ 10,249,078

American Poolplayers Association, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Net income	$ 7,789,015	$ 6,720,527
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	303,004	285,123
Noncash lease expense	39,155	(7,065)
(Gain) loss on disposal of equipment	6,535	(1,500)
(Increase) decrease in assets		
Accounts receivable	(25,686)	(223,809)
League materials	12,118	26,233
Due from related party	(65,874)	(57,052)
Prepaid expenses and other current assets	1,220,011	(937,237)
Increase (decrease) in liabilities		
Accounts payable	189,528	498,228
Accrued expenses	58,818	123,202
Accrued taxes	51,840	14,819
Deferred revenue	900,497	1,347,545
Net Cash Provided by Operating Activities	10,478,961	7,789,014
Cash Flows From Investing Activities		
Purchases of short-term investments	(4,524,000)	(3,165,000)
Proceeds from sales of short-term investments	3,165,000	1,573,560
Purchases of property and equipment	(156,771)	(105,196)
Proceeds from sale of equipment	-	1,500
Payments on notes receivable	19,258	43,949
Net Cash Used in Investing Activities	(1,496,513)	(1,651,187)
Cash Flows From Financing Activities		
Distributions to stockholders	(6,323,562)	(6,999,197)
Net Cash Used in Financing Activities	(6,323,562)	(6,999,197)
Net Increase (Decrease) in Cash	2,658,886	(861,370)
Cash, Beginning of Year	8,722,917	9,584,287
Cash, End of Year	$ 11,381,803	$ 8,722,917
Supplemental Disclosures of Cash Flow Information		
Cash paid for income taxes	$ 77,683	$ -

Noncash Operating and Investing Activities

During 2023, the Company converted $849 of its accounts receivable to interest-bearing notes receivable.

During 2023 and 2022, the Company capitalized a right-of-use assets of $599,953 and $1,462,574, respectively, for assets under operating leases with corresponding lease liabilities for the same amounts.

American Poolplayers Association, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

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, as well as Singapore and 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

Variable Interest Entities

The Company has elected the private company alternative not to apply variable interest entity ("VIE") guidance issued by the FASB on the consolidation of legal entities under common control arrangements. The alternative guidance issued by the FASB allows the Company, as a private entity, to elect an alternative not to apply VIE guidance to a legal entity if the Company and the legal entity are under common control. In addition, indirect interest held through related parties in common control arrangements are required to be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests.

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 credit loss expense in the statements of income and retained earnings.

The Company provides an allowance for credit losses equal to the estimated losses that will be incurred in the collection of accounts receivable, if any. The allowance is based on multiple factors, including historical experience, the credit quality of the customer base, the aging of accounts receivable, current economic conditions, and management's expectations of conditions in the future, as applicable. The allowance and associated accounts receivable are reduced when the receivables are determined to be uncollectible.

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 credit 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. There was no accrued interest receivable on notes receivable balances at December 31, 2023 and 2022.

The Company provides an allowance for credit 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, current economic conditions, as well as management's expectations of conditions in the future, as applicable. 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, 2023 and 2022, no notes are delinquent or considered impaired.

The notes do not accrue interest once management believes, after considering economic conditions, business conditions, and collection efforts, that the notes are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is written off. There were no such write-offs in 2023 and 2022. Interest income on these loans are recognized only to the extent cash payments are received. At December 31, 2023 and 2022, 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 shorter of the life of the related asset or the term of the lease.

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

Classification	Years
Leasehold improvements	2-40
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, 2023 or 2022.

Leases

The Company leases office and warehouse space and equipment under various operating leases. The Company assesses whether an arrangement qualifies as a lease (conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are modified. The Company has recognized liabilities representing the future lease payments and right-of-use ("ROU") assets representing its right to use the underlying assets for the lease term. As most of the leases do not provide an implicit rate, the Company elected to use the practical expedient to use the risk-free rate of return at the commencement date in determining the present value of lease payments. The Company has elected to treat leases with an initial term of 12 months or less as short term leases and are not recorded on the balance sheet. Lease expense is recognized on a straight-line basis over the lease term for short term leases, and variable lease expenses are recognized in the period in which they are incurred.

The Company's leases include one or more options to renew, with renewal terms that can extend the leases for a fixed period of three to five years. The exercise of lease renewal options is at the Company’s sole discretion. The Company has determined certain lease renewal options will be exercised, and have included them in the ROU asset and lease liability. In determining which renewal options the Company is likely to execute, management reviewed the need for the location, the leasehold improvements at that location, the cost to move operations at that facility, and the possibility of relocation.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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. Management does not believe any impairment exists as of December 31, 2023 or 2022.

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 capitalizes these fees upon collection from the franchisee, which are then amortized 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, 2023 and 2022 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 $394,029 and $395,161 for the years ended December 31, 2023 and 2022, 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 ("IRC"). Earnings and losses after the date of election are included in the personal income tax returns of the stockholders. The Company does file with various states and cities incurring corporate franchise, excise and state income 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, 2023 and 2022, 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 statements 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 2020. As of and for the years ended December 31, 2023 and 2022, 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.

Due to statute changes in the states of Missouri, Illinois, Maryland and North Carolina, effective for tax years ending December 31, 2022 and later, the Company can make an annual election to be taxed at the entity level through a pass-through entity tax. During the years ended December 31, 2023 and 2022, the Company elected to be taxed at the entity level and paid $119,370 and $77,683, respectively, for taxes which are included in the Company's statements of income and retained earnings as provision for income taxes.

Subsequent Events

The Company has evaluated subsequent events through March 14, 2024, the date the financial statements were available to be issued.

3. Change in Accounting Principle

Effective January 1, 2023, the Company adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. FASB ASC 326 replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of future credit losses for the remaining estimated lives of financial assets based on relevant information about historical experience, current conditions, and reasonable and supportable financial forecasts that affect the collectibility of the reported amounts. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost. Such assets are presented at the net amount expected to be collected over their remaining contractual lives using an allowance for credit losses.

The Company elected to adopt FASB ASC 326 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning after January 1, 2023 are presented under FASB ASC 326, while prior period amounts continue to be reported in accordance with previously applicable accounting standards. The adoption of FASB ASC 326, resulted in no change in the allowance for credit losses.

4. Contract Assets and Liabilities

Accounts receivable and deferred revenue at December 31, are as follows:

	2023	2022	2021
Accounts receivable	$ 1,014,571	$ 989,734	$ 765,925
Deferred revenue	5,009,019	4,108,522	2,760,977

5. Property and Equipment

Property and equipment at December 31, is as follows:

	2023	2022
Leasehold improvements	$ 60,632	$ 60,632
Machinery and equipment	126,100	108,934
Computer hardware and software	4,193,273	4,142,703
Construction in progress - leasehold improvements	63,635	1,800
Furniture and fixtures	196,011	272,020
Automobiles	93,627	93,627
	4,733,278	4,679,716
Less accumulated depreciation and amortization	4,037,813	3,831,596
	$ 695,465	$ 848,120

Depreciation and amortization expense for the years ended 2023 and 2022 totaled $302,891 and $284,728, respectively.

6. Leases

The Company leases office and warehouse space and equipment under various operating leases. The following summarizes the weighted average remaining lease term and discount rate as of December 31,:

	2023	2022
Weighted Average Remaining Lease Term		
Operating leases	7.32 years	7.49 years
Weighted Average Discount Rate		
Operating leases	3.35%	1.60%

The maturities of lease liabilities as of December 31, 2023, are as follows:

Years Ending December 31	Operating
2024	$ 263,134
2025	269,590
2026	275,810
2027	282,152
2028	288,682
Thereafter	360,296
Total lease payments	1,739,664
Less: present value discount	(168,755)
Present Value of Lease Liabilities	$ 1,570,909

The components of lease expense for the years ended December 31, are as follows:

	2023	2022
Operating Lease Expenses:		
Operating lease expense	$ 298,243	$ 266,943
Short-term lease expense	26,255	22,542
Total lease expense	$ 324,498	$ 289,485

The following summarizes cash flow information related to leases for the years ended December 31,:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 259,088	$ 274,008

7. Notes Receivable

Notes receivable at December 31, are as follows:

	2023	2022
Related party note receivable, interest of 2.19 percent, monthly payments of $2,317 including principal and interest, payments due through March 2040.	$ 375,936	$ 394,345
Less current portion	20,533	19,258
	$ 355,403	$ 375,087

8. Intangible Assets

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

	2023		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:			
Copyrights and trademarks	$ 13,169	$ 13,169	$ -

	2022		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:			
Copyrights and trademarks	$ 13,169	$ 13,056	$ 113

Copyrights and trademarks are being amortized over 5-15 years. Amortization expense totaled $113 and $395 for the years ended December 31, 2023 and 2022, respectively.

