Lil' Kickers Inc.
a Washington corporation
9040 Willows Road NE, Suite 101
Redmond, Washington 98052
(877) 650-0007
sales@lilkickers.com
www.lilkickersfranchise.com

Lil' Kickers Inc. ("we" or "us") is offering franchises to operate a children's soccer program under the service mark "Lil' Kickers" that includes soccer classes, clinics, camps, parties, and other events for children varying in age from 1 through 12. Franchisees will participate in the advertising, marketing, and information systems, and quality standards designed and implemented by us.

The total investment necessary to begin operation of a traditional Lil' Kickers franchise ranges from approximately $20,550 to $46,860. This includes approximately $20,550 to $30,050 that must be paid to us or an affiliate. The total investment necessary to begin operation of a micro-Lil' Kickers franchise ranges from approximately $13,050 to $35,860. This includes approximately $13,050 to $19,050 that must be paid to us or an affiliate.

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 disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Ty Redinger at 9040 Willows Road NE, Suite 101, Redmond, WA 98052 and (877) 650-0007.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all parts 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 11, 2022

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.
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 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 by business be the only Lil' Kickers 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 a Lil' Kickers franchisee?	Item 20 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 arbitration only in King County, Washington. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in Washington than in your own state.

2. **Spousal Liability**. Your spouse may be required to 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 you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Mandatory Minimum Payments**. You must make minimum royalty 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.

TABLE OF CONTENTS

Page

Item 1. The Franchisor and any Parents, Predecessors, and Affiliates 1
Item 2. Business Experience 4
Item 3. Litigation 5
Item 4. Bankruptcy 5
Item 5. Initial Fees 5
Item 6. Other Fees 6
Item 7. Estimated Initial Investment 11
Item 8. Restrictions on Sources of Products and Services 14
Item 9. Franchisee's Obligations 16
Item 10. Financing 17
Item 11. Franchisor's Assistance, Advertising, Computer Systems, and Training 17
Item 12. Territory 23
Item 13. Trademarks 26
Item 14. Patents, Copyrights, and Proprietary Information 28
Item 15. Obligation to Participate in the Actual Operation of the Franchise Business 29
Item 16. Restrictions on What the Franchisee May Sell 30
Item 17. Renewal, Termination, Transfer, and Dispute Resolution 30
Item 18. Public Figures 37
Item 19. Financial Performance Representations 37
Item 20. Outlets and Franchisee Information 43
Item 21. Financial Statements 52
Item 22. Contracts 53
Item 23. Receipts 53

Exhibits

A. List of State Administrators
B. List of State Agents for Service of Process
C. Franchise Agreement, with the following Schedule and Exhibits
    - Schedule 1: Exclusive Area – Approved Location
    - Exhibit 1: General Release
    - Exhibit 2: Nondisclosure and Non-Competition Agreement
    - Exhibit 3: Guaranty and Assumption of Obligations

Exhibit 4: Holders of Legal or Beneficial Interest in Franchisee; Officers; Directors
Exhibit 5: Multi-State Addenda
Exhibit 6: Licensee Conversion Addendum

D. Financial Statements
E. Multi-State Addenda
F. Addendum to Franchise Agreement for Micro Lil' Kickers Program
G. Addendum to Franchise Agreement for Remote Locations in Adjacent Territory
H. Addendum to Franchise Agreement for Option and Right of First Refusal to Purchase Franchise for Adjacent Territory
I. ACH Customer Authorization Form
J. Sample Agreement with DaySmart Recreation
K. State Effective Dates
L. Receipt

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

To simplify the language in this disclosure document, the words "we," "our," and "us" refer to Lil' Kickers Inc., the franchisor of this business. We refer to the person or entity who buys the franchise as "you" throughout this disclosure document. If you are a corporation, partnership, limited liability company, or other entity, certain terms of the Franchise Agreement also apply to your owners (noted where applicable). All capitalized terms not defined in this disclosure document have the meaning assigned to them in the Franchise Agreement.

Franchisor's Name, Business Form, Predecessors, and Affiliates. Lil' Kickers Inc., a Washington corporation formerly known as Lil' Kickers LLC, was formed on October 29, 2007 to offer Lil' Kickers franchises. We changed our name to Lil' Kickers Inc. on December 7, 2015. The child development soccer program we are offering began in 1999 as a program of Arena Sports, Inc. ("Arena Sports"). We were a wholly-owned subsidiary of Arena Sports until January 1, 2016. Arena Sports also owns subsidiaries that operate the company-owned or -affiliated Lil' Kickers Programs described in Item 20 below.

We have an affiliate named Lil' Strikers Franchising, Inc. ("Lil' Strikers") that offers and sells Lil' Strikers franchises in Canada. Lil' Strikers franchises are essentially the same as Lil' Kickers franchises, except for the name. Lil' Strikers is our wholly-owned subsidiary.

Business Names, Addresses, Agents for Service. We do business under the name "Lil' Kickers Inc." and "Lil' Kickers." Our principal business address, as well as that of Arena Sports, is 9040 Willows Road NE, Suite 101, Redmond, WA 98052. We have offered franchises since June 16, 2008. Our agents for service of process are listed in Exhibit B to this disclosure document.

Franchisor's Business. Our primary business is granting franchises to qualified persons or business entities in connection with the trademark "LIL' KICKERS" and other related trademarks, trade names, and logos (collectively referred to as the "Marks"). We refer to these franchised businesses as "Lil' Kickers Programs."

In 2018, we began a separate line of business of licensing to qualified non-franchisees the program curriculum and training modules we have developed for the operation of children's soccer programs for use in specific territories. The rights granted under the license agreements are fundamentally different from those granted under a franchise agreement, as the licensees do not receive and have not received any rights to use the "LIL' KICKERS" trademark or any other related trademarks, trade names, or logos under their license agreements, and therefore cannot conduct Lil' Kickers Programs. We currently have five such licensees. The decision of whether to offer you a franchise to conduct Lil' Kickers Programs or a limited license to use our program curriculum and training modules is completely in our discretion. A limited license to use our program curriculum and training modules is not being offered under this disclosure document.

Franchises to Be Offered. Lil' Kickers Programs operate a soccer training program for children varying in age from 1 through 12 years. The program is based on child development principles and includes soccer classes, clinics, camps, parties, and other events. Lil' Kickers Programs also participate in advertising, marketing, and information systems, and quality standards designed and implemented by us or our

affiliates. We have developed all of these as part of the operating system (the "System"), which you may be granted a franchise to use.

We refer to the Lil' Kickers Program that you will operate as the "Franchised Business." You will operate the Franchised Business under a license to use our System, know-how, and trademarks. You will sign a franchise agreement with us (the "Franchise Agreement"). The Franchise Agreement is attached to this disclosure document as Exhibit C. The Franchise Agreement gives you the right to establish and operate the Franchised Business at one specific and permanent location, which is usually your indoor sports arena but may be another acceptable location. We refer to each Lil' Kickers Program as a "traditional" Lil' Kickers Program, unless it is located in a small market and operates as a Micro Lil' Kickers Program (see next paragraph). If your Franchised Business is a traditional Lil' Kickers Program, you are also granted the right to operate off-site programs within your limited territory.

If your Franchised Business will be located (i) within a city or township with a population of less than 100,000, (ii) in a facility with less than 25,000 square feet of total floor space, or (iii) in a market whose other demographics or characteristics may not, as determined in our sole discretion, support a traditional Lil' Kickers Program, we may offer you a smaller-scale franchise referred to as a "Micro" Lil' Kickers Program. The decision of whether to offer you a Micro Lil' Kickers Program instead of a traditional Lil' Kickers Program is completely in our discretion. If you sign a Franchise Agreement for a Micro Lil' Kickers Program, you will sign (in addition to our standard Franchise Agreement) the Addendum for Micro Lil' Kickers Program (attached as Exhibit F). Micro Lil' Kickers Programs have no protected area (unlike "traditional" Lil' Kickers Programs), a lower initial franchise fee, and a smaller marketing requirement. If you operate a Micro Lil' Kickers Program, we may during the term of your franchise agreement, in our sole discretion, offer you the option to convert to a traditional Lil' Kickers Program. In order to convert you are required to meet several conditions stated in the Addendum for Micro Lil' Kickers Program, including signing a new, then-current franchise agreement, and paying us the difference between the new initial franchisee fee and the initial franchise fee you already paid. If we offer you the option to convert to a traditional Lil' Kickers Program, we will provide you with our then-current franchise disclosure document and the disclosures in that disclosure document will apply to your converted Franchised Business (see Item 12 for more information on Exclusive Areas and Non-exclusive Territories).

In addition to your traditional or Micro Lil' Kickers Program, we may offer you the ability to operate additional Lil' Kickers programs and events at off-site locations outside of your Exclusive Area or Non-exclusive Territory that meet our standards and specifications. If you accept the offer, you will sign an Addendum for Remote Locations in Adjacent Territory (attached as Exhibit G). These off-site locations may only be located in a geographic area that will be designated on a schedule attached to the Addendum for Remote Locations in Adjacent Territory, but in any event may not be located: (i) within the Exclusive Area of another franchisee or licensee, or (ii) in a facility whose primary function is serving as an indoor or outdoor sports facility that is capable of supporting a separate Franchised Business, as determined in our sole discretion. You will have no exclusive rights in any adjacent territory, and we may establish, own, operate, or franchise any business, including competitive businesses, and may sell or produce any products and services, using any trademarks and any channel of distribution, in these adjacent territories (see Item 12 for more information on Exclusive Areas and Non-exclusive Territories). If we sell a traditional Lil' Kickers Program with an Exclusive Area that overlaps with the Adjacent

Territory, you will be required to cease operations at any off-site locations in that Exclusive Area at the end of the then-current season.

We may also offer you, in our sole discretion, an option and right of first refusal to purchase a traditional Lil' Kickers Program for a territory adjacent to your Exclusive Area. If you accept the offer, you will sign an Addendum for Option and Right of First Refusal to Purchase Franchise for Adjacent Territory (attached as Exhibit H), which will designate the adjacent territory on an attached schedule. While the Addendum is in effect, you will have the option at any time to purchase a traditional Lil' Kickers Program for the adjacent territory by signing our then-current franchise agreement and paying the then-current initial franchise fee. If you exercise the option but do not sign our then-current franchise agreement or pay the then-current initial franchise fee within 30 days, your option permanently lapses. If you have not exercised the option but we have a bona fide offer from a third party to purchase a traditional Lil' Kickers Program in the adjacent territory, you have 30 days from the date we notify you to exercise your option and purchase the Lil' Kickers Program for that territory. If you do not sign our then-current franchise agreement and pay the then-current initial franchise fee within that 30 days, your option and right of first refusal permanently lapses. You must pay an annual fee to maintain the option and right of first refusal. If you fail to pay the annual fee, the option and right of first refusal permanently lapses.

Prior Business Experience of Franchisor, Predecessor, and Affiliates. We do not ourselves own or operate soccer arenas or Lil' Kickers Programs. Apart from selling Lil' Kickers franchises, we have no other business activities. The System is derived from the business experience of the persons listed in Item 2 below and our predecessor and affiliates, including Arena Sports.

Arena Sports currently owns five indoor soccer arenas in and around Seattle, Washington and has been operating Lil' Kickers child development soccer programs at its arenas since 1999. From September 2002 until March 2008, Arena Sports offered licenses to operate businesses similar to the type being franchised. Most of these licensees were already established in the indoor soccer business when they entered into license agreements with Arena Sports, and therefore were not entirely dependent on Arena Sports' licensed program, assistance, or training. These licensees were granted exclusive territories within which to offer services under their license agreements, and these licensees have also been granted permission to use the "Lil' Kickers" trademark. The Arena Sports license agreements have since been assigned to us, and we currently provide to this network of licensees various support services similar to those services we will provide to you. Although these license agreements have been assigned to us, we refer to these licenses in this disclosure document as "Arena Sports license agreements," and the licensees operating thereunder "Arena Sports licensees," in an effort to distinguish these arrangements from the limited license agreements we began to offer in 2018, which are described earlier in this section under "Franchisor's Business." We offer to many licensees the opportunity to convert to franchisees under terms that recognize their investment in and experience with the licensed business. Those that do not convert will continue to operate under their Arena Sports license agreement. Those that do convert must sign a franchise agreement with us. Licensees will not be located in your Territory.

Lil' Strikers has been offering Lil' Strikers franchises in Canada since 2010.

We do not offer franchises in other lines of business, and do not presently intend to do so. Except for the franchises offered by Lil' Strikers in Canada, our affiliates do not offer franchises in any line of business.

General Description of the Market and Competition. Lil' Kickers Programs generally serve families with one or more children under the age of thirteen. Typically, franchise locations are found in urban and suburban areas at existing indoor sports arenas, but can also be operated at community centers, gymnasiums, or parks. Lil' Kickers Programs have historically experienced lower revenues during the summer season. Lil' Kickers Programs are not generally affected by time of day, although programs are offered during the awake hours of the typical Lil' Kickers-age child.

The child development sector and the youth sports sector are both established industries and markets; however, the soccer-based child development concept is still developing and expanding in the U.S. Even so, the business in which you will participate is still highly competitive. Your competitors are regional, national, and international businesses offering similar services, including indoor sports arena operators and other youth sports programs.

Industry Regulation. Some states, counties, or local governments may require you, as a sports facility, to have an automated external defibrillator (AED) on site and a person trained in CPR and AED use on staff and on site at all times. See the Multi-State Addenda attached as Exhibit E for information specific to your state.

Many franchisees hire employees that are under the age of 18. Most, if not all, states have special requirements regarding hiring persons under the age of 18. Additionally, many states have special requirements regarding hiring persons who will work with young children, including requirements for licensing, bonding, or obtaining background checks. We do not require you to obtain any licenses or bonds or complete a background check; however, you are entirely responsible for selecting your employees and complying with all federal, state, and local laws pertaining to your employees.

The Lil' Kickers Program may be affected by federal, state and/or local laws or government orders related to the COVID-19 pandemic. These laws and orders vary widely by jurisdiction, but often seek to limit the types of indoor and outdoor athletic activities that businesses may conduct; impose stricter occupancy limitations on indoor and outdoor facilities than normally exist; and require businesses to provide or make available personal protective equipment (PPE), which may increase operating costs. These laws and orders are not expected to last beyond the COVID-19 pandemic.

ITEM 2. BUSINESS EXPERIENCE

Don Crowe – CEO. Don has been our CEO since January 2012 and was our President from our formation through December 2011. As the Chief Executive Officer for Arena Sports, Inc. since October 1998, Don has over 20 years of experience in the indoor sports industry.

Ty Redinger – President. Ty has been our President since January 2012, and was Vice President before that beginning in October 2008. Ty has been employed by Arena Sports since 2000, starting as a customer service representative and Lil' Kickers coach. In 2001 he was hired as the Director of Arena Sports' Lil' Kickers program in Redmond, Washington. He was promoted to Director of Northwest Lil' Kickers Operations in 2004, and to Vice President of Operations in 2007.

Gene Hogan – Director of North American Franchises. Gene has been our Director of North American Franchises since May 2008. Gene started with Arena Sports in 2000 as the Lil' Kickers Director for the Seattle facility and eventually expanded his role to manage two facilities' programs. Gene was promoted to Director of Lil' Kickers North American License Program in 2004.

Karen Crowe – Marketing and Child Development Specialist. Karen has been our Marketing and Child Development Specialist since May 2008. Karen joined Arena Sports in 1999 as a specialist to head the conversion of Lil' Kickers from a soccer program into a child development program. She continues to oversee the development of Lil' Kickers marketing materials and curriculum.

ITEM 3. LITIGATION

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

Franchise Fee. You must pay us an initial franchise fee of $15,000 for a traditional Lil' Kickers Program. You must pay us an initial franchise fee of $8,000 for a Micro Lil' Kickers Program. The franchise fee must be paid to us in a lump sum when you sign the Franchise Agreement, though in limited circumstances we may allow the franchise fee to be paid in installments over a period not to exceed one year. We will not refund any portion of the franchise fee except under the following circumstances: (1) if you and we cannot agree upon a facility location within 60 days (or 120 days if we agree to a 60-day extension) following the date we sign the Franchise Agreement, then either you or we can terminate the Franchise Agreement, upon which we will refund 50% of the franchise fee; or (2) if you (or your Designated Manager) fail to complete the initial training to our satisfaction, we can terminate the Franchise Agreement, upon which we will refund 50% of the franchise fee**.** You may be required to execute a general release of claims against us to receive the refund.

We fully earn the franchise fee when you sign the franchise agreement. The franchise fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as described in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, legal, accounting, product development, and other professional fees.

Initial Equipment and Supplies. You must purchase initial soccer equipment and supplies from us and other approved Lil' Kickers suppliers as described in more detail in Item 8 of this disclosure document. The purchases from us are not refundable. The actual amount of your costs for equipment and supplies will depend on the size of your facility, but for a traditional Lil' Kickers Program may range from $3,000 to $10,000, and for a Micro Lil' Kickers Program may range from $2,500 to $6,000. The high estimates include the cost of purchasing and installing an automated external defibrillator (AED), which is generally less than $1,000 and is required in some states. Otherwise, there are no costs to install any equipment.

Technology Set-up Fee. You must pay us a one-time fee of $500 as a technology set-up fee. The technology set-up fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you in connection with the initial set-up of software you will use to track and manage products, seasons, leagues, classes, annual registration fees, discounts, internal calendars, email templates, and online registration associated with Lil' Kickers Programs. The technology set-up fee must be paid to us in a lump sum when you sign the Franchise Agreement, though in limited circumstances we may allow the Technology Set-up Fee to be paid in installments over a period not to exceed one year. This fee is not refundable.

Marketing Campaigns. You must pay us a monthly fee for marketing services that we conduct on your behalf. This fee, called the "Marketing Fee," will be used by us to purchase online ad campaigns for your franchise and to pay our Corporate Marketing Team for managing digital ads and generating analytics reports from such campaigns. Marketing Fees vary based on market, digital platform, and the ad campaigns you choose; all of which is subject to the terms of the Franchise Agreement. Depending on the agreed-upon monthly spend, your financial commitment will range from $350 to $850/month, and your total Marketing Fees for the initial three months will range from $1,050 to $2,550, regardless of whether you operate a traditional Lil' Kickers Program or a Micro Lil' Kickers program.

This monthly fee for marketing services is required for your initial term. In renewal terms you may choose to conduct the required marketing ad campaigns independently from the Corporate Marketing Team, but you will need to give 30 days' notice to us and abide by the following guidelines:

a. You must only use Approved Advertisements provided by or approved by our Corporate Marketing Team;

b. You must have a knowledgeable digital marketing expert (as determined in our reasonable discretion) managing your monthly campaigns;

c. You must submit reporting and analytics from the campaigns to us monthly;

d. You must spend a minimum of $350 monthly on digital advertising (which may include, but shall not be limited to, Google and Facebook advertising) to continuously promote the franchise program for new customer acquisition.

If you fail to complete the monthly marketing campaigns to our satisfaction, we can require the use of our Corporate Marketing Team services at the then-current rates. Your initial Marketing Fee will become due when you sign the Franchise Agreement, with ongoing Marketing Fees paid monthly thereafter. This fee is not refundable.

Initial Inventory. You must purchase a minimum level of inventory necessary to operate the Lil' Kickers Program from us and/or other approved Lil' Kickers suppliers as described in more detail in Item 8 of this disclosure document. Inventory items include paper products and other collateral materials (e.g., brochures describing features and benefits, etc.), and player uniforms, equipment, and other retail items. The actual amount of your costs for initial inventory will depend on the size of your facility, but for either a traditional Lil' Kickers Program or a Micro Lil' Kickers Program may range from $1,000 to $2,000. These purchases are not refundable.

You pay us or our affiliates no other fees or payments for services or goods before your business opens.

Variability. Arena Sports' existing licensees that are in good standing with Arena Sports may convert to a franchise without paying the initial franchise fee or technology set-up fee. See Exhibit 6 to the Franchise Agreement.

ITEM 6. OTHER FEES.

Name of Fee [1]	Amount	Due Date	Remarks
Royalty	9% of Gross Sales, but there is a minimum fee of $2,000 during the first year of operation for both traditional and Micro Lil' Kickers Programs. For each year thereafter, there is a minimum fee of $9,000 per year for traditional Lil' Kickers Programs, and $5,000 per year for Micro Lil' Kickers Programs. Arena Sports licensees converting to a franchise may pay a lower percentage.[2]	Payable monthly by the 10th day of the next month.	See definition of Gross Sales.[3]
DaySmart Recreation [4]	$245 per month for each facility, $95 per month for each remote location.	Payable monthly on the 10th day of the month.	Fee is paid to DaySmart Recreation for access to and administration of the DaySmart Recreation software, but is waived if you have purchased the full commercial version of the DaySmart Recreation software. Non-refundable.
DaySmart Recreation Payments	$24.99 per month credit card processing fees are required as part of processing credit card payments through DaySmart Recreation software.	Payable monthly on the 10th day of the month.	Fee is paid to DaySmart Recreation for access to and administration of the credit card processing services in the DaySmart Recreation Software. These fees are remitted by the DaySmart Recreation Software to PayPal on a monthly basis. Non-refundable.

Name of Fee [1]	Amount	Due Date	Remarks
Travel expenses for on-site training	$0 - $2000	As invoiced	The initial franchise fee pays for on-site training at your Franchised Business by one of our trainers during the first year of operations. However, you must pay the trainer's travel and lodging expenses.
Training Fee	$1,000 per year	January 1	At least one of your Designated Program Mangers must attend the Annual Leadership Conference for continued education per year after the first year the Franchise Business is open.
Marketing Fee [5]	$350 - $850 per month, depending on market standards	Payable monthly, by the 10th of the month	You must participate in digital advertising monthly conducted by the Corporate Marketing Team.
Approval of Products or Suppliers [6]	$2,000 - $4,000	Time of evaluation	Applies to our evaluation of new suppliers you wish to purchase from or products you wish to purchase.
Option and Right of First Refusal for Adjacent Territory	$1,000 - $10,000 per year	At time of signing, and each anniversary thereafter	If we offer it to you, you may purchase an option and right of first refusal for the development of a Lil' Kickers Program in a territory adjacent to yours.
Fee to Convert Micro Lil' Kickers Program into traditional Lil' Kickers Program	The difference between the then current initial franchise fee and $8,000	At time of conversion	If we offer it to you, you may convert your Micro Lil' Kickers Program into a traditional Lil' Kickers Program during the term of your franchise agreement.
Interest/Late Fees	8% per annum or the maximum rate permitted by applicable law, whichever is less	Upon demand	Applies to all overdue Royalty Fees, DaySmart Recreation fees, monthly service fees, any understatement in amounts due revealed by an audit, and other amounts due to us.[7]
Audit Fees	$1,000 - $5,000	Upon billing after audit	Payable only if audit shows an understatement of at least 3% or more for any reported time period.

Name of Fee [1]	Amount	Due Date	Remarks
System Modifications	$0 - $10,000	As required	If we decide to modify the System by requiring new equipment, fixtures, software, program curricula, trademarks, etc., you must make the modifications at your expense.
Additional Training	$500 - $2,000	Time of service	Subject to availability, you may purchase additional training, marketing or management consultation, or other assistance with details regarding the Lil' Kickers Program.
Indemnification	All costs including reasonable attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the Lil' Kickers Program.
Liquidated Damages on Termination	An amount equal to (i) 1.2 *times* (ii) the average monthly Royalty Fees for the previous 12 months *times* (iii) the greater of (a) the number of months remaining in the term and (b) twelve (12) months.	Upon demand	Payable only if we terminate the franchise agreement for cause under Section 16.2 or 16.3, or if you terminate the franchise agreement without cause.
Transfer of Location Liquidated Damages	An amount equal to the previous 12 months of Gross Sales	Upon transfer of location	If during the term or within one year thereafter you transfer in any way your location or right to operate at the location, and the transferee operates a competitive business, you must pay us these liquidated damages.

Name of Fee [1]	Amount	Due Date	Remarks
Franchise Transfer Fee	An amount equal to the costs we reasonably estimate we will incur or actually do incur in connection with a proposed transfer, which amount will not exceed $5,000	Before we approve the transfer	Waived for Arena Sports licensees converting to a franchise for transfers made during the initial franchise term.

[1] Unless otherwise noted, we impose all the fees in this table, you pay them to us, and we do not refund them.

[2] There is a minimum Royalty Fee of $2,000 for the first full calendar year of operation of the Franchised Business for both traditional and Micro Lil' Kickers Programs. For each year thereafter, there is a minimum fee of $9,000 per year for traditional Lil' Kickers Programs, and $5,000 per year for Micro Lil' Kickers Programs. If at the end of your first full calendar year of operations, the sum of your monthly Royalty Fee payments for that year do not equal or exceed $2,000, you must pay the difference to us at the same time as your next monthly Royalty Fee payment. If at the end of each calendar year thereafter, the sum of your monthly Royalty Fee payments for that year do not equal or exceed $9,000 for a traditional Lil' Kickers Program, or $5,000 for a Micro Lil' Kickers Program, you must pay the difference to us at the same time as your next monthly Royalty Fee payment.

Arena Sports' licensees that are in good standing with Arena Sports may convert to a franchise and pay as a royalty fee that is the same percentage of Gross Sales as called for in their license agreement. See Exhibit 6 to the Franchise Agreement.

Each Royalty Fee payment must be made by Electronic Funds Transfer (EFT). You must maintain an operating deposit account at a national bank from which we can withdraw the Royalty Fee and other fees by EFT. We will generate a revenue report based on information you input into the DaySmart Recreation platform, provide you with a monthly invoice, and initiate the EFT. However, it is still your responsibility to ensure all Gross Sales have been accurately reported. Within 30 days after the end of your fiscal year, you must send us a Revenue Report and Affidavit attesting to your annual revenue, or any other documentation of the amount of Gross Sales received by you as may be reasonably required by us.

[3] "Gross Sales" means the aggregate of all revenue from the sale of services from all sources in connection with the Franchised Business, including, without limitation, all annual registration fees, sales of classes, camps, parties, facility memberships to which a Lil' Kicker participant is a party (including any associated registration fees), field trips, local program sponsorships, and proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by you for or on behalf of, and paid to, any governmental taxing authority, and (c) any rebate received by you from a manufacturer or supplier.

[4] We have contracted with DaySmart Recreation for certain proprietary sports management software specially suited for use in the operation of Lil' Kickers Programs. We require you to use the DaySmart Recreation software for the management and administration of all Lil' Kickers operations, including customer management, class registration, and payment processing. The DaySmart Recreation monthly fee is payable to our affiliate. However, this fee is waived if your arena or location already pays for the full commercial version of the DaySmart Recreation software. You must sign a separate agreement with DaySmart Recreation, a sample of which is attached to this disclosure document as Exhibit G. This fee may increase during the term of your franchise as per the terms of your contract with DaySmart Recreation.

[5] Each Marketing Fee payment must be made by Electronic Funds Transfer (EFT). You must maintain an operating deposit account at a national bank from which we can withdraw the Marketing Fee and other fees by EFT. We will use the Marketing Fee to purchase the ad campaigns and related services that you select. You must offer free promotional Lil' Kickers jerseys to all new customers who pay the annual registration fee. Subject to availability, you may request our assistance with creating and distributing optional forms of marketing materials or services not required by us, at our then-current hourly rates or other prices and terms.

[6] The cost to approve a new supplier or product varies depending on the availability of product samples for testing, shipping costs or travel costs to review the product, the type of product under review, the availability of objective information relating to a particular product or supplier, whether the product or supplier has been rated or reviewed by associations in this or other industries, and other similar factors. If you propose a new supplier or product for approval by us, your reimbursement of our costs to review the product or supplier will not exceed our actual costs.

[7] If we audit your business and you understated the Gross Sales on the monthly revenue reports submitted to us by 3% or more, then you must immediately pay all costs and expenses connected with the audit, and you must immediately pay us the additional amounts owing, plus interest. Otherwise, we must pay the costs and expenses of the audit.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Low/High Range Traditional Lil' Kickers Program	Low/High Range Micro Lil' Kickers Program	Method of payment	When due	To whom payment is to be made
Franchise Fee [1]	$15,000	$8,000	EFT Transfer or cash	Upon signing Franchise Agreement	Us

Type of expenditure	Low/High Range Traditional Lil' Kickers Program	Low/High Range Micro Lil' Kickers Program	Method of payment	When due	To whom payment is to be made
Technology Set-up Fee[2]	$500	$500	EFT Transfer or cash	Upon signing Franchise Agreement	Us
Initial Training Program [3]	$0 - $5,000	$0 - $5,000	As airlines, hotels, restaurants, etc. require	As airlines, hotels, restaurants, etc. require	Airlines, hotels, restaurants, etc.
Real Property [4]	N/A	N/A	N/A	Before beginning operations	Third parties
Equipment, signs, and decorating costs[5]	$3,000 - $10,000	$2,500 - $6,000	Cash, EFT Transfer, or credit as per agreement with suppliers	If to us, after first week of classes; as incurred for other suppliers	Us and various suppliers
Inventory to begin operating [6]	$1,000 - $2,000	$1,000 - $2,000	Cash, EFT Transfer, or credit as per agreement with suppliers	If to us, after first week of classes; as incurred for other suppliers	Us and/or other suppliers
Insurance (annual premium) [7]	N/A	N/A	N/A	Before beginning operations	Insurance agent

Type of expenditure	Low/High Range Traditional Lil' Kickers Program	Low/High Range Micro Lil' Kickers Program	Method of payment	When due	To whom payment is to be made
Security deposits and other prepaid expenses required to commence operations and working capital [8]	$0 - $1,000	$0 - $1,000	Cash or Credit	As incurred	Various vendors and suppliers
Marketing Fee – Initial Three Months[9]	$1,050 - $2,550 ($350/mo. - $850/mo.)	$1,050 - $2,550 ($350/mo. - $850/mo.)	EFT Transfer	Upon signing Franchise Agreement and monthly thereafter	Us
DaySmart Recreation system – Initial three months [10]	$0 - $810 ($245/mo. + $24.99/mo. processing fees)	$0 - $810 ($245/mo. + $24.99/mo. processing fees)	EFT Transfer	Monthly upon beginning operations	DaySmart Recreation
Additional funds – three months [11]	$0 - $10,000	$0 - $10,000	As expenses occur	Payroll as per your policies; other purchases according to agreed-on terms	Employees, suppliers of goods and services
Total [12] (excluding real property[4])	**$20,550 - $46,860**	**$13,050 - $35,860**			

[1] The Franchise Fee is described in greater detail in Item 5 of this disclosure document.

[2] The Technology Set-up Fee is described in greater detail in Item 5 of this disclosure document.

[3] There is no fee for the Initial Training, but you are responsible for transportation and expenses for meals and lodging while attending training, if you attend an in-person Initial Training. The total cost will vary depending on the number of people attending, how far you travel, and the type of accommodations you choose. These expenses are typically not refundable. See Item 11 for more information on training.

[4] Typically, franchisees already own, lease, or operate an established arena or similar facility before becoming a participant in the Lil' Kickers System. Under this assumption, you are not required to make additional investment in land, improvements, furniture, insurance, deposits, prepaid expenses and the like as a prerequisite to participating in the Lil' Kickers System. However, see Note 6 regarding insurance.

Occasionally, we may offer a franchise to a person who has yet to build or acquire an arena or who will rent space from an existing facility. Based on the experience of our predecessor, indoor sports arenas typically charge as a rental fee up to 33% of your gross revenues, though some may charge more; community centers or parks may charge a flat fee per hour. Based on the experience of our predecessor, it can cost up to $5,000,000 to build a typical indoor sports arena (possibly much more if your desired location is in a highly-valued real estate market).

[5] You must purchase many of these items from approved Lil' Kickers suppliers as described in Item 8 of this disclosure document. The actual amount will depend on the size of your facility. The purchases from us are not refundable. The high estimate includes the cost of purchasing and installing an automated external defibrillator (AED), which is generally less than $1,000 and is required in some states. Otherwise, there are no costs to install any equipment.

Typically, franchisees already own a computer system prior to becoming a participant in the Lil' Kickers System. Under this assumption, you are not required to make additional investment in a computer system as a prerequisite to participating in the Lil' Kickers System.

[6] You must maintain a minimum level of inventory necessary to operate the Lil' Kickers Program in the ordinary course of business consistent with past practice. Inventory items include paper products and other collateral materials (e.g., brochures describing features and benefits, etc.), and player uniforms, equipment, and other retail items. These are not refundable.

[7] We require that you qualify for minimum insurance coverage, which may or may not be met by your present insurance (See Section 15 of the Franchise Agreement attached to this disclosure document as Exhibit C). The types of insurance you must maintain include "all risk" property insurance coverage, workers' compensation insurance, comprehensive general liability insurance, and business interruption insurance. The cost of this insurance will vary depending upon the arena, you, the arena location, the replacement value of the arena property and other factors.

[8] Typically, franchisees already own, lease, or operate an established arena or similar facility before becoming a participant in the Lil' Kickers System. Under this assumption, you are not required to make additional security or utility deposits, or acquire additional business licenses, as a prerequisite to participating in the Lil' Kickers System.

[9] Each Marketing Fee payment must be made by Electronic Funds Transfer (EFT). You must maintain an operating deposit account at a national bank from which we can withdraw the Marketing Fee and other fees by EFT. We will use the Marketing Fee to purchase the ad campaigns and related services that you select. You must offer free promotional Lil' Kickers jerseys to all new customers who pay the annual registration fee. Subject to availability, you may request our assistance with creating and distributing optional forms of marketing materials or services not required by us, at our then-current hourly rates or other prices and terms.

[10]The DaySmart Recreation system provides you with daily information via a computer/website regarding current and past customers participating in Lil' Kickers Programs, as well as tracking all sales and scheduled programs. There are no startup or initial registration fees for using DaySmart Recreation services, just an ongoing monthly fee and processing fee for use as a Lil' Kickers Program. If, however, you have already purchased the full commercial version of the DaySmart Recreation software, the monthly fee is waived. The average cost of the full commercial version of DaySmart Recreation (for non-Lil' Kickers Program users), by comparison, is $795 per month. Use of the DaySmart Recreation program is web-based and is accessible via the internet from any device that has internet access.

[11] The estimate of additional funds for the initial phase of your business is based on your staff salaries and operating expenses for the first three months of operation. The estimate of additional funds does not include an owner's salary or draw.

[12] This estimates your initial start-up expenses. These expenses include payroll costs, but not an owner's salary or personal expenses for you. These figures are just estimates and we cannot guarantee that you will not have additional expenses starting the Franchised Business, or that you will ever achieve profitability. This 3-month period is not intended, and should not be interpreted, to identify a point at which your Franchised Business will break even. Your costs will depend on factors such as: how well you follow the Lil' Kickers System; your management skills, experience, and business acumen; local economic conditions; the local market; the prevailing wage rate; competition; and the sales level reached during the initial period. In compiling these estimates, we relied upon the experience of our officers listed in Item 2 of this disclosure document in operating Lil' Kickers programs. You should review these figures carefully with a business adviser before making any decision to purchase the franchise.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.

To maintain uniform standards of quality, appearance, and marketing, it is essential that you conform all goods, services, inventory, equipment, software, advertising, marketing, trademark usage, trade dress, and materials required for the operation of the Franchised Business, to our standards and specifications. You will manage your own operations and employees.

Approved Suppliers. All products, supplies, signs, on-site brochures, promotional items, and other specified items and services for use or sale in your Franchised Business must be purchased from an approved supplier, which may be us or an affiliate. Currently, we are the only approved supplier of all uniforms, equipment, signs, marketing materials and services for you. As noted in Item 6, our affiliate,

DaySmart Recreation is the only approved supplier of software for the operation of your Lil' Kickers Program. Except for the Franchisor, no franchisor officer owns an interest in any supplier.

Computer and Communications Systems. You must acquire, maintain, and upgrade at your expense, computer and communications systems that are compatible with the DaySmart Recreation system and can function and communicate with other Lil' Kickers Programs' computers. This includes all applicable hardware and software as we may prescribe, as well as broadband Internet and other network access. The required computer system includes a standard business desktop or laptop computer, the establishment of a credit card processing merchant account, bar code reader, credit card machine, and web camera. But except for the DaySmart Recreation software, you may acquire such computer and communications systems from vendors of your choice.

Manuals. We will grant you access to the confidential Program Curriculum, Training Modules, and Electronic Manuals (the "Manuals"). We will provide, in the Manuals or by other written or electronic form, a list of items you will need to purchase for resale or as promotional items to operate your Franchised Business and, if required, a list of approved suppliers and specifications governing some or all of these items. Our specifications may include minimum standards for performance, design, appearance, and quality. We formulate and modify our specifications and standards for services and products based upon our industry knowledge and our affiliates' and franchisees' experience in operating Lil' Kickers Programs.

Approval of New Items or Services. If you would like to use any item or service in establishing or operating the Franchised Business that we have not approved (for items or services that require our approval), you must first notify us in writing and send us sufficient information, specifications and/or samples for us to determine whether the item or service complies with our standards and specifications or the supplier meets our approved supplier criteria. We may charge a reasonable fee to you or the prospective supplier in connection with determining whether we will approve an item, service or supplier. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease such items or services or from such supplier. We apply the following and other general criteria in approving a proposed supplier: the ability to provide sufficient quantity of product; quality of services and/or products at competitive prices; production and delivery capability; and dependability and general reputation of the supplier.

Revocation of Approval. Periodically, we may reassess our approval of any item, service, or supplier. We will notify you if we revoke our approval of an item, service, or supplier, and you must immediately stop purchasing disapproved items or services, or must immediately stop purchasing from a disapproved supplier.

Revenues We Receive. As noted above, we and our affiliate receive revenue if you purchase any required items from us. These revenues cover our costs to develop, acquire, and/or approve the items. For the fiscal year ended December 31, 2021, our total revenue from these purchases was 36%, or $888,028 of our total revenue of $$2,489,344. (Note: revenue numbers represent gross revenue before cost of goods and operating expenses and do not represent profits or net income to us or our affiliate.)

From time to time we may negotiate purchase arrangements with suppliers for the benefit of the Lil' Kickers System, which may include volume discounts. Presently, we do not have any such purchase or

supply agreements in effect and you must purchase all uniforms, signs, equipment, and marketing materials from us. In addition, we and our affiliates may from time to time have the right to receive payments from unaffiliated suppliers on account of their actual or prospective dealings with you and other franchisees and to use the amounts received without restriction (unless we or our affiliates agree otherwise with the supplier) for any purpose we or our affiliates deem appropriate. Sometimes suppliers pay fees to us and/or our affiliates for products purchased through these negotiated agreements, and willingness to pay us and/or our affiliates fees may be a condition for approving a supplier. These fees generally range from 0% to 20% of the sale price of an order. Revenues received from equipment suppliers will be used, in part, for: negotiating supply agreements; collecting or processing franchisee orders; inspecting the suppliers' goods and/or premises, or otherwise maintaining quality control; distributing product information or promotional literature to franchisees; warehousing or distributing products to franchisees; collecting payments from franchisees and similar back office functions; and guaranteeing payment by franchisees.

For the fiscal year ended December 31, 2021, we received $0.00 in rebates from approved suppliers.

We estimate that the required purchases from us described above are approximately 70% to 80% of the cost to establish a Lil' Kickers Program and approximately 10% to 15% of ongoing operating expenses. Note: this estimation does not take into account the cost of acquiring and maintaining your arena or location.

There are no purchasing or distribution cooperatives you must join. We do not provide material benefits to you (such as renewal rights or the right to open additional franchises) if you purchase through the sources we designate or approve; however, purchases of unapproved products or purchases from unapproved suppliers in violation of the Franchise Agreement will entitle us, among other things, to terminate the Franchise Agreement.

Insurance. In addition to any other insurance that may be required by applicable law, you are required to maintain certain insurance polices as further detailed in Section 15 of the Franchise Agreement, including:

- "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies, and other property used in the operation of the Lil' Kickers Program, with a minimum limit equal to the full replacement cost of all assets;

- workers' compensation insurance and employer liability coverage with a minimum limit of $100,000.00 or, if higher, the statutory minimum limit as required by state law;

- comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Lil' Kickers Program, or your conduct of the business, with a minimum liability coverage of $1,000,000.00 per occurrence, and $2,000,000.00 in the aggregate, or, if higher, the statutory minimum limit required by state law; and

- business interruption insurance in amounts and with terms acceptable to us.

We do not require you to use any specific insurance carrier and your choice of insurance carrier is not subject to our approval; however, all insurance polices must be written by an insurance company licensed or admitted in the state in which you operate and have at least an "A-" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide.

ITEM 9. FRANCHISEE'S OBLIGATIONS.