9. CARES Act Funding

On March 27, 2020 the Coronavirus, Aid, Relief, and Economic Security ("CARES") Act was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, provided Employee Retention Credits ("ERCs") to domestic businesses and organizations. These ERCs are refundable tax credits that can be taken against employment taxes and applied to qualified wages. As of and for the year ended December 31, 2022, the ERCs totaled $1,220,744, and are included in prepaid expenses and other current assets of the accompanying balance sheet and other income on the accompanying statement of income and retained earnings. There were no ERCs as of and for the year ended December 31, 2023

10. 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 entities 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 $326,896 and $159,789 for the years ended December 31, 2023 and 2022, respectively.

Due from Related Party

At December 31, 2023 and 2022, the amount due from a related party under common ownership was $224,679 and $158,805, 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 in December 2030 with monthly lease payments of $3,750. There is an option to renew the initial term of the lease for a period of five years with monthly payments of $3,825. The Company anticipates they will exercise that option to extend the lease term through December 2035.

The Company also has a note receivable with APAS totaling $375,936 and $394,345 at December 31, 2023 and 2022, respectively, as indicated in Note 7.

11. Retirement Plan

The Company maintains a contributory retirement savings plan under Section 401(k) of the IRC covering substantially all employees who meet certain eligibility requirements. Employer contributions to the plan totaled $120,436 and $115,424 for the years ended December 31, 2023 and 2022, respectively.

12. 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, 2023, there were cash balances of $10,654,576 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, 2023.

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, 2023, there were no CDs in excess of FDIC limits.

American Poolplayers Association, Inc.
Schedules of Operating Expenses
Years Ended December 31, 2023 and 2022

	2023	2022
Salaries and benefits	$ 7,087,376	$ 6,509,767
Tournament expense	4,530,608	4,031,303
Advertising	394,029	395,161
League development	863,224	776,895
Software development	1,340,167	682,325
Depreciation and amortization	303,004	285,123
Occupancy and lease expense	397,328	367,806
Repairs and maintenance	173,888	183,907
Professional fees	500,924	434,984
Other operating expense	226,465	173,101
	$ 15,817,013	$ 13,840,372

AMERICAN POOLPLAYERS ASSOCIATION, INC.

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2022 AND 2021

Contents

	Page
Independent Auditors' Report	1 - 3
Financial Statements	
Balance Sheets	4
Statements of Income and Retained Earnings	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 18
Supplementary Information	
Schedules of Operating Expenses	19

ANDERS
CPAs + ADVISORS

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of American Poolplayers Association, Inc., which comprise the balance sheets as of December 31, 2022 and 2021, 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.

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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of American Poolplayers Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Poolplayers Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report 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.

March 20, 2023

American Poolplayers Association, Inc.
Balance Sheets
December 31, 2022 and 2021

Assets

	2022	2021
Current Assets		
Cash	$ 8,722,917	$ 9,584,287
Short-term investments	3,165,000	1,573,560
Accounts receivable	989,734	765,925
League materials	146,936	173,169
Notes receivable - current	19,258	38,625
Due from related party	158,805	101,753
Prepaid expenses and other current assets	1,477,737	540,500
Total Current Assets	14,680,387	12,777,819
Property and Equipment, net	848,120	1,027,652
Notes Receivable	375,087	399,669
Other Asset	178,000	178,000
Intangible Assets, net	113	508
Operating Right-of-Use Assets	1,216,819	-
Total Assets	$ 17,298,526	$ 14,383,648

Liabilities and Stockholders' Equity

Current Liabilities		
Current maturities of operating lease liabilities	$ 241,866	$ -
Accounts payable	1,280,111	781,883
Accrued expenses	308,741	185,539
Accrued taxes	130,020	115,201
Deferred revenue	4,108,522	2,760,977
Total Current Liabilities	6,069,260	3,843,600
Long-term Operating Lease Liabilities	967,888	-
Total Liabilities	7,037,148	3,843,600
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	10,249,078	10,527,748
Total Stockholders' Equity	10,261,378	10,540,048
Total Liabilities and Stockholders' Equity	$ 17,298,526	$ 14,383,648

American Poolplayers Association, Inc.
Statements of Income and Retained Earnings
Years Ended December 31, 2022 and 2021

	2022	2021
Revenue		
Membership	$ 5,452,655	$ 5,019,137
Royalties	9,351,275	7,314,092
Tournament	3,373,805	4,397,092
Sponsorship	37,732	18,095
Services to related party	159,789	153,333
Franchise fee	185,188	172,856
Other revenue	771,090	544,835
Total Revenue	19,331,534	17,619,440
Operating Expenses	13,840,372	12,591,215
Income from Operations	5,491,162	5,028,225
Other Income		
Interest income	118,590	11,950
Gain on disposition of equipment	1,500	300
Other income	1,220,744	1,283,044
Total Other Income	1,340,834	1,295,294
Income before Income Taxes	6,831,996	6,323,519
Provision for Income Taxes	111,469	32,860
Net Income	6,720,527	6,290,659
Retained Earnings, Beginning of Year	10,527,748	5,181,915
Distributions to Stockholders	(6,999,197)	(944,826)
Retained Earnings, End of Year	$ 10,249,078	$ 10,527,748

American Poolplayers Association, Inc.
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Net income	$ 6,720,527	$ 6,290,659
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	285,123	274,621
Noncash lease expense	(7,065)	-
Paycheck Protection Program loan forgiveness	-	(964,600)
Gain on disposal of equipment	(1,500)	(300)
(Increase) decrease in assets		
Accounts receivable	(223,809)	(497,872)
League materials	26,233	(17,984)
Due from related party	(57,052)	(22,146)
Prepaid expenses and other current assets	(937,237)	(191,147)
Increase (decrease) in liabilities		
Accounts payable	498,228	254,589
Accrued expenses	123,202	(29,070)
Accrued taxes	14,819	84,503
Deferred revenue	1,347,545	(528,334)
Net Cash Provided by Operating Activities	7,789,014	4,652,919
Cash Flows From Investing Activities		
Purchases of short-term investments	(3,165,000)	(3,306,050)
Proceeds from sales of short-term investments	1,573,560	4,967,490
Purchases of property and equipment	(105,196)	(171,652)
Proceeds from sale of equipment	1,500	-
Payments on notes receivable	43,949	34,492
Net Cash Provided by (Used in) Investing Activities	(1,651,187)	1,524,280
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program loan	-	964,600
Distributions to stockholders	(6,999,197)	(944,826)
Net Cash Provided by (Used in) Financing Activities	(6,999,197)	19,774
Net Increase (Decrease) in Cash	(861,370)	6,196,973
Cash, Beginning of Year	9,584,287	3,387,314
Cash, End of Year	$ 8,722,917	$ 9,584,287

Noncash Operating and Investing Activities

During 2021, the Company converted $19,953 of its accounts receivable to interest-bearing notes receivable.

During 2022, the Company capitalized right-of-use assets of $1,462,574 for assets under operating leases with corresponding lease liabilities for the same amount.

American Poolplayers Association, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

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, as well as Singapore and 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, 2022 and 2021, 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, 2022 and 2021, 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 shorter of the life of the related asset or the term of the lease.

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

Classification	Years
Leasehold improvements	2-40
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, 2022 or 2021.

Leases

The Company leases office and warehouse space and equipment under various operating leases. The Company assesses whether an arrangement qualifies as a lease (conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are modified. The Company has recognized liabilities representing the future lease payments and right-of-use assets representing its right to use the underlying assets for the lease term. As most of the leases do not provide an implicit rate, the Company elected to use the practical expedient to use the risk-free rate of return at the commencement date in determining the present value of lease payments. The Company has elected to treat leases with an initial term of 12 months or less as short term leases and are not recorded on the balance sheet. Lease expense is recognized on a straight-line basis over the lease term for leases with an initial term of 12 months or less, and variable lease expenses are recognized in the period in which they are incurred.

The Company's leases may include one or more options to renew, with renewal terms that can extend the lease for a fixed period of time or extend the lease term on a month-to-month basis at the sole discretion of the Company. The Company has determined certain lease extension options will be exercised, and have included them in the right-of-use assets and lease liabilities. In determining which renewal options the Company is likely to execute, management reviewed the need for the location, the leasehold improvements at that location, the cost to move operations at that facility, and the possibility of relocation.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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. Management does not believe any impairment exists as of December 31, 2022 or 2021.