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other Items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 5.1, 5.2 of Franchise Agreement	Item 11
b. Pre-opening purchases/leases	Sections 5.3, 5.4 of Franchise Agreement	Item 8
c. Site development and other pre-opening requirements	Sections 5.3, 5.4 of Franchise Agreement	Item 11
d. Initial and ongoing training	Sections 8.1, 8.5 of Franchise Agreement	Item 11
e. Opening	Section 5.4 of Franchise Agreement	Item 11
f. Fees	Sections 3.1 – 3.6 of Franchise Agreement; Sections 5, 7, 9 of Addendum for Micro Lil' Kickers Program; Section 2 of Addendum for Option and Right of First Refusal	Items 5 and 6
g. Compliance with standards and policies/operating manual	Sections 10.1, 10.2 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Sections 6.1 – 6.5 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 13.1, 13.3 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 13.9 of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Section 13.2 of Franchise Agreement; Section 7 of Addendum for Micro Lil' Kickers Program	Item 12
l. Ongoing product/service purchases	Sections 13.1, 13.3 of Franchise Agreement	Items 8 and 16
m. Maintenance, appearance, and remodeling requirements	Sections 10.1, 10.2, 13.4 of Franchise Agreement	Item 11
n. Insurance	Section 15 of Franchise Agreement	Item 7
o. Advertising	Sections 11.1 – 11.5 of Franchise Agreement	Item 11
p. Indemnification	Section 20.3, 22.5 of Franchise Agreement	Items 6 and 13
q. Owner's participation/ management/staffing	Section 13.5 of Franchise Agreement	Items 11 and 15
r. Records/reports	Sections 12.1 – 12.3 of Franchise Agreement	Item 6
s. Inspections/audits	Section 12.5 of Franchise Agreement	Items 6 and 11
t. Transfer	Section 18 of Franchise Agreement	Item 17
u. Renewal	Section 4.2 of Franchise Agreement	Item 17

Obligation	Section in Agreement	Disclosure Document Item
v. Post-termination obligations	Sections 17.1 – 17.3 of Franchise Agreement; Sections 2 & 3 of Nondisclosure and Non-competition Agreement (Exhibit 2 to the Franchise Agreement)	Item 17
w. Non-competition covenants	Section 17.2 of Franchise Agreement; Section 3(b) of Nondisclosure and Non-competition Agreement (Exhibit 2 to the Franchise Agreement)	Item 17
x. Dispute resolution	Section 22 of Franchise Agreement	Item 17
y. Other: Guarantee of your obligations [1]	Section 21.5 of Franchise Agreement	

[1] Each individual who owns a 25% or greater interest in a franchisee that is a corporation or other business entity may be asked to sign an agreement assuming and agreeing to discharge all obligations of the "franchisee" under the Franchise Agreement (see Exhibit 3 to the Franchise Agreement). Arena Sports' licensees converting to a franchise will not be asked to sign such an agreement.

ITEM 10. FINANCING.

We do not offer direct or indirect financing. We do not guarantee any obligations you make or have made.

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

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

Before the Franchised Business Opens. Before you open your Franchised Business, we will do the following:

a. If you do not already own a facility, we will approve or disapprove the site proposed for your Franchised Business. We do not generally own sites for leasing to our franchisees. You select the site for your Lil' Kickers Program; we approve or disapprove your proposed site.

We have 30 days from your written proposal to approve or disapprove any site you propose. We approve or disapprove sites in writing. If you and we cannot agree on a site within 60 days following the date we sign the Franchise Agreement, then either you or we can terminate the Franchise Agreement. If that happens, we will refund 50% of the Franchise Fee in exchange for your signing a general release in a form we approve. (Franchise Agreement, Section 5.2)

If we determine, in our sole discretion, that you are making reasonable and continuing efforts to actively and diligently obtain a site acceptable to us, we will extend the deadline to find an acceptable site for another sixty (60) days so long as you continue to actively and diligently seek to obtain a suitable location and/or lease and otherwise pursue the opening of the Franchised Business. (Franchise Agreement, Section 5.2)

We consider the following factors when approving facility sites: the condition and size of the

facility, demographics of the surrounding area, proximity to other Lil' Kickers Programs, proximity to other youth soccer programs, lease requirements, traffic patterns, vehicular and pedestrian access, proximity to major roads, available parking, and overall suitability. (Franchise Agreement, Section 5.1)

Neither we nor any of our employees have special expertise in selecting sites; we make no representations that your Franchised Business will be profitable or successful by being located at the location we approve. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience.

b. We will designate your Territory as an Exclusive Area or Non-exclusive Area, as applicable. See Item 12 for more information on territory. (Franchise Agreement, Section 2.5 and Schedule 1; Addendum for Micro Lil' Kickers Program Sections 2, 3)

c. We will provide a list of required equipment, decoration, inventory, and supplies used in or for the Lil' Kickers Program, which you must purchase from us or an approved supplier. You must purchase initial equipment and supplies from us or other approved suppliers at least two weeks prior to beginning classes under the Lil' Kickers System. We do not install any of these items. (Franchise Agreement, Section 13.1)

d. We will sell you any required equipment, décor, inventory, or supplies for which we are an approved supplier. (Franchise Agreement, Section 13.1)

e. We will provide you with the initial training program. This training is described in detail later in this Item. (Franchise Agreement, Section 8.1)

f. We will grant you access to the Manuals. You must strictly comply with the Manuals in operating your Franchised Business. We may change the Manuals at our discretion. You must comply at your cost with these changes when you receive them, but they will not materially alter your rights and obligations under the Franchise Agreement unless such changes are necessary to comply with applicable law. (Franchise Agreement, Section 9)

g. We will assist with your initial set-up of software used to track and coordinate products, seasons, leagues, classes, annual registration fees, discounts, internal calendars, email templates, and online registration associated with Lil' Kickers Programs. (Franchise Agreement, Section 3.3, 8.1)

h. You must pay us a monthly Marketing Fee for marketing expenses that we conduct on your behalf. The Marketing Fee will be used by us to purchase online ad campaigns for your franchise and to pay our Corporate Marketing Team for generating analytics reports from such campaigns. Marketing Fees vary based on market, digital platform, and the ad campaigns you choose; all of which is subject to the terms of the Franchise Agreement. Your initial Marketing Fee will become due when you sign the Franchise Agreement, with ongoing Marketing Fees paid monthly thereafter. This fee is not refundable. You may not create your own Lil' Kickers marketing materials; however, you may include Lil' Kickers in your general facility marketing pieces, subject to our review and written approval. Upon your request and subject to our availability, we may provide you with assistance in creating and distributing optional forms of

marketing materials or services not required by us, at our then-current hourly rates or other prices and terms. (Franchise Agreement, Sections 3.4, 11.1, 11.3, 14.2)

i. We will approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within twenty (20) business days of receipt. If we do not respond within twenty business (20) days, the material is denied approval. (Franchise Agreement, Section 11.3)

Time to Open. You must typically begin operating the Franchised Business within 120 days of signing a franchise agreement; however, if you are opening a new arena, it may take significantly longer. Factors that affect this time and your program status include hiring needed staff to operate the program, marketing lead time to solicit new customers, and availability and timing of the initial training sessions. If you do not commence operations of the Franchised Business within 120 days after signing the franchise agreement, we have the right to terminate the franchise agreement. We may agree to a longer period if your site will not be available until after 120 days of signing, including but not limited to due to laws or orders related to the COVID-19 pandemic that restrict operations or occupancy at your site. (Franchise Agreement, Section 5.4)

Other Assistance During the Operation of the Franchised Business. During the operation of your Franchised Business, we will do the following:

a. We will periodically, and subject to availability, advise and offer general guidance to you by telephone, e-mail, newsletters, and other methods. Our guidance is based on our and our predecessor's experience in operating Lil' Kickers Programs. (Franchise Agreement, Section 14.1)

b. We will use commercially reasonable efforts to provide information pertaining to the source of supplies, including items identified with the Lil' Kickers logo, and to negotiate bulk purchase rates with suppliers and to make any discounts from suppliers available to you. (Franchise Agreement, Section 13.1)

c. We will use the Marketing Fee for promotional and marketing efforts on behalf of your Franchised Business. This includes the production and placement of online advertising campaigns and the generation of related analytics from such campaigns. We may also use the Marketing Fee to reimburse ourselves for administrative costs (including but not limited to bookkeeping expenses, legal expenses, and taxes) incurred by us in connection with administering the promotion and marketing of the Lil' Kickers System (Franchise Agreement, Sections 11.2, 3.4)

d. We will provide, upon your request, an on-site visit by one of our trainers sometime in the first year your Franchised Business is open. However, you must cover our trainer's travel and lodging expenses. (Franchise Agreement, Section 8.5)

e. We will offer Coordinator Training sessions twice per year. Once per year after the first year of your Franchised Business, you must send one employee to a Coordinator Training, for a fee. The Coordinator Training includes all areas of operations, including running classes, camps and

parties on the field, child development theories and practice, administration, marketing, and business development. (Franchise Agreement, Section 8.5)

f. Upon your request and subject to our availability, we will provide additional training, marketing or management consultation, or other assistance with details regarding the Lil' Kickers System structure and operation, at our then-current hourly rates or other prices and terms. (Franchise Agreement, Section 14.2)

g. We will approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within twenty (20) business days of receiving your request. If we do not respond within twenty (20) business days, the material is denied approval. (Franchise Agreement, Section 11.3)

h. We will make available to you (at your cost) changes and additions to the Lil' Kickers System. (Franchise Agreement, Sections 10.2, 14.3)

i. We will provide you (at your cost) with modifications to the Manuals. (Franchise Agreement, Section 9.2)

j. We will continue to sell you any required equipment or inventory for which we are an approved supplier. (Franchise Agreement, Section 13.1)

Advertising and Promotion. You may only use such advertising and promotional materials as are furnished, approved, or made available by or through us, or an approved source. You may only use materials in the manner approved by us. The Internet and social media are channels of distribution reserved exclusively to us, and you may only market on the Internet or on social media with our consent.

You must participate in advertising and marketing campaigns established by us from time to time; however, you may select the type and level of advertising campaign. During the initial term, you must pay us a monthly Marketing Fee, depending on the advertising campaign(s) and ad spend you select. This fee may be used by us to purchase the corresponding ad campaigns and reimburse ourselves for the administrative costs associated with managing such marketing and promotion efforts. In renewal terms you may choose to conduct the required marketing ad campaigns independently from the Corporate Marketing Team, but you will need to give 30 days' notice to us and abide by the following guidelines: (i) you must only use Approved Advertisements provided by or approved by our Corporate Marketing Team; (ii) you must have a knowledgeable digital marketing expert (as determined in our reasonable discretion) managing your monthly campaigns; (iii) you must submit reporting and analytics from the campaigns to us monthly; (iv) you must spend a minimum of $350 monthly on digital advertising (which may include, but shall not be limited to, Google and Facebook advertising) to continuously promote the franchise program for new customer acquisition. If you fail to complete the monthly marketing campaigns to our satisfaction, we can require the use of our Corporate Marketing Team services at the then-current rates. Your initial Marketing Fee will become due when you sign the Franchise Agreement, with ongoing Marketing Fees due monthly by the 10th of each month. This fee is not refundable. (Franchise Agreement, Sections 3.4, 11.2)

Currently, we direct all advertising programs and control the creative concepts, materials and media used, and allocation. But we may, in our discretion, use an advertising agency or other outside source to create and place these materials. We are not required to spend a specific amount or percentage of the Marketing Fees collected or our other revenue on advertising in any area or territory. We are not required to ensure that our marketing and advertising expenditures benefit you or other franchisees in a way that would benefit each franchisee equally or in a way that would benefit you proportionally to the Marketing Fee you pay. We are not required to spend the aggregate amount of Marketing Fees collected by us each year, and any excess amounts may be retained by us and used for advertising, marketing and promotion expenditures in subsequent years. (Franchise Agreement, Section 11.2)

We begin collecting Marketing Fees in September 2017. Accordingly, in our fiscal year ending 2021, ,we collected and spent $30,850.00 in Marketing Fees. Of the Marketing Fees collected in our last completed year, 25% ($7,712.50) were paid to advertisers; 25% ($7,712.50) were spent on production; 25% ($7,712.50) were spent on media placement and execution; and 25% ($7,712.50) were spent on administration. We separately collected $0.00 in our last completed year from providing assistance to franchisees with respect to optional forms of marketing undertaken by such franchisees with our permission; 100% of those fees were spent on administration. We have not conducted any advertising in the last fiscal year other than with respect to the Lil' Kickers website, Lil' Kickers social media platforms, and assistance provided to franchisees with respect to optional forms of marketing.

Unless we approve otherwise, you must charge an annual registration fee to your customers. The amount of this fee will vary based on the market in which you operate. You must provide each new customer a free promotional Lil' Kickers jersey upon receiving payment of the annual registration fee.

You must reserve two billboard spaces at your facility for use in our advertising sponsorship campaigns. You will receive a portion of the proceeds from our sponsorship campaigns based on the total number of billboard spaces used in all facilities, the number of customers at your facility, and other variables that we may determine. (Franchise Agreement, Section 11.5).

You may, at your own cost, develop advertising materials for your sports arena that include Lil' Kickers programs. As stated above, we must approve these advertising materials in advance and in writing. If we do not respond within twenty (20) business days after receiving your proposed advertising material, the material is denied approval. These materials do not relieve you of your obligations to conduct required Lil' Kickers marketing campaigns or to use required Lil' Kickers marketing materials. (Franchise Agreement, Section 11.1, 11.2)

We may include your location in any lists or directories of Lil' Kickers locations published by us. We may advertise and promote the Lil' Kickers System and franchised Lil' Kickers Programs on Internet search engines, which may provide national coverage. We currently maintain a Lil' Kickers website and will include your Franchised Business on its list of locations.

There is no advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement does not give us the power to form, change, or dissolve an advertising council.

We do not participate in a local or regional advertising cooperative that you are required to participate in. The Franchise Agreement does not give us the power to form, change, or dissolve an advertising cooperative.

We do not maintain any advertising fund that you must contribute to. While we do collect a monthly Marketing Fee, that fee is not maintained as a separate fund. Rather, all Marketing Fees are deposited by us into a general operating account and commingled with other funds of ours that are used to pay for general operating costs. We do not have any obligation to provide you with financial statements or other periodic accounting of the Marketing Fees collected by us. (Section 11.2 of the Franchise Agreement).

We do not anticipate that any part of the Marketing Fees will be used principally to solicit the sale of new franchises, although we reserve the right to include "Franchises Available" or similar language with our contact information on any advertising purchased or created by us. Furthermore, all Marketing Fees will be deposited into our general operating fund and therefore commingled with other funds of ours that may be used to solicit the sale of additional franchises. (Section 11.2 of the Franchise Agreement).

Computer/Point-of-Sale Systems. We require you to purchase and maintain proprietary software for the administration and management of the Franchised Business from DaySmart Recreation. The DaySmart Recreation software commercial product tracks all customer contact records, enrollment history, sales, payment processing, online registration tools, membership status, and class rosters, and it provides efficient and effective communication tools with past and present customers. Our predecessor has been using the DaySmart Recreation software (previously branded as the Sports IT software) continuously since 2001. (Franchise Agreement, Section 13.3)

You must pay us an initial fee of $500 as a technology set-up fee upon signing the Franchise Agreement. This fee is compensation to us for the assistance we will provide you for the initial set-up of software that will be used to track and coordinate products, seasons, leagues, classes, annual registration fees, discounts, internal calendars, email templates, and online registration associated with Lil' Kickers Programs. (Franchise Agreement, Section 3.3)

We require you to acquire, maintain, and upgrade computer and communications hardware and software as we may prescribe that is compatible with the DaySmart Recreation system and can function and communicate with other Lil' Kickers Programs' computers, including Internet and other network access, the establishment of a credit card processing merchant account, bar code reader, credit card machine, and web camera. There is no limitation on the frequency or cost of maintenance, repairs, or updates that we may require. (Franchise Agreement, Section 13.3)

The required computer system is a standard business desktop or laptop computer, which generally costs from $500 to $1500 to purchase, depending on the manufacturer and vendor you choose. Maintenance, repairs, and upgrades to the computer system may cost $100 to $300 per year, depending on your system. You may also need to replace the system with a new system every 3 to 5 years.

The DaySmart Recreation Platform program allows us independent access to information concerning your Franchised Business and your customers. There are no contractual limits on our access to the information you enter into the DaySmart Recreation program. We access the data when assisting in direct mailing campaigns, cross-referencing prospect household lists with past customers to ensure prospect mailings are only going out to those who have not yet participated in Lil' Kickers. Access also allows us to generate monthly Royalty Fee invoices and assist your staff in administering the Lil' Kickers program, including management of class inventories and email marketing campaigns. Eventually,

upgrades to the DaySmart Recreation software may require upgrades to your computer system hardware or software. You would be required to make such upgrades. (Franchise Agreement, Section 13.3, 12.4)

Our access to all your other computer and information processing systems is limited by the Franchise Agreement and will only occur in case of an audit. (Franchise Agreement, Section 13.3, 12.4)

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. We have taken reasonable steps so that such problems will not materially affect our business. However, we do not guarantee that information or communication systems supplied by us or others will not be vulnerable to such problems. It is your responsibility to protect yourself from such computer and information technology problems. You should take reasonable steps to secure your system and provide backup systems, as well as verify that other entities you deal with have reasonable protection from such problems.

Manuals. You will be given the option to view the Manuals via a secure online web conference before making any commitment to buy a franchise.

Training. The following table provides some detail on our Initial Training Program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Child Development	3	--	Seattle, WA or virtual
Marketing	3	--	Seattle, WA or virtual
Coaching	10	10	Seattle, WA or virtual
Operations	8	8	Seattle, WA or virtual

We conduct Initial Training Programs as needed, either virtually or in person at our Lil' Kickers Training Center or at one of our Arena Sports locations in the Seattle, Washington area, where Lil' Kickers programs run year-round. The in-person Initial Training lasts four days, while the virtual Initial Training is conducted over three half-day sessions. At the Initial Training, you will be provided with the Manuals, as well as other written and online materials. In addition to Initial Training Program, we provide, upon your request, an on-site visit by one of our trainers sometime in the first year your Franchised Business

is open. Your trainers will be the people listed in Item 2 above. Please review the descriptions in Item 2 for each instructor's experience relevant to the subjects taught.

There is no fee for the Initial Training Program or initial on-site visit. The Initial Training Program must be completed to our satisfaction by you or your Designated Manager, although you may also send a program coordinator and/or an officer, director or beneficial owner of your business to this Initial Training Program. You may not send more than three (3) people to this training. At least one (1) of your representatives must complete a Lil' Kickers Coordinator Training each year after the initial year of operations of the Franchised Business. The representative you send to this training must either be your Designated Manager, a program coordinator, or an officer, director or beneficial owner of your business. The current cost of this annual Training Fee is $1,000 per year and is payable on January 1 of each year. Additional training and consultation is available upon request at our then-current hourly rates or other prices and terms thereof.

For all training programs, you must pay for any travel and living expenses of your enrollees. In addition, you must pay our personnel's travel and per diem expenses in connection with any on-site visits, consultation, or training, including the initial on-site visit.

ITEM 12. TERRITORY.

Traditional Lil' Kickers Program. If you operate a traditional Lil' Kickers Program, you will receive an exclusive territory ("Exclusive Area") that encompasses approximately a 10-minute driving radius of your arena or facility, where possible. If there are already nearby Lil' Kickers Programs in operation, your Exclusive Area may be smaller. There is no minimum territory granted to a franchisee as an Exclusive Area. Your exact Exclusive Area will be shown on a map attached to the Franchise Agreement. Typically, you will be fully operational as an arena before the signing of the Franchise Agreement, although this is not required. If you do not yet have a facility, we will not designate your Exclusive Area unless and until we approve your facility location. You must operate the Franchised Business at your arena or other permanent location. In addition, you may operate additional Lil' Kickers programs and events at off-site locations within your Exclusive Area that meet our standards and specifications. You may offer these off-site programs at certain locations outside your Exclusive Area if we offer and you enter into an Addendum for Remote Locations in Adjacent Territories (see below).

Your exclusivity is limited by the following rights which are reserved to us: Outside of your Exclusive Area, we may establish, own, operate, or franchise any business, including competitive businesses, and may sell or produce any products and services, using any trademarks and any channel of distribution. Inside your Exclusive Area, we may establish, own, operate, or franchise any non-competitive business, and sell and produce products and services, using trademarks other than those specifically identified to be licensed to you. We consider the limited licenses of our program curriculum and training modules to be competitive businesses and will not grant any such licenses inside your Exclusive Area. We may sell any products or services anywhere (including within your Exclusive Area) through channels of distribution other than the type of business currently reserved to you in the Exclusive Area (including Internet, wholesale, and mail order). We may purchase, or be purchased by, or merge or combine with, competing businesses, wherever located. We are not required to pay you if we solicit or accept orders from inside your Exclusive Area. We are not required to tell you if we sell a franchise or limited license outside your Exclusive Territory. We are also not required to tell you about available territories.

You may market Lil' Kickers services to customers residing outside your Exclusive Area. You may market to customers outside your Exclusive Area, and other franchisees may market to customers within your Exclusive Area. In large markets with more than one franchisee, we recommend, but do not require, developing marketing cooperatives in which franchisees work together to grow the entire market.