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 capitalizes these fees upon collection from the franchisee, which are then amortized 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, 2022 and 2021 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 $395,161 and $257,731 for the years ended December 31, 2022 and 2021, 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 ("IRC"). Earnings and losses after the date of election are included in the personal income tax returns of the stockholders. The Company does file with various states and cities incurring corporate franchise, excise and state income 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, 2022 and 2021, 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 statements 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 2019. As of and for the years ended December 31, 2022 and 2021, 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.

Due to statute changes in the states of Missouri, Illinois, Maryland and North Carolina, effective for tax years ending December 31, 2022 and later, the Company can make an annual election to be taxed at the entity level through a pass-through entity tax. During the year ended December 31, 2022, the Company elected to be taxed at the entity level and paid $77,683 for taxes which are included in the Company's statement of income and retained earnings as provision for income taxes.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

The Company has evaluated subsequent events through March 20, 2023, the date the financial statements were available to be issued.

Recent Accounting Pronouncement

Credit Losses on Financial Instruments

The FASB has issued new guidance on the presentation of financial assets measured at amortized cost. Such assets will be presented at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses will be based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts. The standard will also change the accounting for credit losses related to securities available for sale and purchased financial assets with a more-than-insignificant amount of credit deterioration since origination. The guidance will be required for the first fiscal year beginning after December 15, 2022. Based on a preliminary analysis, the Company does not expect the new guidance to have a significant impact on its financial statements.

3. Change in Accounting Principle

Effective January 1, 2022, the Company adopted FASB ASC 842, *Leases*. This new lease standard establishes a right-of-use ("ROU") model that requires a lessee to record ROU assets and operating lease liabilities on the balance sheet for all leases. Leases are classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of income and retained earnings.

The Company elected to adopt ASC 842, *Leases*, using the optional transition method that allows the Company to initially apply the new lease standard at the adoption date, and if applicable, recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. As a result, the Company's reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

The Company elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Company also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the ROU assets. The adoption of FASB ASC 842, *Leases*, resulted in the recognition of ROU assets of $1,462,574 and operating lease liabilities of $1,462,574 at January 1, 2022.

4. Contract Balances

Accounts receivable and deferred revenue at December 31, are as follows:

	2022	2021	2020
Accounts receivable	$ 989,734	$ 765,925	$ 288,006
Deferred revenue	4,108,522	2,760,977	3,289,311

5. Property and Equipment

Property and equipment at December 31, is as follows:

	2022	2021
Leasehold improvements	$ 60,632	$ 60,632
Machinery and equipment	108,934	109,952
Computer hardware and software	4,142,703	4,209,616
Construction in progress - leasehold improvements	1,800	-
Furniture and fixtures	272,020	272,020
Automobiles	93,627	58,421
	4,679,716	4,710,641
Less accumulated depreciation and amortization	3,831,596	3,682,989
	$ 848,120	$ 1,027,652

Depreciation and amortization expense for the years ended 2022 and 2021 totaled $284,728 and $274,129, respectively.

6. Leases

The Company leases office and warehouse space and equipment under various operating leases. Rent expense related to operating leases for the year ended December 31, 2021 totaled $300,628. See below for lease disclosures under ASC 842 related to the year ended December 31, 2022.

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

Weighted Average Remaining Lease Term	
Operating leases	7.49 years
Weighted Average Discount Rate	
Operating leases	1.60 percent

The maturities of lease liabilities as of December 31, 2022, are as follows:

Years Ending December 31	Operating
2023	$ 259,088
2024	263,134
2025	269,590
2026	82,600
2027	45,000
Thereafter	364,500
Total lease payments	1,283,912
Less: present value discount	(74,158)
Present Value of Lease Liabilities	$ 1,209,754

The components of lease expense for the year ended December 31, 2022, are as follows:

Operating lease expense	$ 266,943
Short-term lease expense	22,542
Total lease expense	$ 289,485

The following summarizes cash flow information related to leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 274,008

7. Notes Receivable

Notes receivable at December 31, are as follows:

	2022	2021
Unsecured notes receivable, interest ranging from 0.00 - 5.25 percent, weekly payments ranging from $125 - $500 including principal and interest, paid on various dates through December 31, 2022.	$ -	$ 19,784
Related party note receivable, interest of 2.19 percent, monthly payments of $2,317 including principal and interest, payments due through March 2040.	394,345	418,510
Less current portion	19,258	38,625
	$ 375,087	$ 399,669

8. Intangible Assets

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

	2022		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:			
Copyrights and trademarks	$ 13,169	$ 13,056	$ 113

	2021		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:			
Copyrights and trademarks	$ 13,169	$ 12,661	$ 508

Copyrights and trademarks are being amortized over 5-15 years. Amortization expense totaled $395 and $492 for the years ended December 31, 2022 and 2021, respectively.

9. CARES Act Funding

On March 27, 2020 the Coronavirus, Aid, Relief, and Economic Security ("CARES") Act was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, provided Employee Retention Credits ("ERCs") to domestic businesses and organizations. These ERCs are refundable tax credits that can be taken against employment taxes and applied to qualified wages. As of and for the years ended December 31, 2022 and 2021, the ERCs totaled $1,220,744 and $318,444, respectively, and are included in prepaid expenses and other current assets on the accompanying balance sheets and in other income on the accompanying statements of income and retained earnings.

The Company received a loan from Enterprise Bank & Trust in the amount of $964,600 under the Paycheck Protection Program ("PPP") established by the CARES Act. The loan was 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. The Company applied for and has met the conditions for $964,600 in eligible expenditures for payroll and other expenses described in the CARES Act to be forgiven during the year ended December 31, 2021. Loan forgiveness is included in other income in the accompanying statements of income and retained earnings.

10. 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 entities 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 $159,789 and $153,333 for the years ended December 31, 2022 and 2021, respectively.

Due from Related Party

At December 31, 2022 and 2021, the amount due from a related party under common ownership was $158,805 and $101,753, 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 in December 2030 with monthly lease payments of $3,750. There is an option to renew the initial term of the lease for a period of five years with monthly payments of $3,825. The Company anticipates they will exercise that option to extend the lease term through December 2035.

The Company also has a note receivable with APAS totaling $394,345 and $418,510 at December 31, 2022 and 2021, respectively, as indicated in Note 7.

11. Retirement Plan

The Company maintains a contributory retirement savings plan under Section 401(k) of the IRC covering substantially all employees who meet certain eligibility requirements. Employer contributions to the plan totaled $115,424 and $106,729 for the years ended December 31, 2022 and 2021, respectively.

12. 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, 2022, there were cash balances of $7,838,028 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, 2022.

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, 2022, there were no CDs in excess of FDIC limits.

American Poolplayers Association, Inc.
Schedules of Operating Expenses
Years Ended December 31, 2022 and 2021

	2022	2021
Salaries and benefits	$ 6,509,767	$ 5,915,898
Tournament expense	4,031,303	4,472,698
Advertising	395,161	257,731
League development	776,895	147,915
Software development	682,325	517,596
Depreciation and amortization	285,123	274,621
Occupancy and lease expense	367,806	368,538
Repairs and maintenance	183,907	123,720
Professional fees	434,984	333,109
Other operating expense	173,101	179,389
	$ 13,840,372	$ 12,591,215