As long as you are in compliance with the Franchise Agreement and the Franchise Agreement is in effect, we will not modify or alter your Exclusive Area or grant other franchises in your Exclusive Area. Your obligations under the Franchise Agreement include minimum royalties (described in Item 6 and below) and payment due dates, which must be met in order to maintain your Exclusive Area.

As described in Item 6, there is a minimum Royalty Fee of $2,000 for the first full calendar year of operation of the Franchised Business for both traditional and Micro Lil' Kickers Programs. For each year thereafter, there is a minimum fee of $9,000 per year for traditional Lil' Kickers Programs, and $5,000 per year for Micro Lil' Kickers Programs. If at the end of your first full calendar year of operations, the sum of your monthly Royalty Fee payments for that year do not equal or exceed $2,000, you must pay the difference to us at the same time as your next monthly Royalty Fee payment. If at the end of each calendar year thereafter, the sum of your monthly Royalty Fee payments for that year do not equal or exceed $9,000 for a traditional Lil' Kickers Program, or $5,000 for a Micro Lil' Kickers Program, you must pay the difference to us at the same time as your next monthly Royalty Fee payment. You will owe these minimums to us even if you are not able to operate your franchise for a period of time, such as due to laws or orders relating to the COVID-19 pandemic. Your failure to make the required Royalty Fee payments, if uncured, may result in our termination of your Franchise Agreement.

You maintain rights to your Exclusive Area even if the population increases. You do not receive rights to acquire additional franchises or territory, unless we offer and you sign and meet the conditions of the Addendum for Right of First Refusal to Purchase Franchise for Adjacent Territory (attached as Exhibit H).

Micro Lil' Kickers Program. If you operate a Micro Lil' Kickers Program, 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 or competitive brands that we control.

You will be given a designated non-exclusive territory ("Non-exclusive Territory") that encompasses approximately a 10-minute driving radius of your arena or facility, where possible. If there are already nearby Lil' Kickers Programs in operation, your Non-exclusive Territory may be smaller. Your exact Non-exclusive Territory will be shown on a map attached to the Franchise Agreement. Typically, you will be fully operational as an arena before the signing of the Franchise Agreement, although this is not required. If you do not yet have a facility, we will not designate your Non-exclusive Territory unless and until we approve your facility location. You must operate the Franchised Business at your arena or other permanent location, which we must approve. In addition, you may operate additional Lil' Kickers programs and events at off-site locations within your Non-exclusive Territory that meet our standards and specifications. You may offer these off-site programs at certain locations outside your Non-exclusive Territory if we offer and you enter into an Addendum for Remote Locations in Adjacent Territories (see below).

Inside and outside your Non-exclusive Territory, we may establish, own, operate, or franchise any business, including competitive businesses, and may sell or produce any products and services, using

any trademarks and any channel of distribution. We are not required to tell you if we sell a franchise inside or outside your Non-exclusive Territory. We are also not required to tell you about available territories. We may purchase, or be purchased by, or merge or combine with, competing businesses, wherever located. We are not required to pay you if we solicit or accept orders from inside your Non-exclusive Territory.

You may market Lil' Kickers services to customers residing outside your Non-exclusive Territory. You may market to customers outside your Non-exclusive Territory, and other franchisees may market to customers within your Non-exclusive Territory. If we sell a traditional Lil' Kickers Program with an Exclusive Area that overlaps with the Non-exclusive Territory, you will be required to cease operations at any locations in that Exclusive Area at the end of the then-current season.

If you operate a Micro Lil' Kickers Program, we may during the term of your franchise agreement, in our sole discretion, offer you the option to convert to a traditional Lil' Kickers Program. In order to convert you must meet the conditions stated in the Addendum for Micro Lil' Kickers Program (attached as Exhibit F), including signing a new, then-current franchise agreement, and paying us the difference between the new initial franchisee fee and the initial $8,000 franchise fee you already paid. If we offer you the option to convert to a traditional Lil' Kickers Program, we will provide you with our then-current franchise disclosure document and the disclosures in that disclosure document will apply to your converted Franchised Business.

Remote Locations in Adjacent Territories. If we offer and you enter into an Addendum for Remote Locations in Adjacent Territory (see Exhibit G), you may operate additional Lil' Kickers programs and events at off-site locations outside of your Exclusive Area or Non-exclusive Territory that meet our standards and specifications. These off-site locations may only be located in a geographic area that will be designated on a schedule attached to the Addendum for Remote Locations in Adjacent Territory. These off-site locations may not be located: (i) within the Exclusive Area of another franchisee or licensee, or (ii) in a facility whose primary function is serving as an indoor or outdoor sports facility that is capable of supporting a separate Franchised Business, as determined in our sole discretion. You will have no exclusive rights in these adjacent territories, and we may establish, own, operate, or franchise any business, including competitive businesses, and may sell or produce any products and services, using any trademarks and any channel of distribution, in these adjacent territories. If we sell a traditional Lil' Kickers Program with an Exclusive Area that overlaps with the Adjacent Territory, you will be required to cease operations at any off-site locations in that Exclusive Area at the end of the then-current season.

Option and Right of First Refusal. If we offer and you enter into an Addendum for Option and Right of First Refusal to Purchase Franchise for Adjacent Territory (attached as Exhibit H) with us, you will have an option and right of first refusal to purchase a traditional Lil' Kickers Program for a designated territory adjacent to your Exclusive Area. While the Addendum is in effect, you will have the option at any time to purchase a traditional Lil' Kickers Program for the adjacent territory by signing our then-current franchise agreement and paying the then-current initial franchise fee. If you exercise the option but do sign our then-current franchise agreement or pay the then-current initial franchise fee within 30 days, your option permanently lapses. If you have not exercised the option but we have a bona fide offer from a third party to purchase a Lil' Kickers Program in the adjacent territory, you have 30 days from the date we notify you to exercise your option and purchase a traditional Lil' Kickers Program for that

territory. If you do not sign the then-current franchise agreement and pay the then-current initial franchise fee within that 30 days, your option and right of first refusal permanently lapses. You must pay an annual fee to maintain the option and right of first refusal. If you fail to pay the annual fee, the option and right of first refusal permanently lapses.

Other Disclosures Related to Territory. We have no current plans to operate a competing franchise system offering products or services similar to the Lil' Kickers Programs.

You may not relocate your Franchised Business without our prior written consent. We must ensure the new location meets our standards before we will consent to relocation. If you relocate outside your Exclusive Area or Non-exclusive Territory, you must enter into a new Franchise Agreement; however, a new franchise fee will not be required. Any relocation will be at your sole expense. We may charge you for any costs we incur in providing relocation assistance for you, including, but not limited to, legal and accounting fees. However, we have no obligation to provide relocation assistance.

As described in Item 1, Arena Sports' licensees have been granted exclusive territories under their license agreements. These licensees are based in St. Louis, Missouri and Manchester, New Hampshire. Your Exclusive Territory will not overlap with the exclusive territories granted to these licensees. See Items 1, 13, and 20 of this disclosure document for more information about these licensees.

ITEM 13. TRADEMARKS.

We own and license the right to use and sublicense our Marks, including LIL' KICKERS (and design), shown below and on the front of this disclosure document. We sublicense to you the right to use these Marks. By "Marks," we mean any trade name, trademark, service mark, logos, trade dress, and other commercial symbols used to identify the business. Our principal trademark is registered with the U.S. Patent and Trademark Office ("PTO") Principal Register, as described below. We have filed all required affidavits.

Mark	Registration/Serial No.	Registration Date	Status
LIL' KICKERS	Registration No. 2,457,943	June 5, 2001	Registered Section 8 & 15 affidavits accepted and acknowledged Renewed on June 5, 2011 Assigned to us from our former parent company, Arena Sports, on January 1, 2016 Renewed on October 23, 2020.

When operating your arena during the term of the Franchise Agreement, you must exclusively use our Marks and copyright-protected materials for all soccer classes for children age 1 through 12, soccer

leagues for children age 7 and under, soccer camps for children age 6 and under, and soccer parties for children age 6 and under. You may also use any other current or future Mark we designate in writing to operate your Franchised Business. You may, with our consent and subject to our website standards, use any of our Marks as part of your Internet domain name or online address. You may, with our consent and subject to our standards, use any of our Marks as part of your business entity name.

There are no presently effective determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state where this disclosure document is required, or any court, or any pending infringement, opposition, or cancellation proceeding, or any pending material litigation involving our Marks.

There are no agreements currently in effect that significantly limit our rights to use or license the use of our Marks in a manner material to the franchise.

We have no knowledge of any superior prior rights or infringing uses that could materially affect your use of the Marks in the state where your business will be located.

You will not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Franchised Business. You may only use the Marks in accordance with our standards, operating procedures, and specifications. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You may not contest the validity or ownership of the Marks, including any Marks we license to you after you sign the Franchise Agreement. You may not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us of any apparent infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks. You may not communicate with any person other than us and our counsel regarding any infringements challenges or claims unless you are legally required to do so; however, you may communicate with your own counsel at your own expense. We may take whatever action we deem appropriate in these situations and have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

We can require you to modify or discontinue the use of any Mark and to use other trademarks or service marks. We will not be required to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you may be required to add or replace equipment, signs and fixtures, and you may have to make other modifications as necessary to maintain uniformity with our current standards and specifications; however, you will not be required to spend an amount unreasonably disproportionate to your initial investment during the initial term of the Franchise Agreement. We are not obligated to reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

We warrant to you that as of the date of your signed Franchise Agreement, we have not received notice of any claims that the Marks or other confidential information infringe or misappropriate the trademarks, copyrights, patents, or trade secrets of any third party. We will reimburse you for all expenses you reasonably incur in any legal proceeding arising from our breach of this warranty. Otherwise, we do not reimburse you for any expenses you incur in any legal proceeding disputing your

authorized use of any Mark. We have the right to control the defense and settlement of any such proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel or for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you in connection with disputes where we challenge your use of a Mark.

You must use the Marks as the sole trade identification of the Franchised Business, but you may not use any Mark or part of any Mark as part of your corporate name in any modified form. You may not use any Mark in connection with the sale of any unauthorized services, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet or on social media using, or establish, create or operate an Internet site, website, or social media account using any domain name or handle containing, the words "Lil' Kickers" or any variation thereof without our prior written consent.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.

No patents are material to the franchise. We or our affiliate own copyrights in the Manuals, our website, our marketing materials, and other copyrightable items that are part of the Lil' Kickers System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and need not do so to protect them. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a Lil' Kickers Program. We will provide our trade secrets and other confidential information to you during training, in the Manuals, and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your Franchised Business. You may only divulge trade secrets and other confidential information to employees who must have access to it in order to operate the Franchised Business. You must enforce the confidentiality provisions as to your employees.

To help protect both you and us, certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure

and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce these agreements.

You must immediately notify us of any apparent infringement of, or challenge to your use of, any copyrighted material, trade secrets, or confidential information, or any claim by any person of any rights in such items, and you may not communicate with any person other than us and our counsel regarding any infringements, challenges, or claims unless you are legally required to do so. However, you may communicate with your own counsel at your own expense. We have exclusive control over any settlement or proceeding concerning any copyright, trade secrets, or confidential information, and may take whatever action we deem appropriate in these situations. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the copyright, trade secrets, or confidential information.

We warrant to you that as of the date of your executed Franchise Agreement, we have not received notice of any claims that the Marks or other confidential information infringe or misappropriate the trademarks, copyrights, patents, or trade secrets of any third party. We will reimburse you for all expenses you reasonably incur in any legal proceeding arising from our breach of this warranty. Otherwise, we will not reimburse you for any expenses you incur in any legal proceeding concerning your authorized use of any Lil' Kickers materials. We have the right to control the defense and settlement of any such proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel or for expenses in removing signage or discontinuing your use of any copyright, trade secrets, or confidential information. We will not reimburse you in connection with disputes where we challenge your use of copyrighted material, trade secrets, or confidential information.

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the Lil' Kickers System that we may choose to adopt and/or disclose to other franchisees. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the Lil' Kickers System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of our copyrighted material, trade secrets, or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in Item 17 of this disclosure document.

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

You are solely responsible for operating your Franchised Business. Although we highly recommend that you participate in the direct operation of the Franchised Business, you may contract with another person or legal entity to operate the arena who is an experienced arena operator. We do not require that you personally supervise the Franchised Business, but it must always be under the direct full-time supervision of a Designated Manager. If you are an entity, the Designated Manager need not have an

ownership interest in you. The Designated Manager must attend and satisfactorily complete our initial training program before opening the Franchised Business. You must keep us informed of the identity of your current Designated Manager. Any new Designated Manager must attend and satisfactorily complete our initial training program within 120 days of starting their employment with you.

As described in Item 14, your owners, officers, directors, executives, managers, members of your professional staff, all employees, and other individuals having access to Trade Secrets or other Confidential Information may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce the agreements.

We may require your spouse to personally guarantee the performance of of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Guaranty and Assumption of Obligations attached to the Franchise Agreement.

If you are a business entity, anyone who owns a 25% or greater interest in the entity (and their spouse, if applicable) may be required to personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Guaranty and Assumption of Obligations attached to the Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.

You must operate the Franchised Business in strict conformity with the methods, standards, and specifications in the Manuals and as we may require otherwise in writing. You may not deviate from these standards, specifications, and procedures without our written consent.

You must offer the products and services we specify in strict accordance with our standards and specifications. Please refer to the restrictions and limitations on products and services in Item 8 of this disclosure document. We have the right to change the types of authorized goods and services that you must offer, as well as add additional authorized goods and services that you must offer. There are no limits on our right to do so.

You may not advertise, promote, or operate soccer classes or Enrichment in Motion for children ages 12 and under, soccer leagues for children ages 7 and under, or soccer camps or soccer parties for children ages 6 and under, other than Lil' Kickers on your premises or in any of your advertising materials. If you use our Skills Institute program, you may not advertise, promote, or operate similar skills classes for children ages 12 and under, other than our Skills Institute on your premises or in any of your advertising materials. If you do not use our Skills Institute program, you may, with our prior approval, advertise, promote, and operate advanced-level soccer instruction programs for children ages 7 and higher on your premises. The nature of such advanced classes cannot in any way resemble or compete with the Lil' Kickers Program.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the Lil' Kickers System to be offered locally or regionally based upon such factors as we determine, including test marketing, your qualifications, and regional or local differences.

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

THE FRANCHISE RELATIONSHIP

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

Provision		**Section in Franchise Agreement**	**Summary**
a.	Length of the franchise term	4.1	The standard term is 5 years, unless otherwise agreed.
b.	Renewal or extension of the term	4.2, 4.3	You can sign successor franchise agreements for terms of 5 years each if we are franchising in you state and you meet all of the conditions in (c) below. This means that you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreement. The new terms will be the same as those being offered to new franchisees at the time. If at the end of your franchise agreement you do not sign a renewal or extension with us but continue operating the Franchised Business, your franchise will continue on a month-to-month basis and we will have the right to terminate the agreement with 10 days' notice.
c.	Requirements for you to renew or extend	4.2	You may renew your Franchised Business if you: • have fully complied with the provisions of the Franchise Agreement; • have the right to maintain possession of the Approved Location or an approved substitute location for the term of the renewal; • have satisfied all monetary obligations owed to us; • are not in default of any provision of the Franchise Agreement or any other agreement between you and us; • sign a current Franchise Agreement, the terms of which may differ materially from those in your original contract;

Provision		Section in Franchise Agreement	Summary
			• comply with current qualifications and training requirements; and • sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement.
d.	Termination by you	16.1	You may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and we fail to begin to cure our breach within 30 days of receiving your written notice. All provisions regarding termination by you are subject to state law.
e.	Termination by us without cause	4.3	If at the end of your franchise agreement you do not sign a renewal or extension with us but continue operating the Franchised Business, your franchise will continue on a month-to-month basis and we will have the right to terminate the agreement with 10 days' notice.
f.	Termination by us with cause	16.2, 16.3	We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
g.	"Cause" defined – curable defaults	16.3	• You have 5 days to cure if you fail to make a payment due to us. • You have 10 days to cure if you are notified by us or any government authority that you are not in compliance with any applicable law or regulation. • You have 10 days to cure if, after our request, you fail to have your owners (and members of their immediate families and households), officers, directors, managers, executives, employees and professional staff, and other individuals having access to trade secrets or other confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-competition agreements.

Provision		Section in Franchise Agreement	Summary
			• You have 10 days to cure if you (i) abandon or fail to actively operate the Franchised Business for one hundred twenty (120) or more consecutive days, (ii) fail to maintain the insurance as specified in Section 15 of the Franchise Agreement, or (iii), if first approved by us, fail to promptly relocate the Franchised Business. • You have 30 days to cure if a default arises from your failure to comply with any other mandatory specification in the Franchise Agreement or Manuals. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate. NOTE: repeated non-payment, violations of our standards and specifications, or other breaches of the Franchise Agreement, even though cured, may result in termination without opportunity to cure. See section (h).
h.	"Cause" defined – non-curable defaults	16.2	We have the right to terminate the Franchise Agreement immediately without giving you any opportunity to cure if you: • fail to timely select an approved site for or establish, equip, and begin operations of the Franchised Business; • fail to have your Designated Manager complete training; to our satisfaction; • make a material misrepresentation to us or omission in the course of entering into the Franchise Agreement; • are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of you, us, or the Franchised Business; • use the Manuals or confidential information in an unauthorized manner; • abandon the Franchised Business for 120 or more consecutive days;

Provision		Section in Franchise Agreement	Summary
			• surrender or transfer control of the Franchised Business in an unauthorized manner; • fail to maintain the Franchised Business under the supervision of a Designated Manager if you die or become disabled; • are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; • misuse or make unauthorized use of the Marks or Confidential Information; • use equipment or services other than as specified by us in the operation of the Franchised Business; • sublicense use of the System or Marks; • grant anyone the right to act as your agent to perform your obligations under the Franchise Agreement; • repeatedly violate any health, safety or other laws, or conduct the Franchised Business in a manner creating a health or safety hazard to clients, employees or the public; • repeatedly breach the Franchise Agreement, violate health or safety laws, or fail to comply with our standards and specifications; or • fail to indemnify us from all damages and expenses related to claims arising from your ownership or operation of the Franchised Business, your defamation of us, or your misuse of any intellectual property.
i.	Your obligations on termination/non-renewal	17.1, 17.2	If the Franchise Agreement is terminated or not renewed, you must: • immediately stop operating the Franchised Business and stop using any confidential information, the System, and the Marks;

Provision		Section in Franchise Agreement	Summary
			• pay all sums owed to us, including damages and costs we incurred in enforcing the Franchise Agreement; • return the Manuals and all other confidential information; • assign to us any Internet domain name that incorporates any Mark; • provide us with a written copy of your customer list, including names, ages, and contact information; and • comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.
j.	Assignment of contract by us	18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k.	"Transfer" by you – defined	18.2	"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement, the location (arena), the Franchised Business's assets, or the franchisee entity.
l.	Our approval of transfer by you	18.2	You may not transfer your interest in any of the items listed in (k) above, except for a transfer of the location, without our prior written consent. If any transferee of the location does not, for any reason, assume the Franchised Business, you must pay us a termination fee equal to your past 12 months of Gross Sales.
m.	Conditions for our approval of transfer	18.2	We will consent to a transfer if: • all obligations owed to us are paid; • you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; • the prospective transferee meets our business and financial standards; • the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement;

Provision		Section in Franchise Agreement	Summary
			• you provide us with a copy of all contracts and agreements related to the transfer; • you or the transferee pay a transfer fee in an amount equal to the costs we reasonably expect to incur or actually do incur in connection with the proposed transfer, not to exceed $5,000 (waived for Arena Sports licensees converting to a franchise); • the transferee or the owners of the transferee have agreed to be personally bound by all provisions of the Franchise Agreement and guarantee the transferee's performance; • you have agreed to guarantee performance by the transferee, if requested by us after our review of financial and operational history of the transferee, proposed business plan of the transferee, as well as any other factors reasonably relevant to our analysis of whether the transferee will be able to perform the obligations under the franchise agreements • the transferee has obtained all necessary consents and approvals of third parties; • you or all of your equity owners and the transferee owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; and • the transferee has agreed that its Designated Manager will complete the initial training program before assuming management of the Franchised Business.
n	Our right of first refusal to acquire your business	Not applicable	We do not have a right of first refusal to purchase your Franchised Business.