EXHIBIT Q

LIST OF FRANCHISEES

Exhibit Q

Part 1

LIST OF CURRENT APA FRANCHISEES

Name	Street Address	City	ST	Zip	Phone
ALASKA					
Ruben Saldana	3311 Baxter Road	Anchorage	AK	99504-3	(907) 351-6312
ALABAMA					
Michael & Amber Glass	1414 Molly's Place	Alabaster	AL	35007-	(205) 621-4199
Cyndi Harbin/Lee Zeiher	2109 Sycamore Street	Huntsville	AL	35805-	(256) 476-6093
Bryan Ainsworth/Jeremy Scarpace	157 Maplewood Drive	Wetumpka	AL	36093-	(334) 538-3930
Russell Holt	3375 Dawes Rd	Mobile	AL	36695-	(251) 508-1899
Johnny & Mandy Odom	102 Jennifer Drive	Headland	AL	36345-	(334) 701-2798
ARKANSAS					
Bobby & Nika Harvison	20363 Hwy, 70E	Heth	AR	72346-	(901) 481-5129
John & Angela Falco	3409 Pelton Rd	Benton	AR	72019-	(501) 351-0654
Tom & Tamma Porch	2100 SW Chaddington Rd	Bentonville	AR	72713-	(479) 295-8437
ARIZONA					
Lance & Tina Schulze	13212 W Ocotillo Lane	Surprise	AZ	85374-	(623) 221-2644
Doug & Gina Nowlin	6422 W Mercer Lane	Glendale	AZ	85304-	(602) 920-9192
Tammi & Mike Ridder	4211 N 27th St #6	Phoenix	AZ	85016-	(602) 622-3809
Vaughn & Stephanie Parker	1736 E. Beautiful Lane	Phoenix	AZ	85042-	(480) 490-0450
Richard & Kristen Randell	23105 N 122nd Avenue	Sun City	AZ	85373-	(330) 858-1273
Brandon & Adrianne Ferguson	10091 N. Smooth Agave Lp	Marana	AZ	85653-	(520) 370-8656
CALIFORNIA					
Stefani & Darragh de Stonndun	27 Hurricane Street	Marina Del Rey	CA	90292-	(310) 740-4511
Chris & Erizza Leamons	19322 Oak View Lane	Rowland Heights	CA	91748-	(562) 217-9842
Allison McGhie	24681 Via Princesa	Lake Forest	CA	92630-	(949) 874-9860
Axel Brutz	488 E. Ocean Blvd Unit 103	Long Beach	CA	90802-	(562) 581-9953
Jason Maust/Jerame Mote	1155 E. Mariposa St.	Altadena	CA	91001-	(818) 903-5544
Marc Ong	727 E Bickley Dr	Covina	CA	91722-	(877) 274-8272
Liza Gazmen & Scot Burnell	P.O. Box 19014	San Diego	CA	92159-	(619) 303-0183
Amanda English	1050 Kingswell Ave	Banning	CA	92220-	(951) 660-8059
Kim Pankonin	41950 Jennifer Ave	Hemet	CA	92544-	(909) 226-7889
Kim Nichols	8681 Katella Ave. Spc#942	Stanton	CA	90680-	(714) 674-7665
Phil & Taz Brooker	3475 Germain Street	Camarillo	CA	93010-	(805) 388-2036
Michelle & Sam Henry	11710 Stratosphere	Bakersfield	CA	93312-	(661) 204-9230
David Acosta/Tamara Lerssen	223 W Sunset Avenue	Santa Maria	CA	93458-	(805) 550-1876
Ken & Beth Mendoza	7447 North Sandrini Ave	Fresno	CA	93722-	(559) 478-5322
David Cota	541 Wave St., Apt 1	Monterey	CA	93940-	(209) 573-3746
Eleanor Callado	1391 Broadway Apt 6	Millbrae	CA	94030-	(650) 430-2249
Dan Sorge	3572 18th Street	San Francisco	CA	94110-	(415) 506-9645
Gary Frerking	155 Silver Hill Court	Lincoln	CA	95648-	(866) 401-7665

Max Ahmadi	1030 Jennings Ave Apt 204	Santa Rosa	CA	95401-	(707) 687-8757
Doug Coleman	3364 Fowler Ave.	Santa Clara	CA	95051-	(408) 873-7665
Jacob Crozier	5098 Emerald Brook Way	Sacramento	CA	95938-	(209) 622-3947
Ted Mendoza & Arthnie Manlangit	158 N West St	Vacaville	CA	95688-3	(707) 592-1646
COLORADO					
Kevin Leivonen	1437 N. Denver Ave. Unit #146	Loveland	CO	80538-	(303) 862-0466
Brandon Krug	5804 S Quemoy Circle	Aurora	CO	80015-	(303) 653-6980
Kevin Gendill	6385 South Ukraine Court	Aurora	CO	80015-	(720) 577-5040
Scott Carter & Lara Doty	8060 South Kendall Boulevard	Littleton	CO	80128-	(720) 291-2606
Peggy LeBlanc	12005 W. 20th Ave	Lakewood	CO	80215-	(303) 205-9781
Dan Mittskus	1716 Main St. Ste A #269	Longmont	CO	80501-	(720) 818-5412
Brandy Caldwell	1622 James Circle	Colorado Springs	CO	80915-	(970) 596-0806
Damon & Carrie Cooper	1839 W. Tejon Ave.	PUEBLO WEST	CO	81007-	(719) 250-2067
Shanna Stanley	195 Webster Rd	Grand Junction	CO	81503-	(303) 250-4566
CONNECTICUT					
Bruce & Ann Barthelette	P.O. Box 1290	Enfield	CT	06083-	(413) 536-3838
Nicole & Micah Netherland	229 Jinny Hill Road	Cheshire	CT	06410-	(203) 233-8907
Nick Marino/Gina Marino/Nick A. Marino	PO Box 3305	New Britain	CT	06050-	(860) 507-9007
DELAWARE					
Mark & Lisa Gokey	P.O. Box 10064	Wilmington	DE	19850-	(302) 276-0332
FLORIDA					
Mike & Kelly Moore	8307 Hedgewood Drive	Jacksonville	FL	32216-	(904) 585-8180
Jeremy Spohn	444 Pristine Water Lane	Mary Esther	FL	32569-	(850) 496-8877
Michael Carroll	3728 Pine Street	Jacksonville	FL	32205-	(386) 977-9616
High & Kym Spurgin	1324 Wildcat Lane	Minneola	FL	34715-	(407) 801-5386
Ashley & Kevin Morgan	3199 Canyon Falls Drive	Green Cove Springs	FL	32043-	(904) 528-7657
Stacey & Kelly Elliott	1131 Havana Highway	Quincy	FL	32352-	(850) 566-8885
Claudia Cardinal	537 S. CR 21	Hawthorne	FL	32640-	(352) 546-2123
Debi Burdeshaw	3938 Jenkins Rd.	Youngstown	FL	32466-	(850) 819-3561
Matt Miley	6287 Brigadier Road	Milton	FL	32570-	(850) 450-4610
Jim Rowe	260 Exuma Way Apt 214	Santa Rosa Beach	FL	32459-	(619) 251-9294
Chris Happel	3101 Rider Pl	Orlando	FL	32817-	(407) 703-9001
Richard Johnson/Jennifer Lust	1566 Alaqua Way	West Melbourne	FL	32904-	(321) 252-8080
Javier & Beth Chirino	15152 SW 95th Street	Miami	FL	33196-	(786) 408-3836
Gene Weaver	6023 Sequoia Cir	Vero Beach	FL	32967-	(772) 913-3937
Eric & Kim Aiken	1955 SW Aguero Street	Port St. Lucie	FL	34953-	(561) 721-5925
Ken & Leslie Wood	13413 Mandalay Place	Spring Hill	FL	34609-	(352) 514-7014
Criegh & Jennifer Dumo	1198 SW Hogan Street	Port Saint Lucie	FL	34953-	(772) 380-5362
Anthony & Stephanie Spano/Jeanette Lee	4238 Whittner Dr	Land O Lakes	FL	34639-	(813) 230-2286
Michael & Sherie Strout	6 Harbor Oaks Circle	Safety Harbor	FL	34695-	(727) 724-9248
James McCarthy	3818 SW 6th Avenue	Cape Coral	FL	33914-	(239) 900-9040
Bobby & Tina Powell	1817 Everson Street	Bradenton	FL	34208-	(719) 337-3478
Bruce Monnier	26205 Bage Dr	Punta Gorda	FL	33983-	(941) 815-8694