Provision		Section in Franchise Agreement	Summary
o.	Our option to purchase your business	Not applicable	We do not have the right to purchase your Franchised Business.
p.	Your death or disability	18.7	After your death or incapacity or the death or incapacity of any holder of a legal or beneficial interest in the Franchised Business, your or his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the Franchised Business within 180 days of death or incapacity or we may terminate the Franchise Agreement.
q.	Non-competition covenants during the term of the franchise	7.3	You, your owners (and members of their families and households) and your officers, directors, executives, managers, professional staff and employees are prohibited from attempting to divert any business or customer of the Franchised Business to a Competitive Business, from causing injury or prejudice to the Marks or the System, and from owning or working for a Competitive Business. These provisions are subject to state law. Competitive Business is defined in Section 1 of the Franchise Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	17.3	For three years following termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers, professional staff and employees are prohibited from attempting to divert any business or customer of the Franchised Business to a Competitive Business, from causing injury or prejudice to the Marks or the System, and from owning or working for a Competitive Business. For Arena Sports' licensees converting to a franchise, if the initial franchise agreement is terminated or expires, these covenants are limited to one year. These provisions are subject to state law. Competitive Business is defined in Section 1 of the Franchise Agreement.

Provision		Section in Franchise Agreement	Summary
s.	Modification of the agreement	21.6	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Manuals without your consent if the modification does not materially alter your fundamental rights.
t.	Integration/merger clause	21.6	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	22.7	All disputes must be arbitrated in King County, Washington, with the cost of each party's arbitration and attorneys' fees being borne by that party.
v.	Choice of forum	22.2	Subject to state law, any litigation must be pursued in courts located in Seattle, Washington.
w.	Choice of law	22.1	Subject to state law, Washington law applies to the Franchise Agreement, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.).

See also Exhibit E, the Multi-State Addenda, which provides additional information regarding rules specific to these states.

ITEM 18. PUBLIC FIGURES.

We do not currently use any public figure to promote the franchise.

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 Ty Redinger at 9040 Willows Road NE, Suite 101, Redmond, WA 98052 and (877) 650-0007, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION.

Table No. 1 - Systemwide Outlet Summary
For years 2019 to 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	83	81	-2
	2020	81	76	-5
	2021	76	70	-6
Company-Owned	2019	6	6	0
	2020	6	6	0
	2021	6	6	0
Total Outlets	2019	89	87	-2
	2020	87	82	-5
	2021	82	76	-6

Table No. 2 - Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For years 2019 to 2021

State	Year	Number of Transfers
California	2019	0
	2020	1
	2021	0
Illinois	2019	0
	2020	0
	2021	0
Oregon	2019	0
	2020	0
	2021	0
Wisconsin	2019	0
	2020	0
	2021	0
TOTALS	2019	0

	2020	1
	2021	0

Table No. 3 - Status of Franchised Outlets
For years 2019 to 2021

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alaska	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Arizona	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
California	2019	15	0	1	0	0	0	14
	2020	14	1	3	0	0	0	12
	2021	12	0	0	0	0	0	12
Colorado	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	2	0	0	0	0
Connecticut	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Florida	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Georgia	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Illinois	2019	14	0	0	0	0	0	14
	2020	14	0	0	0	0	0	14
	2021	14	0	2	0	0	0	12
Indiana	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kansas	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Maryland	2019	3	0	0	0	0	0	3

	2020	3	1	1	0	0	0	3
	2021	3	0	0	0	0	0	3
Massachusetts	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Michigan	2019	5	0	1	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Minnesota	2019	1	1	1	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Missouri	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Nevada	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
New Hampshire	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Jersey	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	2	0	0	0	1
New Mexico	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New York	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
North Carolina	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Ohio	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	2	0	0	0	2
Oklahoma	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2

Oregon	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Pennsylvania	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Texas	2019	1	0	0	0	0	0	1
	2020	1	1	1	0	0	0	1
	2021	1	0	0	0	0	0	1
Utah	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Virginia	2019	7	0	0	0	0	0	7
	2020	7	0	1	0	0	0	6
	2021	6	1	1	0	0	0	6
Wisconsin	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Washington	2019	4	0	0	0	0	0	4
	2020	4	0	1	1	0	0	2
	2021	2	0	0	0	0	0	2
TOTAL	2019	83	2	4	0	0	0	81
	2020	81	3	7	1	0	0	76
	2021	76	2	8	0	0	0	70

Table No. 4 - Status of Company-Owned Outlets
For years 2019 to 2021

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Illinois	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Washington	2019	5	0	0	0	0	5
	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5

TOTAL	2019	6	0	0	0	0	6
	2020	6	0	0	0	0	6
	2021	6	0	0	0	0	6

Table No. 5 - Projected Openings as of December 31, 2021

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
California	0	0 to 2	0
Colorado	0	0 to 1	0
Florida	0	0 to 1	0
Georgia	0	0 to 2	0
Illinois	0	0 to 2	0
Indiana	0	0 to 2	0
Kansas	0	0 to 1	0
Kentucky	0	0 to 1	0
Maryland	0	0 to 2	0
Massachusetts	0	0 to 2	0
Michigan	0	0 to 2	0
Minnesota	0	0 to 1	0
Missouri	0	0 to 1	0
Nevada	0	0 to 1	0
New Hampshire	0	0 to 1	0
New Jersey	0	0 to 1	0
New York	0	0 to 2	0
North Carolina	0	0 to 2	0
Ohio	0	0 to 2	0
Oklahoma	0	0 to 1	0
Oregon	0	0 to 2	0
Pennsylvania	0	0 to 2	0
Tennessee	0	0 to 2	0
Virginia	0	0 to 2	0
Washington	0	0 to 2	0
West Virginia	0	0 to 1	0
Wisconsin	0	0 to 1	0
TOTAL	0	0 to 49	0

Current Franchisees

State	*Facility Name*	*Contact*	*Phone Number*	*Address*
AZ	Maracana Indoor Soccer	Mladen Kozak	(520) 235-7094	2317 W. Monet Way Tucson, AZ 85741
	American Sports Center Avondale	Mike Gallups	(714) 917-3602	755 N. 114 Ave. Avondale, AZ 85323
CA	Bladium Sports Center-Alameda	David Walsh	(510) 814-4999	800 West Tower Avenue Bldg 40 Alameda, CA 94501
	Burlingamer	Will Evans	(650) 759-2768	1864 Rollins Road Burlingame, CA 94010
	East Bay Sports- San Ramon	John Penna	(925) 212-0605	2411 Old Crow Canyon Rd. San Ramon, CA 94583
	North County Soccer Parks	Dave Brennen	(858) 748-4260	14530 Espola Rd. Poway, CA 92064
	Santa Clarita Soccer Center	Scott Schauer	(661) 288-2600	21613 Soledad Canyon Rd. Saugus, CA 91350
	Vacaville Indoor Sports Complex	Chris Chaikittirattana	(808) 489-3475	3777 Vaca Valley Pkwy, Sutie C Vacaville, CA 95688
	Upland Sports Arena	Dan Parke	(909) 985-7903	1721 West 11th Street Upland, CA 91786
	Sports City Indoor Soccer	Andrew Rowley	(707) 586-2066	921 Piner Road Santa Rosa, CA 95403
	Olympus Sports Coliseum	Kristine Spencer	(916) 572-4945	625 Bell Ave, Sacramento, CA 95838
	Lil' Kickers South OC	Andy Otto	(949) 212-2393	32701 Calle Perfecto San Juan Capistrano, CA 92675
	The Riley Youth Center	Maya Riley	(818) 620-7274	21320 Oxnard Street Woodland Hills, CA 91367
	Silver Creek Sportsplex	Andrea Scott	(408) 225-1843	800 Embedded Way San Jose, CA 95138
IL	Top Class Coaching –St. Charles	Simon Brinklow	(630) 762-0029	1400 Foundry Street St. Charles, IL 60174

State	*Facility Name*	*Contact*	*Phone Number*	*Address*
	LK Soccer -Lake Street	Brian Loftin	(877) 545-5457	1911 W. Lake Street Chicago, IL 60612
	LK Soccer -McCook Athletic	Brian Loftin	(877) 545-5457	4750 S.Vernon Ave. McCook, IL 60525
	LK Soccer - Melrose Park	Brian Loftin	(877) 545-5457	1945 North Cornell Avenue Melrose Park, IL 60160
	LK Soccer - Niles	Brian Loftin	(877) 545-5457	7847 N. Caldwell Niles, IL 60714
	Soccer City -Palatine	Michael Richardson	(847) 788-9860	545 S. Consumers Avenue Palatine, IL 60074
	Just for Kicks	Terry Knafl	(630) 904-4505	10200 Soccer Dr. Plainfield, IL 60585
	Soccer Planet	Achim von Bodman	(217) 367-9999	2400 N Willow Rd. Urbana, IL 61802
	Intra Sports Complex	Andy Schcolnik	(773) 617-0396	37W950 Mason Rd. Elgin, IL 60124
	LK Soccer - Roselle	Brian Loftin	(877) 545-5457	835 E. Nerge Rd. Roselle, IL 60172
IN	Off the Wall Sports	Dale Moulton	(317) 580-5902	1423 Chase Ct. Carmel, IN 46032
KS	All American Indoor Sports	David Quinn	(913) 888-5425	8875 Rosehill Rd Lenexa, KS 66215
	Mammoth Sports Academy	Jason Farrant	(785) 484-2326	3922 74th St, Meriden, KS 66512
MA	Fore Kicks Norfolk	Pat Teager	(508) 208-8339	190 Rolling Meadow Drive Holliston, MA 01746
	Fore Kicks Marlborough	Pat Teager	(508) 208-8339	219 Forest Street Marlborough, MA 17250
	Fore Kicks Taunton	Pat Teager	(508) 208-8339	223 Fremont St. Taunton, MA 02780
	Danvers Indoor Sports	Kelly Cragg	(978) 777-7529	150R Andover St (Rte 114) Danvers, MA 01923
	The Abbott Mill Works	Chris Yule	(978) 692-8222	22 Town Farm Road Westford, MA 01886

State	*Facility Name*	*Contact*	*Phone Number*	*Address*
MD	Coppermine Fieldhouse	Alex Jacobs	(866) 632-8217	1400 Coppermine Terrace Baltimore, MD 21209
	Coppermine Du Burns	Alex Jacobs	(410) 337-7781	3100 Boston St, Baltimore, MD 21224
	Harford Sports Performance Center	Sue Taylor	(410) 420-8442	121 Industry Ln, Forest Hill, MD 21050
MI	High Velocity	Bryan Finnerty	(734) 487-7678	46245 Michigan Ave. Canton, MI 48188
	Taylor Sportsplex	Bryan Finnerty	(734) 487-7678	13333 Telegraph Rd. Taylor, MI 48180
	Lil' Kickers West Michigan	Chris Buitenhuis	(616) 502-3289	6875 Norton Pines Dr Spring Lake, MI 49456
	Total Sports Complex	Tony Moscone	(248) 669-9817	30990 Wixom rd. Wixom, MI 48393
MN	Lil' Kickers Woodbury	Michael Kruger	(715) 690-5950	9025 Tamarack Road Woodbury, MN 55125
NV	Las Vegas Indoor	Meir Cohen	(702) 233-3600	1400 N. Rampart Blvd. Las Vegas, NV 89134
	Longevity Sports Center	Adi Long	(702) 510-5561	5975 Topaz St. Las Vegas, NV 89120
NH	NH Sportsplex	Justin Benton	(603) 682-0765	68 Technology Dr. Bedford, NH 03110
NJ	Branchburg Sports Center	Mark Lauber	(908) 203-1600	47 Readington Road Branchburg, NJ 08876
NY	Sport Center 481	Judy Koegel	(315) 701-1111	6841 Collamer Rd East Syracuse, NY 13057
	Long Island Sports Hub	Alan Brodsky	(516)-883-2975	165 Eileen Way Syosset, NY 11791
NM	International Indoor Soccer Arena	Jeremiah Pena	(505) 363-2264	3312 Cuervo Drive NE Albuquerque, NM 87108
NC	Net Sports	Steve Knier	(919) 816-1761	3717 Davis Drive Morrisville, NC
OH	Lost Nation Sports Park	Mike Srsen	(440) 602-4000	38550 Jet Center Pl, Willoughby, OH 44094
	Lost Nation Sports Park - West	Mike Srsen	440-282-7000	2101 All Pro Athletic Ave, Lorain, OH 44053

State	*Facility Name*	*Contact*	*Phone Number*	*Address*
OK	Soccer City Oklahoma City	Kerry Shubert	(918) 691-2193	4520 Old Farm Rd Oklahoma City, OK 73162
	Soccer City Tulsa	Kerry Shubert	(918) 691-2193	5817 S 118th East Ave Tulsa, OK 74146
OR	Corvallis Sports Park	Blake Leamy	(541) 757-0776	175 SW Twin Oaks Corvallis, OR 97333
	Kick City Sports Park	Blake Leamy	(541) 757-0776	1650 28th St. Springfield, OR 97477
	Portland Indoor Soccer	Brian Childs	(503) 231-6368	418 SE Main Street Portland, OR 97214
	PDX SportsCenter	Brian Childs	(503) 231-6368	8785 SW Beaverton-Hillsdale Hwy Portland, OR 97225
PA	United Sports	Ted Van Beuren	(610) 466-7100	1426 Marshallton-Thorndale Rd Downingtown, PA 19335
	Nittany Valley Sports Centre	Michael Lee	(814) 689-1802	177 Champion Drive, State College, PA 16803
TX	Lil' Kickers Beaumont	Jalen Carter	713-448-0270	9001 Dishman Rd. Beaumont, TX 77713
VA	Fredericksburg Field House	John Wack	(540) 361-4717	3411 Shannon Park Dr. Fredericksburg, VA 22408
	Total Futbol – Lil' Kickers DMV	Nadir Moumen	(703) 405-4526	P.O. Box 3321 McLean, VA 22103
	Sports Center of Richmond	Mark Grossman	(804) 381-4897	1385 Overbrook Rd Richmond, VA 23220
	Virginia Beach Field House	John Wack	(757) 427-3955	2157 Landstown Rd. Virginia Beach, VA 23456
	Jeff Rouse Swim & Sport Center	John Wack	(540) 318-6332	1600 Mine Rd, Stafford, VA 22554
	K Sports Complex	Dahari Kim	(571) 719-6121	10050 Pennsylvania Ave, Manassas, VA 20110

State	*Facility Name*	*Contact*	*Phone Number*	*Address*
WA	Tacoma Soccer Center	Lane Smith	(253) 906-7856	2610 Bay St. Tacoma, WA 98421
	Salmon Creek Indoor Sports Arena	Glen Cox	(360) 571-7628	110 NW 139th St. Vancouver, WA 98685
WI	InBounds Training Center	Brian Loftin	(414) 378-1289	2920 W Vera Ave Milwaukee, WI 53209

Former Franchisees

Below are listed our former franchisees who, during the year ending December 31, 2021, ceased to do business under their franchise agreement; or had their outlet terminated, canceled, transferred, or not renewed; or who had ceased communicating with us in within 10 weeks of April 11, 2022:

Facility Name	*Contact*	*Phone Number*	*Address*
Bladium Sports Club - Denver	David Walsh	(303) 320-3033	2400 Central Park Blvd, Denver, CO 80238
Hi-Five Sports Club - Chicago	Danny Tuchman	(800) 605-1320	1500 Skokie Blvd. Suite #355, Northbrook, IL 60062
Kid's Choice Sports Center	Don Kontz	(703) 940-3700	13000 Sport and Health Dr, Woodbridge, VA 22192
The Fields Sports Complex	Steve Shilling	(732) 651-7500	8 Cornwall Ct, East Brunswick, NJ 08816
The Field House Moorestown	Kevin Loftus	(856) 581-9293	605 Glen Ave, Moorestown, NJ 08057
FC Boulder Sports Performance Center	Adam Hayes	303-443-8877	555 Aspen Ridge Dr Unit F, Lafayette, CO 80026
Capital Sportsplex	Danny Villigran	(301) 794-7680	10011 Good Luck Rd, Glenn Dale, MD 20769
Top Class Coaching –Fox Valley -Sugar Grove	Simon Brinklow	(630) 762-0029	769 Heartland Dr Unit j, Sugar Grove, IL 60554
Tri-County Sportsplex	Joe Geisting	(513) 825-3533	530 Northland Blvd, Cincinnati, OH 45240
Lil' Kickers Woodbury	Michael Kruger	(715) 690-5950	9025 Tamarack Road Woodbury, MN 55125
Burlingamer	Will Evans	(650) 759-2768	1864 Rollins Road Burlingame, CA 94010

NOTE: If you buy a franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last four years, no franchisee has signed a confidentiality clause regarding their relationship with us.

To our knowledge, there are no franchisee organizations associated with the Lil' Kickers System.

ITEM 21. FINANCIAL STATEMENTS.

Attached as Exhibit D are the following audited financial statements of Lil' Kickers Inc.:

- Balance Sheet as of December 31, 2021 and 2021.
- Statements of Income and Retained Earnings, and of Cash Flows for the years ended December 31, 2021, 2020, and 2019.

Also attached as part of Exhibit D are the following unaudited interim financial statements of Lil' Kickers Inc.:

- Balance Sheet as of February 28, 2022.
- Statements of Profit and Loss and Cash Flows for the two months ending February 28, 2022.

These financial statements reflect the financial performance of Lil' Kickers as well as its wholly-owned subsidiary Lil' Strikers.

ITEM 22. CONTRACTS.

Exhibit C contains the Franchise Agreement and related agreements and materials that you may be asked to sign. Exhibit I contains an Automated Clearing House Customer Authorization Form that you must sign to allow us to withdraw fees from your bank account via electronic funds transfer. Exhibit J contains a sample agreement with DaySmart Recreation that you may be asked to sign.

ITEM 23. RECEIPTS.

Attached as Exhibit L are detachable documents acknowledging receipt of the disclosure document by you.

EXHIBIT A.

LIST OF STATE ADMINISTRATORS

The following is a list of state administrators responsible for registration and review of franchises.

California
Department of Business Oversight
One Sansome Street, #600
San Francisco, California 94104

Department of Business Oversight
320 W. 4th Street, Suite 750
Los Angeles, California 90013

Department of Business Oversight
1515 K. Street, Suite 200
Sacramento, California 95814

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, Florida 32399-6500

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

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

Michigan
Department of the Attorney General
Consumer Protection Division, Franchise Unit
525 Ottawa Street
G. Mennen Williams Building, 6th Floor
Lansing, Michigan 48909

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

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty St, 21st Fl
New York, New York 10005

Rhode Island
Rhode Island Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920

Utah
Utah Department of Commerce
Consumer Protection Division
160 East 300 South (P.O. Box 45804)
Salt Lake City, UT 84145-0804

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219

Washington
Department of Financial Institutions
Securities Administrator
150 Israel Road Southwest
Tumwater, Washington 98501
(360) 902-8760

Wisconsin
Division of Securities

Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703

227990\106623016.v2
119609980.v1

131990797.1
131990797.3
131990797.4

EXHIBIT B.
LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agent for service of process in accordance with the applicable state laws. We may register in one or more of these states.

California
Department of Business Oversight
One Sansome Street, #600
San Francisco, California 94104

Department of Business Oversight
320 W. 4th Street, Suite 750
Los Angeles, California 90013

Department of Business Oversight
1515 K. Street, Suite 200
Sacramento, California 95814

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

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

Michigan
Department of the Attorney General
Consumer Protection Division, Franchise Unit
525 Ottawa Street
G. Mennen Williams Building, 6th Floor
Lansing, Michigan 48909

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

New York
Secretary of State
99 Washington Avenue
Albany, New York 12231

Rhode Island
Rhode Island Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920

Virginia
Clerk, State Corporation Commission
Tyler Building, 1st Floor
1300 East Main Street
Richmond, Virginia 23219

Washington
Director, Department of Financial Institutions
Securities Administrator
150 Israel Road Southwest
Tumwater, Washington 98501

Wisconsin
Commissioner of Securities
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703

EXHIBIT C.

FRANCHISE AGREEMENT AND RELATED MATERIALS

119609980.v1

131990797.1
131990797.3
131990797.4

LIL' KICKERS INC.