James & Michelle Harper	1521 Cloverbay Lane	Casselberry	FL	32707-	(407) 448-9155
Adam Ellison/Cory George	632 Memorial Drive	Sebring	FL	33870-	(863) 333-8905
Brittany & Cameron Trossman	301 Fish Hawk Dr	Winter Haven	FL	33884-	(719) 209-8106
Candy & Tim Palmer	21691 NW 172nd Road	High Springs	FL	32643-	(386) 204-0715
GEORGIA					
Wade & Jennifer Bailey	1141 Ohara Drive	McDonough	GA	30253-	(770) 855-8291
Matt & Teresa Dvorak	3105 Creekside Village Drive Ste 606	Kennesaw	GA	30144-	(678) 903-8660
Charli McAllister	6454 Roy Rd.	Ellijay	GA	30536-	(404) 433-2904
Donald & Joy Haddox	124 Whites Run Rd	Winterville	GA	30683-	(706) 207-5440
Thomas & Cassie Laughlin	217 Saddleclub Way	Guyton	GA	31312-	(732) 718-7503
Derrick & Shante Brown	7135 Exley Lane	Grovetown	GA	30813-	(706) 825-4887
Billy Brantley	3717 Confederate Dr	Macon	GA	31211-	(478) 278-4240
William & Kat Hoyt	1046 Chart Lane SE	Townsend	GA	31331-	(912) 270-4505
Ted Waller	459 S Bay Street	Blakely	GA	39823-	(229) 724-3001
HAWAII					
Zeny & Omar Mendez	1008 Maluna Street	Honolulu	HI	96818-	(808) 520-1135
IOWA					
Randy Jones	2712 Kingman Blvd.	Des Moines	IA	50311-	(515) 321-9114
Chad & Meghan Howell	613 East Locust Street	Davenport	IA	52803-	(563) 320-4527
IDAHO					
Yvonne Caudle	9395 Charles Way	Middleton	ID	83644-	(208) 801-3491
ILLINOIS					
Mark Covalt	7725 Preston Drive	Wonder Lake	IL	60097-	(815) 403-3464
Liz & Joseph Mathews	89 E. Green Valley Ct.	Round Lake Beach	IL	60073-	(224) 602-5211
Braden Hall	2904 Scottlynne Dr.	Park Ridge	IL	60068-	(773) 575-4157
Eric Turner	1269 S 5th Avenue	Kankakee	IL	60901-	(815) 523-6536
Johnny & Gloria Maricich	P. O. Box 273	Lansing	IL	60438-	(708) 745-8244
Chad & Trisha Birch	2047 Kentland Dr.	Romeoville	IL	60446-	(630) 940-6181
Aaron & Lindsay Hernandez	2415 Parkview Drive	Aurora	IL	60502-	(630) 346-5609
Benjamin Almazan	6247 W. 55th Street	Chicago	IL	60638-	(312) 428-0306
Ross Schaefer	1316 N Bell Apt#2	Chicago	IL	60622-	(312) 550-5491
Bill Klicka	270 Kinkaid	Des Plaines	IL	60016-	(847) 754-8409
Doug Krus	2605 W. Whittington Way	Dunlap	IL	61525-	(309) 276-3075
Aaron & Kellee Hubbard	25172 White Owl Ln	Hudson	IL	61748-	(309) 261-0376
Shaun Edwards	110 W Bittersweet Road	Washington	IL	61571-	(309) 643-5950
Josh Nicol & Tammy Rogers	601 N. Leland Lane	Taylorville	IL	62568-	(217) 827-1249
David Altmeyer	938 County Road 2106 East	Greenup	IL	62428-	(217) 932-8135
Doug Gellner/Tiffany Lee	P.O. Box 203	Atlanta	IL	61723-	(217) 671-1339
Lisa & Steve Gillaspie	122 E 5th St.	Lockport	IL	60441-	(815) 909-7693
Kim Jones	PO Box 478	Bethany	IL	61914-	(217) 433-4165
Greg & Constance Lee	1876 Woodson Winchester Rd.	Winchester	IL	62694-	(217) 370-1639
Bruce & Dana Patton	805 E. 5th Street	Trenton	IL	62293-	(618) 578-8955

Joseph Fronek	631 W Park Street	Du Quoin	IL	62832-	(618) 542-7303
Mike Weber/Cindy Lewton	620 Walnut Street	Humboldt	IL	61931-	(217) 259-6871
INDIANA					
Chuck Austin/Eric Canary	624 S. Norman Avenue	Evansville	IN	47714-	(812) 499-5017
Matt Gillespie	2737 E 56th ST unit G	Indianapolis	IN	46220-	(317) 362-8220
Wayne Hartman	56702 Moyer Lane	Elkhart	IN	46516-	(574) 606-8953
Gary & Heather Lyons	14308 Minnich Rd	Hoagland	IN	46745-	(260) 440-4857
Chris VanHoose	445 W. Hill Street	Wabash	IN	46992-	(260) 571-4298
Thomas & Christina Lirot	8750 Lee Phillips Road	Bloomington	IN	47403-	(812) 727-4845
Chuck & Tina Austin	624 S. Norman Ave	Evansville	IN	47714-	(812) 499-5017
Herb Wheeler/James Ruggerio	2831 N.11th st	Terre Haute	IN	47804-	(812) 241-3723
Jerry Butler	PO Box 181	Dayton	IN	47941-	(765) 426-5280
Oliver Morris	605 Johnson St.	South Bend	IN	46628-	(269) 695-0809
Brad & Kaleena Cole	521 Fair Street	Kendallville	IN	46755-	(260) 318-2692
KANSAS					
Steve Kouri	15621 W 87th St, #246	Lenexa	KS	66219-	(913) 401-8933
Kent & Gabriella Henderson	6535 Sw 24th Ct.	Topeka	KS	66614-	(785) 250-4814
Roy Harris	3113 Farmington Rd	Hutchinson	KS	67502-	(620) 664-3197
KENTUCKY					
Danielle & Jesse Hecht	5610 Secret Way	Louisville	KY	40272-	(502) 498-5313
Jacob Knox/Ashley Shuler	972 Mule Shed Lane	Richmond	KY	40475-	(859) 901-8014
Matthew Barone	340 Timber Ridge Dr., Unit 10	Wilder	KY	41071-	(859) 380-6059
Gary Muzzillo	1601 Caddie Circle	Florence	KY	41042-	(513) 235-2696
Matthew Barone	340 Timber Ridge Dr., Unit 10	Wilder	KY	41071-	(859) 380-6059
LOUISIANA					
Jacob Watson & Danielle Lucas	623 Maplewood Drive	Bossier City	LA	71111-	(903) 424-1484
Darin & Stacy Daussat	PO Box 2662	Mandeville	LA	70470-2	(504) 525-1007
Marvin Burgess	222 Cenac Street	Houma	LA	70364-	(985) 226-0052
Joe Holden	46348 N. Baptist Rd	Hammond	LA	70401-	(985) 520-2186
Preston & Lisa Granger	415 Fort Hamilton	Opelousas	LA	70570-	(337) 407-2267
Dart Volz	PO Box 758	Hammond	LA	70404-	(985) 807-4829
Amy Reeves	110 Sheila Drive	West Monroe	LA	71291-	(318) 512-2396
MASSACHUSETTS					
Kelly Hall	P.O. Box 1177	Easthampton	MA	01027-	(413) 322-8307
Peter & Keli Masuck	8 Dustin St Apt 201	Brighton	MA	02135-	(617) 461-0210
Pam Hall	28 Spruce Street	Greenfield	MA	01301-	(413) 419-8111
Derek Cunningham/Garret McDonald	161 Winter St Apt 4	Hanson	MA	02341-	(781) 351-0319
Rick Burt	2 Westview Circle	Peabody	MA	01960-	(978) 430-6534
Rob Bell/Bob Greco	PO Box 592	Chelmsford	MA	01824-	(978) 710-6403
MARYLAND					
Terry & Valerie Justice/Melissa Frank/Derek Justice	8518 Ft Smallwood Road	Pasadena	MD	21122-	(410) 255-5400
Sarah Vrooman/Dave Beatty	2317 Mountain Rd Unit A	Pasadena	MD	21122-	(410) 439-9400
MAINE					

Caleb Boland & Kimberli Kopf	PO Box 420	Jefferson	ME	04348-	(207) 549-0246
John & Pauline Ostro	P.O Box 88	Lisbon Falls	ME	04252-	(207) 353-6466
MICHIGAN					
Dean Johnson	1106 Huntly Road	Niles	MI	49120-	(269) 470-1212
David & Jennifer Fritz/Michael Fritz	PO Box 87571	Canton	MI	48187-	(734) 664-0943
Shawn Johnston	14 S. Flower st	Croswell	MI	48422-	(810) 941-2390
Lonnie Ward	4595 Sashabaw Rd	Waterford	MI	48329-	(810) 397-8005
Mike Sexton	PO Box 91	Attica	MI	48412-	(810) 656-2989
Jim Cavender	6103 Brooklyn Rd	Jackson	MI	49201-	(517) 416-0745
Mike Keeler/Ray Newman/Sherry Wiltshire	1406 Nazareth	Kalamazoo	MI	49048-	(269) 929-6618
Rhonda Ayers	8173 Birchwood Ave	Jenison	MI	49428-	(616) 292-8599
MINNESOTA					
Dan & Renae Freinwald	8820 Whispering Oaks Trl	Shakopee	MN	55379-	(612) 205-8009
James & Trina Henry	18397 Chennault Way	Eden Prairie	MN	55346-	(952) 937-2001
MISSOURI					
Joe & Kelly Wilmes	PO Box 76	Silex	MO	63377-	(636) 358-7665
Brad & Temper Jones	1995 Williamsburg Drive	Cape Girardeau	MO	63701-	(573) 450-7383
Rob Hough	113 E 2nd St Apt A	Holden	MO	64040-	(816) 616-5900
John Hensley	25 G Street	Lake Lotawana	MO	64086-	(816) 598-5978
Greg & Alana Pierce	1300 NE Englewood Rd.	Gladstone	MO	64118-	(816) 678-1386
Whitney Russell	5302 S Honeysuckle Lane	Battlefield	MO	65619-	(417) 860-6099
Doyne Hough	1078 E Dade 162	Ash Grove	MO	65604-	(417) 365-8700
MISSISSIPPI					
Bobby Cooper	5115 Rolling Pines Circle West	Olive Branch	MS	38654-	(662) 782-3692
Debbie Nau	14050 Gladys Street	Gulfport	MS	39503-	(228) 216-7956
MONTANA					
John Amelsberg	737 14th Street S W	Great Falls	MT	59404-	(406) 899-7665
Bob & Becky Zapata	640 Euclid	Helena	MT	59601-	(406) 442-0014
NORTH CAROLINA					
Jason & Misty Dusel	265 Lake Meadows Dr	Reidsville	NC	27320-	(336) 542-6866
Michael Fuller	64 Harvey B. Duncan Drive	Timberlake	NC	27583-	(336) 504-3033
Don Humphreys/Francis Blanchard	402 Red Leaf Ct	Jacksonville	NC	28540-	(252) 253-9848
Don Ward	2008 Hamlets Chapel Road	Pittsboro	NC	27312-	(919) 578-4758
Grant Beyers	7822 Shuttle Rd	Fayetteville	NC	28311-	(910) 568-8742
David & Inky Huffman	8817 Elkins Park Drive	Matthews	NC	28105-	(919) 369-7656
Jeff & Cassie Howell	130 Hunters Hill Dr	Statesville	NC	28677-	(919) 669-9027
James & Lauren Tanner	405 Spring St	Cherryville	NC	28021-	(919) 495-8617
Anita & Michael Maloney	PO Box 1708	Franklin	NC	28744-	(828) 507-4467
Shonte Barnes	4 Long Shoals Rd Ste B492	Arden	NC	28704-	(828) 222-4474
NEBRASKA					
Nancy Lacarbo	535 N 10th Ave	Springfield	NE	68059-	(402) 949-2691
Joe & Carmen Bond	P O Box 1033	McCook	NE	69001-	(308) 350-8697
NEW HAMPSHIRE					

Jodi & Ron Tebbetts	75 Old Bay Rd	New Durham	NH	03855-	(603) 312-1940
Tony & Toni-lyn DiBartolo	13A Trolley Car Ln	Londonderry	NH	03053-	(603) 260-6539
NEW JERSEY					
Chris Blumberg	8 Bleecker St., Apt 2	Jersey City	NJ	07307-	(585) 354-6998
Cyndi Mahon	60 main St #1166	Woodbridge	NJ	07095-	(908) 420-7359
Sabrina Gaviria/Michelle Pirrello	26 Eagle Rock Vlg Apt 4B	Budd Lake	NJ	07828-	(201) 841-3337
Al Pfersch	3 Deer Ct.	Chester	NJ	07930-	(862) 251-4288
Matthew & Laurie D'Errico	95 Jefferson Avenue	Lodi	NJ	07644-	(973) 222-2164
Dave Piotrowski & Michelle Miller	23659 Columbus Road Ste 2A	Columbus	NJ	08022-	(609) 526-2000
Erin & Cameron Boyle	26 Golfview Drive	Neptune	NJ	07753-	(848) 459-0003
Stuart Scheer	P.O. Box 422	Cresskill	NJ	07626-	(201) 569-2602
Jeff Duda	PO Box 100	Somerdale	NJ	08083-	(215) 470-2818
NEW MEXICO					
Laura Rigsby/June Scott	1843 Arroyo Chamiso	Santa Fe	NM	87505-	(505) 814-4419
NEVADA					
Florian & Iana Kohler	10366 Kesington Dr.	Las Vegas	NV	89135-	(702) 684-7665
Seth & Heather Allison	221 Shady Grove Lane	Dayton	NV	89403-	(775) 443-8844
NEW YORK					
Rachel Webb	360 Montauk Hwy	Eastport	NY	11941-	(631) 599-0084
Melissa Cossidente	4 Audrey Street	Port Jefferson Station	NY	11776-	(631) 923-2701
Michael Curley	42 Colton Road	Mahopac	NY	10541-	(845) 535-9772
Ross & Smith Banfield	312 Saint James Place #1C	Brooklyn	NY	11238-	(917) 589-5867
Ryan Gilligan	1 Partridge Gln	Rexford	NY	12148-	(518) 630-5664
Kathy McAleer/Ryan McAleer	13 Blossom Grove Court	Highland	NY	12528-	(845) 883-5557
Gregg & Rosanne Cordero	38 Victoria Dr.	Binghamton	NY	13904-	(607) 743-7474
Robert Yearwood	2 Bayless Avenue	Binghamton	NY	13903-	(607) 651-0851
Scott Packard	1047 Outer Drive	Schenectady	NY	12303-	(315) 823-4457
Karl Kasprzak	50 Misty Lane	East Amherst	NY	14051-	(716) 465-8908
Chris & Veronica Washy	41 Park Street	Gowanda	NY	14070-	(716) 545-0505
Matt & Amy Kolacki	139 Pinnacle Rd.	Rochester	NY	14620-	(585) 743-7412
OHIO					
Corey Mason	P.O. Box 206	New Springfield	OH	44443-	(330) 770-9408
Darrin Harsh/Gene Hughes	2286 Southeast Blvd.	Salem	OH	44460-	(330) 277-3439
Andrew Kim	PO BOX 562	Grove City	OH	43123-	(614) 616-1537
Candy Fleischmann	9024 Marcy Road	Canal Winchester	OH	43110-	(614) 833-1009
Ken Caligiuri	7117 Township Rd. 212	Findlay	OH	45840-	(567) 525-0821
Harold Keehl	1019 Tuxedo Ave	Parma	OH	44134-	(216) 860-2390
Stephen Weaver	6349 Westshore Dr.	Kent	OH	44240-	(330) 608-5950
Travis Criblez/Bill Criblez	6610 Streeter Avenue	Mantua	OH	44255-	(330) 586-9346
Bill McCready	PO Box 750	Warren	OH	44482-	(330) 545-1951
Josh & Katie Sprauer	5668 Acres Road	Sylvania	OH	43560-	(419) 469-9126
Dan Waterman	7400 Buena Vista Drive	Cleves	OH	45002-	(513) 240-0962
Paul Elliott	317 S. Scott Street	New Carlisle	OH	45344-	(937) 640-0336

Jamie Roller	P.O. Box 517	Kalida	OH	45853-	(419) 796-9139
OKLAHOMA					
Matt & Nicole Seely	12404 Maple Ridge Ln.	Guthrie	OK	73044-	(618) 560-9894
Ezra Davis & Adriene Davis	926 SW 34th St.	Lawton	OK	73505-	(580) 591-2343
Chris & Kaitlin Linker	1208 W Roanoke Street	Broken Arrow	OK	74011-	(918) 965-6365
OREGON					
Daron Wallace	364 North 17th Street	St. Helens	OR	97051-	(503) 369-6917
Merle & Boomer Humphreys	1280 70th Avenue SE	Salem	OR	97317-	(503) 316-4332
Glenn & Sherry Maresh	78603 Cedar Park Road	Cottage Grove	OR	97424-	(503) 819-8858
Andrew Newcomb	61118 Deer Valley Drive	Bend	OR	97702-	(541) 977-5630
PENNSYLVANIA					
Brian & Marlene Boyle	P.O. Box 88	Ferndale	PA	18921-0	(610) 762-4734
Evan Russell	408 Meadow Avenue	Charleroi	PA	15022-	(724) 469-1147
Francis Campbell/George Beswick	PO Box 156	Ardara	PA	15615-	(878) 879-0945
Jody Kashner	455 E. Butler St.	Mercer	PA	16137-	(724) 992-1813
Al Brouse	PO Box 188	Richfield	PA	17086-	(717) 694-0077
Walter & Alix Jarrett	1789 Running Deer Drive	Auburn	PA	17922-	(610) 628-2814
Michael Boyle/Tom Simpson	328 Town Center Blvd	Easton	PA	18040-	(267) 888-4383
Alex Holtzman	P.O. Box 2236	Pocono Summit	PA	18346-	(570) 977-1330
Rich Rafalko/Mike Rorick	1015 Martarano Drive	Throop	PA	18447-	(570) 483-8144
Rob Peuplie/Mark Mandic	104 Old Mill Road	Sellersville	PA	18960-	(215) 675-3794
Denise Ross	564 Westfield Dr.	New Holland	PA	17557-	(717) 368-5928
Dan Simning/Rob & Jen Miller	708 Hardwick Pl.	York	PA	17404-	(410) 688-9587
Michael & Diana Boyle	600 West Magnolia Avenue	Aldan	PA	19018-3	(610) 636-6020
RHODE ISLAND					
Justin Wales/Shira Simon	PO Box 6391	Providence	RI	02940-	(401) 216-7229
SOUTH CAROLINA					
Jim Faulkner & Linda Newman	125 Lake Breeze Lane	Westminster	SC	29693-	(770) 546-9922
Richard & Regina Johnson	3115 Nicklaus Ct	Florence	SC	29506-	(843) 250-3630
Dana Gung	112 North Bennington Drive	Spartanburg	SC	29307-	(864) 415-3916
Scott Bates/Stephanie Jackson	10533 Hwy 78 Unit C	Summerville	SC	29483-	(843) 871-4105
Ewa & Mitch Laurance/ Nikki & Toby Graham	PO Box 70970	Myrtle Beach	SC	29572-	(843) 685-5625
Chris & Stephanie Seiple	3627 Linbrook Drive	Columbia	SC	29204-	(803) 753-8066
SOUTH DAKOTA					
Michael Monsees	5732 E. Red Oak Drive, Apt 3	Sioux Falls	SD	57110-	(605) 937-3880
Ellie McGraw	25550 Carrol Creek Road	Custer	SD	57730-	(605) 517-6049
TENNESSEE					
Ken Stapp	3324 Berryside Drive	Murfreesboro	TN	37128-	(615) 691-0767
Todd Brown/George Bairaktaris	4126 W Road	Signal Mountain	TN	37377-	(423) 991-3294
Angela & Lance Pate	2382 Suncrest Village Lane	Gray	TN	37615-	(423) 207-0020
Bill & Kristen Graifer	P.O. Box 1111	Kodak	TN	37764-1	(865) 684-5332
Paul Baird & Elizabeth McWhirter	9032 Candlewood Dr	Knoxville	TN	37923-	(865) 692-9235
TEXAS					