FRANCHISE AGREEMENT

131990797.1
131990797.3
131990797.4

1. DEFINITIONS 1
2. GRANT OF FRANCHISE 3
2.1 Grant 3
2.2 Exclusive Area 3
2.3 Approved Location Not Determined 3
2.4 Agents 3
2.5 Franchisor's Retained Rights 3
3. FEES AND PAYMENTS 3
3.1 Franchise Fee 3
3.2 Royalty Fees 3
3.3 Marketing and Promotion Fees 4
3.4 Software Requirement 4
3.5 Training 4
3.6 Electronic Transfer 4
3.7 Late Fees 4
3.8 Application of Payments 5
4. TERM AND RENEWAL 5
4.1 Initial Term 5
4.2 Successor Terms 5
4.3 Holdover 5
5. APPROVED LOCATION 5
5.1 Selection of Site 5
5.2 Failure to Select Site 6
5.3 Development of Approved Location 6
5.4 Opening 6
5.5 Failure to Open 7
5.6 Relocation 7
5.7 Remote Locations 7
6. PROPRIETARY MARKS 7
6.1 Ownership 7
6.2 Limitations on Use 7
6.3 Protection of the Marks 8
6.4 Discontinuance of Use 8
6.5 Franchisor's Sole Right to Domain Name; Internet and Social Media Advertising 8
7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION 8
7.1 Confidentiality of Trade Secrets and Other Confidential Information 8
7.2 Additional Developments 9
7.3 Exclusive Relationship 9
7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals 9
7.5 Reasonableness of Restrictions 9

8. TRAINING AND ASSISTANCE 10
8.1 Initial Training 10
8.2 Opening and Ongoing Assistance 10
8.3 Failure to Complete Initial Training Program 10
8.4 New Designated Manager 10
8.5 Coordinator Training 10
9. MANUALS 11
9.1 Loan by Franchisor 11
9.2 Revisions 11
9.3 Confidentiality; Copyright 11
10. FRANCHISE SYSTEM 11
10.1 Uniformity 11
10.2 Modification of the System 11
10.3 Variance 11
11. ADVERTISING AND PROMOTIONAL ACTIVITIES 11
11.1 Approval and Use of Advertising 11
11.2 Franchisor's Use of Marketing Fee 12
11.3 Internet Advertising 12
11.4 Advertising Sponsorship 12
11.5 Franchisee's Promotional and Other Activities 13
12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS 13
12.1 Records 13
12.2 Gross Sales Reports 13
12.3 Other Reports 13
12.4 Access to Computer System 13
12.5 Right to Inspect; Audit 13
12.6 Release of Records 13
13. STANDARDS OF OPERATION 14
13.1 Authorized Products, Services, and Suppliers 14
13.2 Minimum Gross Sales Targets 14
13.3 DaySmart Recreation Program 15
13.4 Appearance and Condition of the Franchised Business 15
13.5 Ownership and Management 15
13.6 Contributions and Donations 15
13.7 Licenses and Permits 15
13.8 Notification of Proceedings 16
13.9 Compliance with Good Business Practices 16
13.10 Best Efforts 16
14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE 16
14.1 General Advice and Guidance 16

14.2 Periodic Visits 16
14.3 System Improvements 16
15. INSURANCE 16
15.1 Types and Amounts of Coverage 16
15.2 Future Increases 17
15.3 Carrier Standards 17
15.4 Evidence of Coverage 17
15.5 Failure to Maintain Coverage 17
16. DEFAULT AND TERMINATION 17
16.1 Termination by Franchisee 17
16.2 Termination by Franchisor Without Opportunity to Cure 18
16.3 Termination by Franchisor with Opportunity to Cure 18
16.4 Reinstatement and Extension 18
16.5 Right of Franchisor to Discontinue Services to Franchisee 18
16.6 Liquidated Damages 19
17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION 19
17.1 Effect of Termination or Expiration; Actions to be Taken 19
17.2 Post-Termination Covenant Not to Compete 19
17.3 Unfair Competition 20
17.4 Survival of Certain Provisions 20
18. TRANSFERABILITY OF INTEREST 20
18.1 Transfer by Franchisor 20
18.2 Transfer by Franchisee to a Third Party 21
18.3 Transfer of Approved Location; Liquidated Damages 22
18.4 Transfer to a Controlled Entity 22
18.5 Franchisor's Disclosure to Transferee 23
18.6 For-Sale Advertising 23
18.7 Transfer by Death or Incapacity 23
19. BENEFICIAL OWNERS OF FRANCHISEE 23
20. RELATIONSHIP AND INDEMNIFICATION 24
20.1 Relationship 24
20.2 Standard of Care 24
20.3 Indemnification by Franchisee 24
20.4 Right to Retain Counsel 24
20.5 Limited Warranty; Franchisor Indemnification 25
21. GENERAL CONDITIONS AND PROVISIONS 25
21.1 No Waiver 25
21.2 Injunctive Relief 25
21.3 Notices 25
21.4 Cost of Enforcement or Defense 26

21.5 Guaranty and Assumption of Obligations 26
21.6 Entire Agreement 26
21.7 Severability and Modification 26
21.8 Construction 27
21.9 Force Majeure 27
21.10 Timing 27
21.11 Withholding Payments 27
21.12 Further Assurances 27
21.13 Third-Party Beneficiaries 27
21.14 Multiple Originals 27
22. DISPUTE RESOLUTION 27
22.1 Choice of Law 27
22.2 Consent to Jurisdiction 27
22.3 Cumulative Rights and Remedies 27
22.4 Limitations of Claims 28
22.5 Limitation of Damages 28
22.6 Waiver of Jury Trial 28
22.7 Arbitration 28
23. ACKNOWLEDGMENTS 28
23.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document 28
23.2 Consultation by Franchisee 28
23.3 True and Accurate Information 29
23.4 Risk 29
23.5 No Guarantee of Success 29
23.6 No Violation of Other Agreements 29

SCHEDULES

1. EXCLUSIVE AREA – APPROVED LOCATION – DESIGNATED AREA
2. MARKETING FEES

EXHIBITS

1. GENERAL RELEASE
2. NONDISCLOSURE AND NON-COMPETITION AGREEMENT
3. GUARANTY AND ASSUMPTION OF OBLIGATIONS
4. HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS; DIRECTORS
5. MULTI-STATE ADDENDA
6. LICENSEE ADDENDUM

LIL' KICKERS INC.

FRANCHISE AGREEMENT

This Franchise Agreement (this **"Agreement"**) is made as of the date last signed below and is by and between Lil' Kickers Inc., a Washington corporation (**"Franchisor"**), and the person(s) or entity listed as the Franchisee on the signature block of this Agreement (**"Franchisee"**).

BACKGROUND

Franchisor has developed, and is further developing, a System (as defined below) identified by the trademark "LIL' KICKERS" and relating to the establishment and operation of soccer programs for young children, referred to as **"Lil' Kickers Programs."**

DaySmart Recreation owns and maintains certain web-based software products specially suited for use in the operation of Lil' Kickers Programs (**"DaySmart Recreation Program"**).

In addition to the trademark "LIL' KICKERS" and certain other Marks, the distinguishing characteristics of the System include: uniform standards and procedures for curriculum and business operations; procedures, materials, and strategies for marketing, advertising, sales, and promotion; customer service and development techniques; other strategies, techniques, and Trade Secrets; and the Manuals.

Franchisor desires to grant to qualified persons and business entities the right to own and operate a Lil' Kickers Program using the System and the Marks. Franchisee desires to operate a Lil' Kickers Program.

Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations, and service and the necessity of operating the Franchised Business in strict conformity with Franchisor's System.

AGREEMENT

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any business entity that controls, is controlled by, or is under common control with Franchisor;

"Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) soccer classes for children age 12 and under, soccer leagues for children age 7 and under, soccer camps or soccer parties for children age 6 and under, or other services or programs of Franchisor (such as Enrichment in Motion and Skills Institute) in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate, or its other franchisees; provided, however, that the term "Competitive Business" does not include (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"Confidential Information" means technical and non-technical information used in or related to Lil' Kickers Programs and not commonly known by or available to the public, including, without limitation, Trade Secrets, the Manuals, and any other information identified as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

"Designated Manager" means the person designated by Franchisee who has primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee;

"Effective Date" means the date on which Franchisee and Franchisor fully execute this Agreement, thereby commencing its effectiveness and term;

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"Franchised Business" means the Lil' Kickers Program to be established and operated by Franchisee pursuant to this Agreement;

"Gross Sales" means the aggregate of all revenue from the sale of services from all sources in connection with the Franchised Business, including, without limitation, annual registration fees, all sales of classes, camps, parties, facility memberships to which a Lil' Kicker participant is a party (including any associated registration fees), field trips, local program sponsorships, and proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, and (c) any rebate received by Franchisee from a manufacturer or supplier;

"Manuals" means the Lil' Kickers program curriculum, training modules, and electronic manuals, and any other items provided, added to, or otherwise revised by Franchisor that contain or describe the standards, methods, procedures and specifications of the System;

"Marks" means the trademark "LIL' KICKERS" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with Lil' Kickers Programs;

"Operating Deposit Account" means an account at a national banking institution where Franchisee deposits its operating funds and provides Franchisor with access to electronically withdraw any funds due Franchisor;

"System" means the uniform standards, methods, procedures, specifications, strategies, techniques, Trade Secrets, and Manuals developed by Franchisor and as may be added to, changed, withdrawn, or otherwise revised by Franchisor for the operation of Lil' Kickers Programs; and

"Trade Secrets" means information in any form related to or used in Lil' Kickers Programs that is not commonly known by or available to the public and that: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. For the avoidance of doubt, "Trade Secrets" includes all customer information gathered and created in connection with the Franchised Business.

2. GRANT OF FRANCHISE

2.1 **Grant**. Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, non-exclusive, limited license to operate one (1) Lil' Kickers Program using the System and Marks only during the term of this Agreement and from the location owned or selected by Franchisee and approved in writing by Franchisor (the **"Approved Location"**), as set forth in Schedule 1, attached hereto.

2.2 **Exclusive Area**. So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.5, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other Lil' Kickers Program or other substantially similar business at any location within the designated geographic area surrounding the Approved Location set forth on Schedule 1 attached hereto (the **"Exclusive Area"**).

2.3 **Approved Location Not Determined**. If the Approved Location of the Franchised Business is not determined as of the Effective Date, then the geographic area in which the Franchised Business is to be located shall be within a designated geographic area set forth on Schedule 1 attached hereto (**"Designated Area"**). Franchisee shall select and submit possible sites for Franchisor's evaluation in accordance with Section 5.1. When the Approved Location is determined, its address and the Exclusive Area shall be inserted into Schedule 1, and the Designated Area shall lapse and have no further effect. Both insertions shall be initialed and dated by Franchisee and Franchisor. The failure to insert such address shall not automatically affect the enforceability of this Agreement. The Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection.

2.4 **Agents**. Franchisee shall not grant any person or entity the right to act as Franchisee's agent to perform any part of Franchisee's rights or obligations hereunder.

2.5 **Franchisor's Retained Rights**. Franchisor expressly retains all rights and discretion with respect to the Marks and the System. Franchisee acknowledges that Franchisor may engage in any activities not expressly forbidden by this Agreement, including the right to offer and sell (either directly or through other franchisees) the same services and products that Franchisee will offer and sell under this Agreement, to any customer wherever located and through any channel and method of distribution, except that so long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other Lil' Kickers Program or other substantially similar business at any location within the Exclusive Area.

3. FEES AND PAYMENTS

3.1 **Franchise Fee**. Upon execution of this Agreement, Franchisee shall pay Franchisor a fee (**"Franchise Fee"**) of FIFTEEN THOUSAND DOLLARS ($15,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Sections 5.2 and 8.3.

3.2 **Royalty Fees**.

(a) Franchisee shall pay to Franchisor a monthly **"Royalty Fee"** equal to nine percent (9%) of Franchisee's Gross Sales for that month. Franchisee will be invoiced on the first business day following the end of the month in which the applicable Gross Sales were received by Franchisee. The Royalty Fee is due on the tenth (10th) calendar day following such month end.

(b) Franchisee is required to meet the minimum annual Gross Sales targets listed in Section 13.2. If Franchisee's Gross Sales for any calendar year do not meet the applicable minimum targets, Franchisee shall pay to Franchisor the Royalty Fee on the difference between Franchisee's actual Gross Sales and the minimum Gross Sales targets. Franchisor is entitled to withdraw the amount from Franchisee's Operating Deposit Account.

3.3 **Technology Set-up Fee.** In consideration of the initial software set-up services Franchisor will provide pursuant to Section 8.1 hereof, Franchisee agrees to pay to Franchisor or its designee (which may be one or more of Franchisor's affiliates) a one-time software set-up fee (the "**Technology Set-up Fee**") equal to FIVE HUNDRED DOLLARS ($500). The Technology Set-up Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable. The Technology Set-up Fee shall be in addition to and not in lieu of all other fees owed to Franchisor under this Agreement and is non-refundable. The Technology Set-up Fee will be due upon execution of this Agreement.

3.4 **Marketing and Promotion Fees.** Franchisee agrees to pay to Franchisor or its designee (which may be one or more of Franchisor's affiliates) a monthly marketing and promotion fee as provided on Schedule 2 ("**Marketing Fee**") during the Initial Term. The Marketing Fee shall be in addition to and not in lieu of all other fees owed to Franchisor under this Agreement and is non-refundable. An initial Marketing Fee will be due upon execution of this Agreement, and thereafter during the Initial Term, Franchisee will be invoiced for the Marketing Fee on the first business day prior to the beginning of each month and the Marketing Fee will be due on the tenth (10th) calendar day following such invoice. Franchisor is entitled to withdraw the Marketing Fee from Franchisee's Operating Deposit Account. During Successor Terms, Franchisee may choose to conduct the required marketing ad campaigns independently from the Corporate Marketing Team, provided that Franchisee (i) gives 30 days' written notice to Franchisor; (ii) only uses Approved Advertisements provided by or approved by our Corporate Marketing Team; (iii) has a knowledgeable digital marketing expert (as determined in Franchisor's reasonable discretion) managing Franchisee's monthly campaigns; (iv) submits reporting and analytics from the campaigns to Franchisor monthly; and (v) spends a minimum of $350 monthly on digital advertising (which may include, but shall not be limited to, Google and Facebook advertising) to continuously promote the franchise program for new customer acquisition. If Franchisee fails to complete the monthly marketing campaigns to Franchisor's satisfaction, Franchisor may require Franchisee to use Franchisor's Corporate Marketing Team services at the then-current rates.

3.5 **Software Requirement. Franchisee must use a commercial software program called "DaySmart Recreation" for the management and administration of all operations of the Franchised Business and must enter into a separate contract with DaySmart Recreation, as described in Section 13.3. Franchisee shall pay to DaySmart Recreation the monthly fee(s) set forth in Franchisee's agreement with DaySmart Recreation for the use and administration of the DaySmart Recreation software. The DaySmart Recreation fees are due on the tenth (10th) calendar day of each month, but do not apply during any time Franchisee has purchased and is using the full commercial version of the DaySmart Recreation software.**

3.6 **Training. Each year after the Franchised Business's first year of operation, one (1) of Franchisee's representatives shall complete a coordinator training program as described in Section 8.5. In consideration of the services provided by Franchisor for such training program, Franchisee agrees to pay Franchisor an annual training fee (the "Training Fee") equal to ONE THOUSAND DOLLARS ($1,000). The Training Fee shall be in addition to and not in lieu of all other fees owed to Franchisor under this Agreement and is non-refundable. Franchisee will be invoiced for the Training Fee on January 1 of each year and the Training Fee will be due on**

the tenth (10th) calendar day following such invoice. Franchisor is entitled to withdraw the Training Fee from Franchisee's Operating Deposit Account.

3.7 **Electronic Transfer**. Franchisor has the right to require all amounts due to Franchisor to be paid through Franchisee's Operating Deposit Account. Before opening the Franchised Business, Franchisee shall open and thereafter maintain an Operating Deposit Account, and shall allow Franchisor continuous access to such account for the purpose of receiving any payments due to Franchisor. Franchisee shall ensure that there are funds in the Operating Deposit Account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. If there are insufficient funds in the Operating Deposit Account, Franchisor has the right to charge Franchisee a reasonable fee.

3.8 **Late Fees**. All amounts due from Franchisee to Franchisor that are not received by Franchisor within five (5) days after the due date shall incur late fees at the rate of eight percent (8%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due amounts, including reasonable accounting and legal fees. This Section is not an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

3.9 **Application of Payments**. Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for any amount owed to Franchisor in any proportion or priority.

4. TERM AND RENEWAL

4.1 **Initial Term**. This Agreement is effective and binding for an initial term of five (5) years from the Effective Date, unless terminated earlier (the "**Initial Term**").

4.2 **Successor Terms**. Subject to the conditions below, Franchisee may obtain a successor franchise (each, a "**Successor Term**") at the expiration of the term of this Agreement by entering into a new franchise agreement with Franchisor. To qualify for a successor franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

(a) Franchisee has, during the entire term of this Agreement, fully complied with all material provisions of this Agreement;

(b) Franchisee has access to and, for the duration of the successor franchise, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, and the Approved Location (or approved substitute location) is in full compliance with Franchisor's then-current specifications and standards;

(c) Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

(d) Franchisee has executed Franchisor's then-current form of franchise agreement; however, Franchisee shall not be required to pay the then-current Franchise Fee;

(e) Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed to comply with any training requirements; and

(f) Franchisee has executed a General Release in substantially the form attached as Exhibit 1, of any and all claims against Franchisor, any Affiliate and against their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

4.3 Holdover. If Franchisee continues to operate the Franchised Business after the end of the term stated in Section 4.1, Franchisee shall be deemed to be operating on a month-to-month basis under the terms and conditions of this Agreement. In such event, Franchisor may terminate the Agreement at any time and with or without cause upon ten (10) days written notice to Franchisee.

5. APPROVED LOCATION

5.1 Selection of Site. Franchisee must operate the Franchised Business at one permanent location. If, as of the Effective Date, Franchisee owns, operates, or has otherwise secured access to a facility that meets Franchisor's specifications for Lil' Kickers Programs, the location of the facility shall be noted on Schedule 1, and Franchisor's execution of this Agreement will be deemed approval of such facility and designate such facility as the Approved Location. In all other cases, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection, after which Franchisor shall notify Franchisee of its approval or disapproval of a proposed site within thirty (30) days. If Franchisor approves of such selection, the site shall be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select and notify Franchisor of new sites until Franchisor approves a site for the Franchised Business or this Agreement is terminated pursuant to Section . Franchisor will provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate. Franchisee shall not locate the Franchised Business at a selected site without the prior written approval of Franchisor. ***Franchisor does not represent that it, or any of its Affiliates, owners, employees or agents, have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for identifying the Approved Location.***5.2

5.2 Failure to Select Site. If Franchisee fails to select a site for the Franchised Business that meets with Franchisor's approval within sixty (60) days after the Effective Date, either party may terminate this Agreement upon notice. If Franchisee fails to select an approved site within sixty (60) days, and Franchisor determines, in its sole discretion, that Franchisee is making reasonable and continuous efforts to actively and diligently obtain a site acceptable to Franchisor, Franchisor will extend the deadline to select a site for another sixty (60) days so long as Franchisee continues to actively and diligently seek to obtain a suitable site. Franchisor retains the right to terminate this Agreement at the end of the extended 120-day period or at any earlier time if Franchisee fails, in Franchisor's sole discretion, to actively and diligently pursue the selection of a suitable site. If this Agreement is terminated pursuant to this Section 5.2, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a General Release in substantially the form attached as Exhibit 1. Franchisee is not entitled to a refund unless Franchisor terminates this Agreement based on its determination that Franchisee has failed to satisfactorily select a site. The non-refundable portion of the Franchise Fee is specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to satisfactorily select a site and shall not be construed as nor considered to be a penalty.

5.3 **Development of Approved Location**. In connection with the development of the Approved Location, Franchisee must:

(a) purchase all supplies, equipment, and inventory specified by Franchisor as necessary for the operation of the Franchised Business;

(b) set up all computer and point-of-sale equipment and services, including credit card processing equipment and services, broadband or high-speed Internet access, and the DaySmart Recreation Program, as necessary for the establishment and operation of the Franchised Business; and

(c) purchase and install all signs, furniture, and fixtures as specified by Franchisor required for the operation of the Franchised Business.

5.4 **Opening**. Unless otherwise agreed, Franchisee must be prepared to open and continuously operate the Franchised Business within one hundred twenty (120) days after the Effective Date. Time is of the essence. Before opening the Franchised Business and commencing business, Franchisee must:

(a) fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5;

(b) furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

(c) complete initial training to the satisfaction of Franchisor;

(d) hire and train the personnel necessary or required for the operation of the Franchised Business; and

(e) obtain all necessary permits and licenses.

5.5 **Failure to Open**. Unless otherwise agreed, if Franchisee fails to commence operations of the Franchised Business within one hundred twenty (120) days after the Effective Date, Franchisor has the right to terminate this Agreement upon notice. If this Agreement is terminated pursuant to this Section 5.5, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

5.6 **Relocation**. Franchisee may not relocate the Franchised Business without the prior written consent of Franchisor. If a proposed relocation is outside the Exclusive Area, Franchisee must execute a new Franchise Agreement. Any relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.5. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including, but not limited to, legal and accounting fees; however, Franchisor has no obligation to provide relocation assistance.

5.7 **Remote Locations**. Subject to Franchisor's reservation of rights set forth in Section 2.5, Franchisee may operate, in accordance with Franchisor's specifications as set forth in the Manuals, Lil' Kickers programs and events at suitable locations within the Exclusive Area other than the Approved Location (**"Remote Locations"**). In no event shall Franchisee operate outside the Exclusive Area without Franchisee's prior approval.