Bennie Marquez & Kara Hagston	10448 Buffalo Way	Forney	TX	75126-	(281) 686-5205
Jermaine Jackson	2631 Southern Hill Blvd, Apt 1	Arlington	TX	76006-	(817) 729-3257
Quy Dao	1018 Edison Lane	Allen	TX	75002-	(214) 771-2901
Shannon & Nikki Brown	1432 Red Wolf Dr	Rockwall	TX	75087-	(214) 693-1905
Michael & Chrystyne Whyman	2121 Rock Creek Dr	Grand Prairie	TX	75050-	(214) 281-6650
Isaac & Stacy Tucker	5861 Country South Ln	Midlothian	TX	76065-	(214) 206-7065
Dewayne & Sherl Kraklow	1317 Forest Haven Dr	Anna	TX	75409-	(214) 282-6327
John Ervin	1109 Rhome Hill Rd	Bullard	TX	75757-	(903) 780-6893
Joe & Naomi Tijerina	4729 Rose of Sharon Ln	Fort Worth	TX	76137-	(682) 338-1249
Robert Santana	2200 Barton Springs Drive	Corinth	TX	76210-	(214) 729-9581
Roy Schumacher	2314 Bunker Hill Drive	Temple	TX	76504-	(254) 624-6203
Brady Hunt/Kendra Schott	1512 N. Davis St	West	TX	76691-	(254) 405-5175
Cuong Nguyen	3522 Dappled Ridge Way	Pearland	TX	77581-	(281) 220-9763
Rob & Lorrie Martin	30615 Woodhue Court	Spring	TX	77386-	(713) 376-1173
Kimberly Reiner	10811 Greenwillow St #21	Houston	TX	77035-	(832) 689-5692
Roger Schuett	17615 Rustington Dr	Spring	TX	77379-	(281) 682-2144
Johnny & Amy Griffin	2819 County Road 936a	Alvin	TX	77511-	(919) 369-4533
Natalie Mans	949 Maresca Lane	League City	TX	77573-	(832) 518-7694
Andrus Granger	653 Birchwood Drive	Port Neches	TX	77651-	(409) 466-5812
Jon & Lulu Philp	5211 Birch Falls Ln.	Sugar Land	TX	77479-	(832) 713-1420
Scott & Karen Racy	6115 Outlook Ridge	San Antonio	TX	78233-	(210) 599-4140
Erin Lacy	316 Thunderbird Ave	McAllen	TX	78504-	(956) 821-6925
Shawn Rutledge	700 Centre Street	San Marcos	TX	78666-	(512) 667-7587
Vincent DeVita/Hugo Estigarribia	11609 Woodland Hills Trail	Austin	TX	78732-	(512) 777-1217
Amanda Ritter/Mike Jones	3102 126th st	Lubbock	TX	79423-	(806) 781-8328
Derriel Smith	626 FM. 1750	Abilene	TX	79602-	(325) 386-3643
UTAH					
Sterling Peck	1521 W Dupont Ave.	Salt Lake City	UT	84116-	(801) 824-4075
VIRGINIA					
Marguerite Rueger & Dawn Buchanan	1405 Westshire Lane	Henrico	VA	23238-	(804) 740-7225
Mike Ristaino	171 Normandy Lane	Newport News	VA	23606-	(757) 871-5760
Michelle & Kevin Villaluz	6479 Kenlake Court	Norfolk	VA	23518-	(757) 479-2774
Brian & Leanne Scruggs	5255 Cave Spring Lane	Roanoke	VA	24018-	(540) 397-2665
Brian & Leanne Scruggs	5255 Cave Spring Lane	Roanoke	VA	24018-	(540) 397-2665
Rob Marshall	2940 Rivermont Ave, Unit 5A	Lynchburg	VA	24503-	(804) 928-2553
VERMONT					
Terah Williams	3836 E BAKERSFIELD RD	Enosburg Falls	VT	05450-	(802) 370-5037
WASHINGTON					
John & Sandy Wenglewski	P.O. Box 9536	Spokane	WA	99209-	(509) 327-2591
Larry & Andrea Maes	5126 109th pl ne	Marysville	WA	98271-	(425) 280-8422
Thomas Mackel	14056 SE 202nd St.	Kent	WA	98042-	(425) 529-7665
Michelle Barkdoll	3919 88th St E	Tacoma	WA	98446-	(253) 627-0652
WISCONSIN					

Angel Rosen	5583 Whirlaway Lane	Racine	WI	53402-	(262) 822-1551
Zach & Stephanie Oxley	519 Green Bay Road	Cedarburg	WI	53012-	(262) 421-8478
Kadin Hayakawa	324 Lindbergh Avenue	Stevens Point	WI	54481-	(715) 869-7677
WYOMING					
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, 2024 - DECEMBER 31, 2024)

Name	Address	City	ST	Zip	Phone
Lisa Gomez	2482 Carpenter Canyon Road	San Luis Obispo	CA	93401-	(805) 550-1876
Joe Laughlin	7602 Blue Water Lane	Castle Rock	CO	80108-	(720) 601-7831
Nevin Howell	3189 SW Letchworth St.	Port Saint Lucie	FL	34953-	(919) 333-0753
Shannon Compton/Don Sabater	1466 Thunderwood Lane SW	Mableton	GA	30126-	(770) 855-8291
Charice Hubbard	910 W Orchard Avenue	Nampa	ID	83651-	(208) 573-7578
Maggie Moore	15774 Red Shale Hill Rd	Pekin	IL	61554-	(309) 208-2427
Tom & Julie Diesman	1210 Gleneagles Dr.	Kokomo	IN	46902-	(574) 601-8784
Jimmy Gould	3715 Benton Road	Bossier City	LA	71111-	(318) 564-9333
Greg Frye	PO Box 11567	Charlotte	NC	28220-	(704) 598-4555
Moshinia Evans	104 Spruce St. Apt. 3A	Newark	NJ	07108-	(862) 373-0087
Dawn Hopkins	19 Equestrian Court	Neptune	NJ	07753-	(609) 226-0646
David & Ann Marie Powis	12887 Genesee Street	Akron	NY	14001-	(716) 572-3752
Michael Wakley	5398 Sanrio Court	Cincinnati	OH	45247-	(513) 708-2610
Jim Boyd	364 Ashford Ave.	London	OH	43140-	(740) 204-5774
Ernie & Laura Byrd	P.O. Box 18281	Fairfield	OH	45014-	(513) 870-0885
Eric Leach	5751 Oak Creek Trail	Huber Heights	OH	45424-	(937) 951-9647
Sean Guernsey	9 Sawmill Court	Bowmanville	ON	L1C-5C2	(905) 914-7665
Steve Del Rosso	548 NE Quimby Ave	Bend	OR	97701-	(541) 388-5188
Chuck & Kim Zerebnick	140 Trees Mills Road	Greensburg	PA	15601-	(724) 468-6121
Devinne & Kody Mertens	4013 W 90th St	Sioux Falls	SD	57108-	(605) 759-3633
Betty & Grady Dunagan	PO Box 6	Kosse	TX	76653-	(254) 793-0213
Tony Perez	772 Goosnargh Road	El Paso	TX	79928-	(951) 842-1909
Andy & Joy Skerritt	635 Sundance Lane	Blacksburg	VA	24060-	(540) 617-4200

EXHIBIT R

INDEX OF DEFINED WORDS AND PHRASES

Index of Defined Words and Phrases

The words and phrases listed below are defined on the page of the Franchise Disclosure Document set forth opposite the word or phrase.

Defined Word or Phrase	Page on Which Terms Defined
American Specialty	30
APA	6
APA 8-Ball League	8
APA 9-Ball League	8
APA Licensed Vendor	24
APA Marks	7
APA Merchandise	24
APA Pool Leagues	9
Basic Weekly Fee	9
Canadian Poolplayers Association or CPA	8
Championship Tournaments	7
Deposit	12
Devore Action	11
Franchised League	8
Host Locations	6
Initial Franchise Fee	12
Insurance Program	33
Interim Team Count Growth Requirement	48
Japanese Poolplayers Association or JPA	8
League Operators	6
League Year	9
LOAB	74
Local Sponsors	34
Maintenance	25
Manager	53
Marks	49
Members	7
Membership Fee	9
National Account Program	47
OAA	47
Operations Manual	9
Players Fund	9
PoolDawg	34
Proprietary Information	52
Renewal	55
Rixstine	34
Software Program	7
Standard Format Teams	48
System	6
System Standards	7
Team Count Growth Requirement	48
Territory	8

Us	6
VetFran Program	7
We	6
Weekly Team Fee	9
WQ	11
You	8

EXHIBIT S

STATE SPECIFIC ADDENDA TO FDD

EXHIBIT S

STATE ADDENDA TO FDD

MULTI-STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)

This Addendum pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. For franchises sold in such states, this franchise disclosure document is amended by adding the following section at the end of Item 9:

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

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW

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 FRANCHISE DISCLOSURE DOCUMENT.

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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

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

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur in the St. Louis, Missouri metropolitan area with the costs being borne by the non-prevailing party. This provision may not be enforceable under California law.

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

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your Franchise Agreement.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

Section 23.12 of the Franchise Agreement limits the statute of limitations to 1 year from the date the complaining party knew or should have known of facts giving rise to the claim. This provision is void to the extent it is inconsistent with the provisions of Corporations Code 31303- 31304. Corporations Code Section 31512 provides that "Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this law or any rule or order is void."

OUR WEBSITE IS WWW.POOLPLAYERS.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE HAWAII FRANCHISE INVESTMENT LAW

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

No release language set forth in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

Illinois law governs the Franchise Agreement.

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

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

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

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

1. Item 17.c ("Requirements for franchisee to renew or extend") and Item 17.m ("Conditions for franchisor approval of transfer") of the Franchise Disclosure Document are amended to provide that "The requirement that you provide a general release of all claims against us in order to renew or transfer your franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. Item 17.g ("Cause defined – curable defaults") of the Franchise Disclosure Document is amended to provide that "Termination upon filing of a bankruptcy petition against you or any shareholder may not be enforceable under federal bankruptcy law."

3. Item 17.v ("Choice of forum") in the Franchise Disclosure Document is amended to provide that "Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Nothing in the Franchise Disclosure Document or in the Franchise Agreement, is intended to nor shall act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act.

5. Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Item 17.t ("Integration/merger clause"), summary column, is amended by deleting the last sentence and substituting the following:

> "However, nothing in the Franchise Agreement or any related agreement is intended to disclaim, or require you to waive reliance on, any representations we made in the Franchise Disclosure Documents or its exhibits that we furnished to you."

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. The Minnesota cover page is amended to add the following statements:

"THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE LICENSE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE."

2. The following language is added to Item 13 of the Franchise Disclosure Document and Section 15.4 of the Franchise Agreement:

"The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

3. Item 17 of the Franchise Disclosure Document and Section 20.2 of the Franchise Agreement are amended as follows:

"With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement."

4. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

5. Item 17 of the Franchise Disclosure Document is amended to add the following and the following language will appear at the end of Section 23.9 of any Franchise Agreement issued in the State of Minnesota:

"Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction."

6. Minn. Rule 2860.4400J prohibits waiver of a jury trial. Accordingly, Item 17 of the Franchise Disclosure Document and Section 23.11 of the Franchise Agreement are amended as follows:

"Nothing contained herein shall limited Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J."

7. Item 17 of the Franchise Disclosure Document and Article 18 of the Franchise Agreement are amended as follows:

"Nothing contained herein shall limited Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4407J."

8. These states have statutes which limit the franchisor's ability to restrict your activity after the Franchise Agreement has ended: California Business and Professions Code Section 16,600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 *et seq*., Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor's ability to restrict your activity after the Franchise Agreement has ended.

9. A provision in the Franchise Agreement which terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

10. Franchisor will protect the Franchisee's right granted hereby to use the Marks or will indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Marks.

11. Section 23.12 of the Franchise Agreement is amended by adding the following:

"Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5."

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE NEW YORK FRANCHISE LAW

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the

franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

FRANCHISOR REPRESENTATION

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE NORTH DAKOTA FRANCHISE LAW

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE RHODE ISLAND FRANCHISE DISCLOSURE ACT

Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE VIRGINIA RETAIL FRANCHISE ACT

The following paragraph is added at the end of Item 17:

Virginia has a statute which may supercede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise: Virginia [Code 13.1-557 to 574]. Under §13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE WASHINGTON FRANCHISE INVESTMENT LAW

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. Site of Arbitration, Mediation, and/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Nonsolicitation Agreements. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result,

any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

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	June 3, 2025
Hawaii	April 23, 2025
Illinois	April 23, 2025, as amended on August 14, 2025
Indiana	May 15, 2025
Maryland	May 16, 2025
Michigan	May 1, 2025
Minnesota	May 6, 2025, as amended September 17, 2025
New York	Pending
North Dakota	April 23, 2025
Rhode Island	May 5, 2025
South Dakota	April 23, 2025
Virginia	July 17, 2025, as amended October 1, 2025
Washington	Pending
Wisconsin	April 22, 2025

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 T

RECEIPTS

Exhibit T

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. Under Iowa law, if applicable, we must provide this disclosure document to you at your 1st personal meeting to discuss the franchise or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, if applicable, APA must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, APA must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise or 10 business 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.

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: April 22, 2025, materially amended July 31, 2025.

The franchise seller for this offering is ☐ Kevin Hinkebein or ☐ Ryan Panhorst, American Poolplayers Association, Inc., 1000 Lake St. Louis Blvd., Lake St. Louis, MO 63367, telephone no. (636) 625-8611, or ☐ _____, located at _____.

We authorize the applicable state agent listed on Exhibit B to receive service of process for us.

I have received a disclosure document dated April 22, 2025, and materially amended July 31, 2025, that included the following exhibits:

A	List of State Agencies
B	Agents for Service of Process
C	Franchise Agreement
D	State Addendum to Agreement
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	Consent to Transfer and Release
M	League Operator Manual, Table of Contents
N	Release
O	Assignment and Power of Attorney
P	APA Financial Statements
Q	List of Franchisees
R	Index of Defined Words and Phrases
S	State Specific Addendum
T	Receipts

_____
Signature of Prospective Franchisee

_____
Print Name

_____
Date (do not leave blank)

Exhibit T

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. Under Iowa law, if applicable, we must provide this disclosure document to you at your 1st personal meeting to discuss the franchise or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, if applicable, APA must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, APA must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise or 10 business 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.

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: April 22, 2025, materially amended July 31, 2025.

The franchise seller for this offering is ☐ Kevin Hinkebein or ☐ Ryan Panhorst, American Poolplayers Association, Inc., 1000 Lake St. Louis Blvd., Lake St. Louis, MO 63367, telephone no. (636) 625-8611, or ☐ _____, located at _____.

We authorize the applicable state agent listed on Exhibit B to receive service of process for us.

I have received a disclosure document dated April 22, 2025, and materially amended July 31, 2025, that included the following exhibits:

A	List of State Agencies
B	Agents for Service of Process
C	Franchise Agreement
D	State Addendum to Agreement
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	Consent to Transfer and Release
M	League Operator Manual, Table of Contents
N	Release
O	Assignment and Power of Attorney
P	APA Financial Statements
Q	List of Franchisees
R	Index of Defined Words and Phrases
S	State Specific Addendum
T	Receipts

_____
Signature of Prospective Franchisee

_____
Print Name

_____
Date (do not leave blank)