6. PROPRIETARY MARKS

6.1 **Ownership**. Franchisee's limited right to use the Marks is derived solely from this Agreement, is nonexclusive, and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications, and operating procedures prescribed from time to time by Franchisor. Franchisee's past, current, and future use of the Marks, and any goodwill created thereby, inures solely to the benefit of Franchisor. Franchisee has no ownership interest in the Marks and will not at any time acquire any goodwill, title, or ownership interest in the Marks by virtue of any use of the Marks or this Agreement. Franchisee hereby assigns and shall assign in the future to Franchisor all rights it may acquire by operation of law or otherwise in the Marks. Franchisee acknowledges that Franchisor has sole ownership of the Marks, and Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 **Limitations on Use**. Franchisee shall not use any Mark or portion of any Mark as part of any business entity name unless authorized by Franchisor. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not authorized by Franchisor. Franchisee shall give notices of trademark and service mark registrations that Franchisor specifies and shall obtain fictitious or assumed name registrations as may be required under applicable law to do business under the trade name Lil' Kickers or other Mark that Franchisor specifies. Franchisee shall not register or seek to register as a trademark or service mark any of the Marks or any trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee must indicate to third parties that the Franchised Business is independently owned and operated and the Franchisee uses the Marks under a license from Franchisor.

6.3 **Protection of the Marks**. Franchisee shall assist Franchisor in protecting and maintaining Franchisor's rights in the Marks in the Exclusive Area. Franchisee shall immediately notify Franchisor of any infringement of the Marks, challenge to its use of any of the Marks, or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge, or claim; however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor has the sole right, and in its sole discretion, to take such action as it deems appropriate and exclusively control any litigation or other proceeding relating to any of the Marks, including the defense of claims related to Franchisee's use of any Mark. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks. Franchisor's rights under this Section 6.3 do not extend to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor.

6.4 **Discontinuance of Use**. If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, Franchisor will provide notice to Franchisee. Subject to the limitations in Section 10.2, Franchisee shall comply with Franchisor's directions within ten (10) business days after receiving such notice. Franchisor is not required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified, additional, or substitute Mark.

6.5 **Franchisor's Sole Right to Domain Name; Internet and Social Media Advertising**. Franchisor is the sole owner of all right, title, and interest in and to such domain names as Franchisor shall designate in the Manuals. Franchisee shall not, without Franchisor's written consent, advertise on the Internet or social media or establish, create, or operate an Internet site, website, or social media account using a domain name, uniform resource locator, or handle containing the Marks or the words "LIL' KICKERS" or any variation thereof. Any such site, website, or social media account must conform to quality standards and specifications as provided by Franchisor. Upon termination and non-renewal of this Agreement, Franchisee shall take all actions necessary to remove any site from the Internet and social media and to transfer the domain name, uniform resource locator, or handle to Franchisor's ownership and control.

7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

7.1 **Confidentiality of Trade Secrets and Other Confidential Information**. Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers, and members of the professional staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee acquires no interest in the Trade Secrets or other Confidential Information, other than the right to use them in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee shall enforce this Section as to its employees, agents, and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2 **Additional Developments**. All ideas, concepts, techniques, or materials concerning the System developed, in whole or in part, using Trade Secrets, or other Confidential Information (**"Additional Developments"**), are deemed the sole and exclusive property of Franchisor. Franchisee shall promptly disclose to Franchisor any of its Additional Developments, whether created by or for Franchisee or its owners or employees, and Franchisor has the right to incorporate such Additional Developments into the System. Franchisee's Additional Developments are deemed works made-for-hire for Franchisor, but no compensation shall be due to Franchisee or its owners or employees for these Additional Developments. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement does assign, ownership of that item to Franchisor. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any Additional Developments, whether developed by Franchisee or not. Franchisor shall disclose to Franchisee Additional Developments of other franchisees that are made part of the System.

7.3 **Exclusive Relationship**. During the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, manager, or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, partnership, corporation, limited liability company, or other business entity, shall:

(a) Divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

(b) Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 **Nondisclosure and Non-Competition Agreements with Certain Individuals**. Upon Franchisor's request to Franchisee, any holder of a legal or beneficial interest in Franchisee, and any officer, director, executive, manager, or member of the professional staff of Franchisee shall execute a Nondisclosure and Non-Competition Agreement in substantially the form attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 **Reasonableness of Restrictions**. Franchisee acknowledges that the restrictive covenants contained in this Section 7 are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein is fair and reasonable and is reasonably required for the protection of Franchisor, the System, and the Marks, and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable, or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 **Initial Training; Initial Technology Set-up**. Franchisor shall provide at its headquarters or other designated location an initial training program pertaining to the operation and administration of the Franchised Business. Prior to the opening of the Franchised Business, the Designated Manager and an officer, director or beneficial owner of Franchisee must successfully complete, to Franchisor's satisfaction, the initial training program. Franchisee's general manager, marketing representative, or another officer, director or beneficial owner of Franchisee may also attend the initial training program. There is no fee for the initial training, except that Franchisee is responsible for all expenses incurred by Franchisee's representatives in attending such program including travel costs, room and board expenses, and employees' salaries. Franchisee is responsible for training its other management and employees. Additionally, Franchisor will provide Franchisee with remote assistance for Franchisee's initial set-up of software used to track and coordinate products, seasons, leagues, classes, annual registration fees, discounts, internal calendars, email templates, and online registration associated with Lil' Kickers Programs.

8.2 **Opening and Ongoing Assistance**. Within the first year that the Franchised Business is open, Franchisor will make available to Franchisee one (1) of Franchisor's representatives, experienced in the System, to visit the Franchised Business for the purposes of training Franchisee's staff in Lil' Kickers techniques and providing general assistance and guidance in connection with the opening and continued operation of the Franchised Business. The precise timing of this initial on-site assistance is subject to the availability of Franchisor's representatives. Franchisee shall pay the cost of the representative's travel, meals, and lodging for the initial on-site assistance. Thereafter, Franchisor will make available to Franchisee similar assistance by its representatives, subject to their availability, and Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for providing such additional assistance.

8.3 **Failure to Complete Initial Training Program**. If Franchisor determines that the Designated Manager is unable to satisfactorily complete the initial training program, Franchisor has the right to terminate this Agreement upon notice. If this Agreement is terminated pursuant to this Section 8.3, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a General Release in substantially the form attached as Exhibit 1. Franchisee is not entitled to a refund unless Franchisor terminates this Agreement based on its determination that Franchisee has failed to satisfactorily complete the initial training program. The non-refundable portion of the Franchise Fee is specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to satisfactorily complete the initial training program and shall not be construed as nor considered to be a penalty. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may select a substitute manager and such substitute manager must complete the initial training to Franchisor's satisfaction. Franchisee will be required to pay Franchisor's then-current standard rates, plus expenses, for providing the substitute manager an initial training program.

8.4 **New Designated Manager**. If after beginning operations Franchisee names a new Designated Manager, Franchisee must notify Franchisor of the identity of the new Designated Manager and the new Designated Manager must complete the initial training program to Franchisor's satisfaction within one hundred twenty (120) days of being named. Franchisee must pay Franchisor's then-current standard rates for the initial training program and is responsible for all expenses incurred by the new Designated Manager in attending such program including travel costs, room and board expenses, and employees' salaries.

8.5 **Coordinator Training**. At least twice per calendar year, Franchisor shall provide at its headquarters or other designated location a coordinator training program pertaining to the operation, development, and expansion of the Franchised Business. Each year after the first year of operation, Franchisee's Designated Manager must attend an Annual Leadership Conference for continuing education. Franchisee must pay Franchisor the fee set forth in Section 3.6 for each coordinator training program and is responsible for all expenses incurred by the employee in attending such program including travel costs, room and board expenses, and employees' salaries.

9. MANUALS

9.1 **Loan by Franchisor**. While this Agreement is in effect, Franchisor shall lend to Franchisee one (1) copy of the Manuals or grant Franchisee access to an electronic copy of the Manuals. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manuals. The Manuals may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. Upon request, Franchisor will provide extra copies of a written Manual to Franchisee at a price equal to Franchisor's cost to produce the written Manual. The Manuals are at all times the sole property of Franchisor, and Franchisee shall return all copies to Franchisor within ten (10) days after expiration or termination of this Agreement.

9.2 **Revisions**. Franchisor has the right to add to or otherwise modify the Manuals from time to time, without notice to Franchisee, to reflect changes in the specifications, standards, operating procedures, and rules prescribed by Franchisor; but no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement, unless such changes are necessary to comply with applicable law. Franchisee shall immediately upon notice, and at Franchisee's expense, adopt any such changes and shall ensure that its copies of the Manuals are up-to-date at all times. If a dispute as to the contents of the Manuals arises, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 **Confidentiality; Copyright**. The Manuals contain Trade Secrets and other Confidential Information of Franchisor and its contents must be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall not allow any unauthorized access to the Manuals, or disclose, duplicate, or otherwise use any portion of the Manuals in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 **Uniformity**. Franchisee shall strictly comply, and shall cause the Franchised Business and its employees to strictly comply, with all requirements, specifications, standards, operating procedures, and rules set forth in this Agreement, the Manuals, or other communications supplied by Franchisor.

10.2 **Modification of the System**. Franchisor may introduce, as part of the System, other methods or technology which require certain System modifications. Franchisee shall make all required upgrades and modifications at its expense as may be required by Franchisor; however, Franchisee shall not be required to make any expenditures that are unreasonably disproportionate to Franchisee's original investment to establish the Franchised Business.

10.3 **Variance**. Franchisor has the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of any particular Lil' Kickers Program. Franchisor is not required to disclose to Franchise variances that it has given to other franchisees and is not required to grant a variance to Franchisee.

11. ADVERTISING AND PROMOTIONAL ACTIVITIES

11.1 **Approval and Use of Advertising**. Franchisee shall obtain Franchisor's prior written approval of all marketing or promotional programs not previously approved by Franchisor including, without limitation, media advertising, direct mailings, flyers, brochures, coupons, direct mail pieces, radio and television advertising, Internet "web" pages, and other home pages or domain names on any common carrier electronic delivery system. Any proposed uses not previously approved by Franchisor shall be submitted to Franchisor or its affiliates at least ten (10) days prior to publication, broadcast, or use. Franchisee acknowledges that advertising and promoting the Franchised Business in accordance with Franchisor's and its affiliates' standards and specifications are essential aspects of the Licensed Methods, and Franchisee agrees to comply with all advertising standards and specifications. Franchisee also agrees to participate in any marketing, advertising, and promotional campaigns that Franchisor and its affiliates periodically establish.

11.2 **Franchisor's Use of Marketing Fee**. Franchisor or its designated affiliates will use the the Marketing Fees purchase online ad campaigns for Franchisee and to pay Franchisor's Corporate Marketing Team for managing digital ads and generating analytics reports from such campaigns. In addition, Franchisor or its designated affiliates will have the right to use Marketing Fees for the marketing, advertising and promotion of the System and the Marks, including but not limited to the production and placement of media and social media advertising, direct response literature, direct mailings, flyers, brochures, specialty and novelty items, radio and television advertising, Internet web pages, collateral advertising material, surveys of advertising effectiveness, and other creative expenditures. Franchisor or its designated affiliates shall also have the right to use Marketing Fees for administrative costs, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and other reasonable direct and indirect expenses incurred by Franchisor or its representatives in connection with such marketing, advertising and promotional programs. Such marketing, advertising and promotional programs will be developed

by Franchisor or its designees, and may be conducted on a local, regional, or national level as determined by Franchisor in its sole discretion. Franchisor and its designees have the right to determine the composition of all geographic territories and market areas for the implementation of all advertising, marketing and promotional campaigns and to determine the content and concepts of all marketing, advertising and promotional programs. Franchisor has no obligation to ensure that its expenditures for marketing, advertising and promotion in or affecting any geographic area are proportionate or equivalent to the Marketing Fee(s) collected from Franchisee or from other franchises operating in that geographic area, and Franchisor has no obligation to ensure that Franchisee or any franchisee will benefit directly or in proportion to the Marketing Fee(s) it pays. Franchisor and its designees may spend in any fiscal year on advertising, marketing and promotion more or less than the aggregate Marketing Fees collected that year from Franchisee and other franchisees. All Marketing Fees will be deposited into Franchisor's general operating account and commingled with other funds that are used by Franchisor to pay general operating expenses.

11.3 **Internet Advertising**. Franchisee may, in accordance with Franchisor's standards and specifications and only with Franchisor's prior written consent, establish a presence on, or market using, the Internet or social media in connection with the Franchised Business. Franchisor retains the right to approve or disapprove all advertising or use of the Marks on the Internet and social media, and Franchisee shall immediately comply with Franchisor's requests to remove or cease any disapproved advertising. Franchisee may be requested to provide content for Franchisor's Internet and social media marketing and shall be required to follow Franchisor's intranet, Internet, and social media usage rules, policies, and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the www.lilkickers.com domain name and website.

11.4 **Advertising Sponsorship**. Franchisor is entitled to enter into sponsorship arrangements that require placement of other companies' advertising materials at some or all Lil' Kickers Programs. Franchisee shall reserve at the Approved Location two billboard spaces for use by Franchisor in these sponsorship arrangements. Franchisee shall display such sponsored advertising materials according to Franchisor's specifications, subject to Franchisee's right to reject specific sponsored advertising materials, which right shall not be exercised unreasonably. Franchisee is entitled to receive a portion of the revenue Franchisor derives from these sponsorship arrangements, as reasonably determined by Franchisor based on the marketing value of the billboard spaces used. Franchisee's revenues from Franchisor's sponsorship arrangements are not included in determining Gross Sales.

11.5 **Franchisee's Promotional and Other Activities.** Franchisee agrees to participate in any promotional campaigns, advertising and other programs that Franchisor periodically establishes. Unless Franchisor agrees otherwise, Franchisee shall charge each customer an annual registration fee as specified in the Manuals. Franchisor shall provide a promotional Lil' Kickers jersey free of charge to each new customer upon payment of the annual registration fee.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 **Records**. During the term of this Agreement, Franchisee shall maintain full, complete, and accurate books, records, and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manuals or otherwise in writing.

12.2 **Gross Sales Reports**. Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor a verified statement of Gross Sales (**"Gross Sales Report"**) for each month in a form that Franchisor approves or provides in the Manuals. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the tenth (10th) day of the current month.

12.3 **Other Reports**. Franchisee shall submit to Franchisor such other records as Franchisor may reasonably request from time to time or as specified in the Manuals. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.4 **Access to Computer System**. In conjunction with the DaySmart Recreation Program detailed in Section 13.3, Franchisor shall at all times have full access to Franchisee's information entered into the DaySmart Recreation Program. In case of an audit as described in Section 12.5, Franchisor shall have full access to all of Franchisee's computer data and systems and all related information by means of direct access, either in person or by telephone, modem, or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

12.5 **Right to Inspect; Audit**. Franchisor or its designee has the right, during normal business hours, to examine, copy, and audit the books, records, and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower). If the audit or any other inspection should reveal an underpayment of three percent (3%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12.6 **Release of Records**. At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting and legal professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business.

13. STANDARDS OF OPERATION

13.1 **Authorized Products, Services, and Suppliers**.

(a) Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services and products to its customers. Accordingly, Franchisee shall provide or offer for sale or use at the Franchised Business only those services and products that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such items or services shall be purchased only from suppliers that Franchisor designates or approves (**"Approved Suppliers"**), which might include, or be limited to, Franchisor or an Affiliate. Franchisee shall not offer for sale, sell, or provide through the Franchised Business any services or products that Franchisor has not approved or that do not comply with all applicable laws, rules, and regulations.

(b) Franchisor shall provide Franchisee, in the Manuals or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment, and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list. If Franchisee desires to utilize any services or products that Franchisor has not approved (for services and products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications, and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all expenses

incurred by Franchisor in connection with determining whether it shall approve an item, service, or supplier. Franchisor will decide within a reasonable time (usually thirty (30) days) after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of services or products at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section requires Franchisor to approve any particular supplier, or requires Franchisor to make available to prospective suppliers, standards, and specifications that Franchisor deems confidential.

(c) Franchisor has the right revoke its approval of any item, service, or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense and within three (3) days after receiving Franchisor's notice, cease using, selling, or providing any items or services disapproved by Franchisor and cease purchasing from suppliers disapproved by Franchisor.

(d) Franchisor has the right to designate or give consent for certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing, and regional or local differences. Such designation or consent does not create any rights in Franchisee to provide the same services or products.

13.2 **Minimum Gross Sales Targets**. Franchisee is required to meet the minimum annual Gross Sales targets listed in the following table, measured each January for the preceding calendar year, and prorated on a twelve-month basis for the first year of business if a partial calendar year. Franchisee's failure to achieve these minimum Gross Sales targets constitutes a material breach of this Agreement, which may be cured by paying Franchisor the Royalty Fee on the difference between Franchisee's actual Gross Sales and the minimum Gross Sales Targets.

First Year (and Second Year if operations in First Year began after June 30)	Total annual Gross Sales must have generated Two Thousand Dollars ($2,000.00) in Royalty Fees
All Other Years (including all years of any successor franchise term)	Total annual Gross Sales must have generated Nine Thousand Dollars ($9,000.00) in Royalty Fees

13.3 **DaySmart Recreation Program**.

(a) DaySmart Recreation has developed certain software products specially suited for use in the operation of Lil' Kickers Programs referred to as the DaySmart Recreation Program. In order to maintain consistency, quality, and uniformity of the System, Franchisee must use the DaySmart Recreation Program for the management and administration of all operations of the Franchised Business, including program administration, customer registration, and payment processing. Franchisee must enter into a separate written agreement with DaySmart Recreation for the DaySmart Recreation Program.

(b) Franchisee must acquire, maintain, and upgrade computer, information processing, point of sale, and communication systems, including all applicable hardware, software, and Internet and other network access providers, as required to use the DaySmart Recreation Program, or as Franchisor may otherwise prescribe.

(c) Franchisee acknowledges that the DaySmart Recreation Program is distinctive and is inextricably interrelated with the Franchised Business. Franchisee shall, at all times, maintain access to the DaySmart Recreation Program as necessary to operate the Franchised Business at full capacity.

13.4 **Appearance and Condition of the Franchised Business**. Franchisee shall maintain at its expense the Franchised Business in "like new" condition, and shall repair or replace equipment, supplies, inventory, and signage as necessary to comply with the health and safety standards and specifications of Franchisor, Franchisee's lessor, and any applicable laws or regulations.

13.5 **Ownership and Management**. The Franchised Business shall, at all times, be under the direct supervision of Franchisee. The Designated Manager shall devote sufficient efforts to the management of the day-to-day operation of the Franchised Business. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

13.6 **Contributions and Donations**. In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services, or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic, or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion. Nevertheless, Franchisor may, in the Manuals, exempt contributions and donations of a particular size or type from this requirement.

13.7 **Licenses and Permits**. Franchisee shall secure and maintain in force all required licenses and permits necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances, and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances, and regulations with regard to the operation of the Franchised Business.

13.8 **Notification of Proceedings**. Franchisee shall notify Franchisor in writing of the commencement of any action, suit, or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, award or decree which may affect the operation or financial condition of the Franchised Business not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.9 **Compliance with Good Business Practices**. Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors, and the general public, adhere to the highest standards of honesty, fair dealing, and ethical conduct.

13.10 **Best Efforts**. Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents, and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 **General Advice and Guidance**. Franchisor shall be available to render advice, discuss problems, and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters, and other methods with respect to planning, opening, and operating the Franchised Business. Franchisor shall not charge for this service; however, Franchisor retains the right to refuse or charge a fee for this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended

manner. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

14.2 **Periodic Visits**. Franchisor or Franchisor's representative may make periodic visits to the Franchised Business for the purposes of consultation, assistance, and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements as required by Franchisor with time being of the essence.

14.3 **System Improvements**. Franchisor shall communicate improvements in the System to Franchisee as such improvements may be developed or acquired by Franchisor and implemented as part of the System.

15. INSURANCE

15.1 **Types and Amounts of Coverage**. At its sole expense, and in no event later than the earlier of (i) the commencement of Franchisee's business activities or (ii) within sixty (60) days of the Effective Date, Franchisee shall procure and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

(a) "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies, and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism, and malicious mischief and must have coverage limits of at least full replacement cost;

(b) workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) or, if higher, the statutory minimum limit as required by state law;

(c) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, including specific coverage for Participant Legal Liability, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence, TWO MILLION DOLLARS ($2,000,000.00) aggregate, or, if higher, the statutory minimum limit required by state law; and

(d) business interruption insurance in amounts and with terms acceptable to Franchisor.

15.2 **Future Increases**. Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards, or other relevant changes in circumstances.

15.3 **Carrier Standards**. Such policies shall be written by an insurance company licensed or admitted in the state in which Franchisee operates and having at least an "A-" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide.

15.4 **Evidence of Coverage**. Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 20.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5 **Failure to Maintain Coverage**. Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. DEFAULT AND TERMINATION

16.1 **Termination by Franchisee**. If Franchisee is in compliance with this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee has the right to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee has the right to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

16.2 **Termination by Franchisor Without Opportunity to Cure**. Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, as expressly provided elsewhere in this Agreement:

(a) If Franchisee breaches any of the provisions of Sections 2.4, 6, 7.1, 7.3, 7.4, 9.3, 11.3, 13.1, 13.3, 18, 19, or 20.3 of this Agreement;

(b) If Franchisee made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

(c) If Franchisee (including any officer, director, beneficial owner, or Designated Manager of Franchisee) is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee, or the Franchised Business;

(d) If Franchisee is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; or if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if execution is levied against Franchisee's business or property; or if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed; or

(e) If Franchisee repeatedly (i) breaches this Agreement, (ii) fails to comply with mandatory specifications, customer service standards, or operating procedures prescribed in the Manuals, (iii) violates any health or safety law, ordinance, or regulation, or (iv) operates the Franchised Business

in a manner that presents a health or safety hazard to its customers, employees, or the public, whether or not such breaches, failures, or violations are or have been cured.

16.3 **Termination by Franchisor with Opportunity to Cure**. Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; however, Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

(a) failure to pay any amounts due to Franchisor, unless cured within five (5) days of receiving notice of breach from Franchisor;

(b) failure to comply with any applicable law or regulation, unless cured within ten (10) days after being given notice of noncompliance from Franchisor or any government authority;

(c) Franchisee's (i) abandonment of or failure to actively operate the Franchised Business for one hundred twenty (120) or more consecutive days, (ii) failure to maintain insurance as specified in Section 15 of this Agreement, or

(d) any other default or failure to comply with any mandatory specification, standard, or operating procedure prescribed in the Manuals or otherwise prescribed in writing, unless cured within thirty (30) days of receiving notice of breach from Franchisor.

16.4 **Reinstatement and Extension**. If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.5 **Right of Franchisor to Discontinue Services to Franchisee**. If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.3, Franchisor has the right to suspend its performance of any of its obligations under this Agreement until such time as Franchisee corrects the breach.

16.6 **Liquidated Damages**. If Franchisor terminates this Agreement pursuant to Section 16.2 or 16.3, or if Franchisee terminates this Agreement other than as permitted by Section 16.1, Franchisee shall pay Franchisor liquidated damages equal to the sum of (i) 1.2 *times* (ii) Franchisee's average monthly Royalty Fees for the preceding twelve (12) month period ending on the last day of the month prior to the month of the termination *times* (iii) the greater of (a) the number of months remaining in the term of this Agreement as of the date of termination and (b) twelve (12) months.

The parties acknowledge that a precise calculation of the full extent of the damages that Franchisor will incur upon such termination is difficult and the parties desire certainty in this matter and acknowledge that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that Franchisor will incur. This payment is not exclusive of any other remedies that Franchisor may have.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION.

17.1 Effect of Termination or Expiration; Actions to be Taken. Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall terminate and revert to Franchisor, and Franchisee shall:

(a) immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

(b) immediately cease to use the Confidential Information, the System, the Marks, and any other items which display or are associated with the Marks;

(c) take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city, or county authorities, any domain name, uniform resource locator, or other Internet site, which contains the name "LIL' KICKERS" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

(d) pay all sums owing to Franchisor and any Affiliate; and

(e) immediately return to Franchisor the Manuals, all other Confidential Information (including Franchisee's list of customers), and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business.

17.2 Post-Termination Covenant Not to Compete.

(a) Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to: (i) to protect the Trade Secrets and other Confidential Information of Franchisor; (ii) to induce Franchisor to grant a Franchise to Franchisee; and (iii) to protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff, and Designated Managers.

(b) Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager, or member of the professional staff of Franchisee, shall, for a period of three (3) years after the later of the date of expiration or termination of this Agreement, regardless of the cause of termination, or the date on which all fees due to Franchisor are paid in full, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company, or other business entity:

(i) own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location, or (b) within a twenty-five (25) mile radius of the location of any other Lil' Kickers Program in existence at the time of termination or expiration; or

(ii) solicit or otherwise attempt to induce or influence any customer, employee, or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

(c) In furtherance of this Section 17.2, Franchisor has the right to require certain individuals to execute a Nondisclosure and Non-Competition Agreement in substantially the form attached as Exhibit 2.

17.3 **Unfair Competition**. If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy, or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake, or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description, or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 7, 17.1 or 17.2. Franchisee shall make such modifications or alterations to the Approved Location immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4 **Survival of Certain Provisions**. All obligations of Franchisor and Franchisee, which expressly or by reasonable implication require performance after the transfer, expiration, or termination of this Agreement, shall remain enforceable notwithstanding the transfer, expiration, or termination of this Agreement, including those pertaining to non-competition, intellectual property protection, confidentiality, liquidated damages, and indemnity.

18. TRANSFERABILITY OF INTEREST

18.1 **Transfer by Franchisor**. This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred. Any assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 **Transfer by Franchisee to a Third Party**. The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners). Neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise (**"Transfer"**), any interest in this Agreement, the Franchise granted hereby, the Approved Location, or any Controlling Interest in Franchisee without the prior written approval of Franchisor. "**Controlling Interest"** means the power to vote 50% or more of the voting securities of Franchisee. Any purported Transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such Transfer shall be conditioned upon the satisfaction of the following requirements:

(a) all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

(b) Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a General Release in substantially the form attached as Exhibit 1; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

(c) the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Franchised Business;

(d) the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including certain material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

(e) the transferee has executed a General Release in substantially the form attached as Exhibit 1;

(f) Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended Transfer of the Franchise;

(g) Franchisee, or the transferee, has paid to Franchisor a transfer fee in an amount equal to the costs Franchisor reasonably estimates it will incur or actually does incur in connection with the proposed Transfer, which amount will not exceed FIVE THOUSAND DOLLARS ($5,000.00);

(h) the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

(i) Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

(j) the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

(k) Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and non-competition agreement in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

(l) the transferee agrees that its Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Business.

18.3 **Transfer of Approved Location; Liquidated Damages**. If at any time during the term of this Agreement Franchisee Transfers its interest in or right to operate the Approved Location, and the transferee or other successor operator of the Approved Location does not assume Franchisee's obligations under this Agreement for any reason, Franchisee shall pay Franchisor liquidated damages equal to Franchisee's total Gross Sales during the twelve (12) month period ending on the last day of the month prior to the month of the Transfer.

If within one (1) year after the expiration or termination of this Agreement Franchisee Transfers its interest in or right to operate the Approved Location, and the transferee or other successor operator of the Approved Location operates a Competitive Business, Franchisee shall pay Franchisor liquidated damages equal to Franchisee's total Gross Sales during the twelve (12) month period ending on the last day of the month prior to the month of the Transfer.

The parties acknowledge that a precise calculation of the full extent of the damages that Franchisor will incur upon such Transfers of the Approved Location is difficult and the parties desire certainty in this matter and acknowledge that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that Franchisor will incur. This payment is not exclusive of any other remedies that Franchisor may have. The obligations of this Section shall expressly survive the termination or expiration of this Agreement.18.3

18.4 Transfer to a Controlled Entity.

(a) If Franchisee wishes to Transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee (**"Controlled Entity"**), which Controlled Entity is being formed for the financial planning, tax, or other convenience of Franchisee, Franchisor's consent to such Transfer shall be conditioned upon the satisfaction of the following requirements:

(i) the Controlled Entity is newly organized and its charter allows for the operation of the Franchised Business;

(ii) Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

(iii) all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2(g);

(iv) the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

(v) all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

(vi) copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

(b) The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

(c) Franchisor's consent to a Transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.5 **Franchisor's Disclosure to Transferee**. Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.6 **For-Sale Advertising**. Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.7 **Transfer by Death or Incapacity**. Upon the death or Incapacity of any individual Franchisee or any holder of a Controlling Interest in Franchisee, the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice of law provision being applicable only for this Section 18.7. During such one hundred eighty (180) day period, the Franchised Business must be actively operated and must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications. Franchisor retains the ability under Section 16.3 to terminate this Agreement in the event the Franchised Business is abandoned or is not actively operated for one hundred twenty (120) or more consecutive days.

"Incapacity" means the inability of a person to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental, or emotional condition, chemical dependency, or other limitation.

19. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit 4 are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

20. RELATIONSHIP AND INDEMNIFICATION

20.1 **Relationship**. This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant, or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from

Franchisor. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

20.2 **Standard of Care**. This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

20.3 **Indemnification by Franchisee**. Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, legal representatives, members, partners, owners, employees, agents, successors and assigns (collectively **"Franchisor Indemnitees"**) from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation, or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. The obligations of this Section 20.3 shall expressly survive the termination of this Agreement.

20.4 **Right to Retain Counsel**. Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation, or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

20.5 **Limited Warranty; Franchisor Indemnification**.

(a) Franchisor warrants to Franchisee that, as of the Effective Date, Franchisor has not received notice of any claims that the Marks or other Confidential Information infringe or misappropriate the trademarks, copyrights, patents, or trade secrets of any third party. Franchisor makes no other representations or warranties whatsoever with respect to the System, the Marks, the Confidential Information, or the usefulness or commercial viability (if any) thereof. Franchisor shall hold harmless and indemnify Franchisee, its officers, directors, employees, and agents from and against

any and all claims, damages, losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation, or proceeding, or any settlement thereof, which arises from or is based upon a breach of the warranty expressly set forth above in this Section 20.5(a).

(b) Except as stated otherwise in this section 20.5(a) and equipment provided by or through Franchisor in connection with this Agreement, all materials, information, products, and services Franchisee obtains from or through Franchisor under or in connection with this Agreement are provided "AS IS" and "WITH ALL FAULTS" and without warranty to franchisee or any third party of any kind, express, implied, statutory, or otherwise, including without limitation any warranties of title, non-infringement, merchantability, or fitness for a particular purpose. Franchisor will enforce warranties (if any) that may be available from manufacturers of equipment provided by or through Franchisor in connection with this Agreement.

21. GENERAL CONDITIONS AND PROVISIONS

21.1 **No Waiver**. No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Any waiver must be in writing and executed by Franchisor and does not affect nor impair any right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance of any payment(s) due shall not be deemed to be a waiver of any preceding breach of any terms, covenants, or conditions of this Agreement.

21.2 **Injunctive Relief**. As any breach by Franchisee of this Agreement would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor is entitled to seek injunctive relief against any such breach, whether actual or contemplated, and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same.

21.3 **Notices**. All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 21.3. All notices, payments, and reports required by this Agreement shall be sent to Franchisor at the following address:

Lil' Kickers Inc.
Attn: President
9040 Willows Road, Suite 102
Redmond, Washington 98052

With a copy to: Fox Rothschild LLP
Attn: Rachel J. Schaefer
1001 Fourth Avenue, Suite 4500
Seattle, Washington 98154

21.4 **Cost of Enforcement or Defense**. If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party is entitled to reimbursement of its costs, including reasonable accounting fees, and attorneys' fees in connection with such proceeding.

21.5 **Guaranty and Assumption of Obligations**. If required by Franchisor, all holders of a legal or beneficial interest in Franchisee of twenty-five percent (25%) or greater shall execute, as of the date of this Agreement, the Guaranty and Assumption of Obligations attached as Exhibit 3, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

21.6 **Entire Agreement**. This Agreement contains the entire agreement between the parties and supersedes any and all prior agreements concerning its subject matter. Franchisee agrees and understands that Franchisor shall not be liable or obligated for any oral representations or commitments made prior to the execution of this Agreement or for claims of negligent or fraudulent misrepresentation, and that no modifications of this Agreement shall be effective except those in writing and signed by both parties. Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. Nothing contained herein shall be deemed a waiver of any rights Franchisee may have to rely on information contained in the Franchise Disclosure Document. Franchisee further acknowledges and agrees that no representations have been made to Franchisee by Franchisor or any Affiliates regarding projected sales volumes, market potential, revenues, profits of the Franchised Business, or operational assistance other than as stated in this Agreement or in any disclosure document provided by Franchisor or its representatives. Any policies that Franchisor adopts and implements from time to time to guide Franchisor in its decision-making are subject to change, are not a part of this Agreement, and are not binding on Franchisor. No amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

21.7 **Severability and Modification**.

(a) If any paragraph, part, term, or provision herein is ruled to be unenforceable, unreasonable, or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement.

(b) Notwithstanding Section 21.7(a), each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable, or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

21.8 **Construction**. All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

21.9 **Force Majeure**. Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

21.10 **Timing**. Time is of the essence. Except as set forth in Section 21.9, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

21.11 **Withholding Payments**. Franchisee shall not, for any reason, withhold payment or offset of any amounts due to Franchisor or to an Affiliate for any amounts, damages, or other monies allegedly due to Franchisee. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

21.12 **Further Assurances**. Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant, or obligation contained in this Agreement.

21.13 **Third-Party Beneficiaries**. Nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

21.14 **Multiple Originals**. Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

22. DISPUTE RESOLUTION

22.1 **Choice of Law.** Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Washington (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration.

22.2 **Consent to Jurisdiction**. Any action brought by either party, except those claims required to be submitted to arbitration, shall only be brought in the appropriate state court located in or serving King County, Washington. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision does not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

22.3 **Cumulative Rights and Remedies.** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

22.4 **Limitations of Claims**. Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

22.5 **Limitation of Damages**. Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a

dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in section 21.4. Franchisee waives and disclaims any right to special, incidental, indirect, and consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to a refund of Franchisee's Franchise Fee. Each party agrees to indemnify and defend the other from and against any claim or action brought by or on behalf of a party which seeks damages waived or limited under this Section 22.5.

22.6 **Waiver of Jury Trial**. FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

22.7 **Arbitration.** Except for controversies or claims relating to the ownership of any of Franchisor's Marks or the unauthorized use or disclosure of Franchisor's Confidential Information, covenants against competition and other claims for injunctive relief, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in King County, Washington, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator agreed upon by the parties or otherwise appointed by the Superior Court for the State of Washington located in King County, Washington. The decision of the arbitrator will be final and binding upon the parties.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress, or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

23. ACKNOWLEDGMENTS

23.1 **Receipt of this Agreement and the Uniform Franchise Disclosure Document**. Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Uniform Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee further represents and acknowledges that it has received, at least fourteen (14) days prior to the date on which this Agreement was executed, the disclosure document required by the Federal Trade Commission rule entitled Disclosure Requirements and Prohibitions Concerning Franchising.

23.2 **Consultation by Franchisee**. Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial, and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

23.3 **True and Accurate Information**. Franchisee represents that all information set forth in any and all applications, financial statements, and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

23.4 **Risk**. Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a Lil' Kickers Program involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or

warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

23.5 **No Guarantee of Success**. Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits, or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's directors, officers, employees, or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

23.6 **No Violation of Other Agreements**. Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

[Page break intentionally inserted]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

LIL' KICKERS INC.:

By:_____

Name:_____
Title:_____
Date:_____ (Effective Date of Franchise Agreement)

FRANCHISEE:

Sign here if you are taking the franchise as a **corporation, limited liability company, or partnership**

_____
Print Name Of Legal Entity

By:_____
Signature

Print Name:_____
Title:_____
Date:_____

Sign here if you are taking the franchise as an **Individual(s)**

_____
Signature

Print Name:_____
Date:_____

_____
Signature

Print Name:_____
Date:_____

_____
Signature

Print Name:_____
Date:_____

_____
Signature

Print Name:_____
Date:_____

SCHEDULE 1
Exclusive Area – Approved Location – Designated Area

1.The street address (or detailed description of the premises) of the Approved Location is:_____

_____

_____

_____

_____

Franchisor

_____ _____
Initial Date

Franchisee

_____ _____
Initial Date

2.Map of Exclusive Area and Approved Location

Franchisor

_____ _____
Initial Date

Franchisee

_____ _____
Initial Date

3.Description or Map of Designated Area

SCHEDULE 2
Marketing Fee

1.The Marketing Fee for the Initial Term is:_____

2. Ad campaigns for the Initial Term include: _____
_____
_____

3. Geographic market for ad campaigns: _____

Franchisor

_____ _____
Initial Date

Franchisee

_____ _____
Initial Date

131990797.1
131990797.3
131990797.4

EXHIBIT 1 TO THE FRANCHISE AGREEMENT
GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR") an individual/corporation/ limited liability company/partnership with a principal address of _____ _____, in consideration of:

_____ the execution by Lil' Kickers Inc. (the "COMPANY") of a successor franchise agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by the COMPANY pursuant to that certain franchise agreement (the "Franchise Agreement") between RELEASOR and the COMPANY; or

_____ the COMPANY'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement; or

_____ the COMPANY'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement; or

_____ the COMPANY'S refund of fifty percent (50%) of the Franchise Fee RELEASOR paid to the COMPANY,

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges the COMPANY, the COMPANY'S officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and the COMPANY'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors, and assigns had, now have, or may have, upon or by reason of any matter, cause, or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, or the termination or transfer thereof, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and the COMPANY.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR:

(if a business entity)

_____
(type/print name)

By: _____
Name: _____
Title: _____

(if an individual)

Signature: _____

Name: _____

131990797.1
131990797.3
131990797.4

ACKNOWLEDGMENT

State of _____)
) ss
County of _____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)
Notary Public
Residing at:_____
My Commission expires:_____

EXHIBIT 2 TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the ____ day of _____, 20___, is by and between _____, ("Franchisee") (d/b/a a Lil' Kickers franchise) and _____ ("Individual").

RECITALS

WHEREAS, Franchisee is a party to that certain Franchise Agreement with Lil' Kickers Inc., (the "Company") dated _____, 20__ ("Franchise Agreement"); and

WHEREAS, Franchisee desires Individual to have access to and/or to review certain Trade Secrets, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets; and

WHEREAS, Individual agrees not to disclose any such Trade Secrets to any other party and/or use such Trade Secrets to compete against the Company, Franchisee or any other franchisee of the Company in a Competitive Business (as defined below) now or in the future.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Trade Secrets**

Individual understands Franchisee possesses and will possess Trade Secrets, which are important to its business. For purposes of this Agreement, "Trade Secrets" is information, without regard to form including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, pro-formas, strategic plans, product plans, lists of actual or potential customers or suppliers which are not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Individual understands Franchisee's providing of access to the Trade Secrets creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets.

2. **Confidentiality/Non-Disclosure**

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or Confidential Information.

b) Individual agrees that his or her obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee as an officer, director, executive, manager or member of the professional staff of Franchisee or a holder of a legal or beneficial interest in Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in the Lil' Kickers System.

c) "Confidential Information" means technical and non-technical information used in or related to Lil' Kickers Programs and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by Company. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee or Individual; (b) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

3. <u>Non-Competition</u>

a) During the period Individual owns any interest in Franchisee or is employed (as an employee or consultant) by Franchisee, Individual shall not, directly or indirectly, carry on, be engaged in or take part in, render services to, or own, or share in the earnings of any Competitive Business anywhere without the express written consent of Franchisee and Company.

b) For a period of three (3) years after the termination of Individual's interest in Franchisee or employment by Franchisee, Individual shall not, directly or indirectly, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within: (i) twenty-five (25) miles of Franchisee's Approved Location at the following address: _____ _____; or (ii) twenty-five (25) miles of any Lil' Kickers Inc. wherever located without the express written consent of the Franchisee and the Company.

c) Individual shall not solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee or the Company to terminate or modify his, her or its

business relationship with Franchisee or the Company or to compete with Franchisee or the Company.

d) "Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business which offers or provides) soccer classes for children age 1 to 8, soccer leagues for children age 7 and under, soccer camps for children age 6 and under, soccer parties for children age 6 and under, or other services or programs of Franchisor (such as Enrichment in Motion and Skills Institute) in which Trade Secrets or other Confidential Information could be used to the disadvantage of the Company or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated under a Franchise Agreement with the Company, or (b) any business operated by a publicly held entity in which Individual owns less than a five percent (5%) legal or beneficial interest.

4. <u>Miscellaneous</u>

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations, and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of Individual, Franchisee, and the Company.

b) Individual shall reimburse Franchisee for any and all costs and attorney fees incurred by Franchisee in the enforcement of the terms of this Agreement.

c) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors, and assigns.

d) The failure of either party to insist in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

e) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

f) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

5. <u>Individual Representations</u>.

a) Individual expressly acknowledges that he or she possesses skills and abilities of a general nature and has other opportunities for exploiting such skills. Consequently, enforcement of this Agreement will not deprive Individual of his or her personal goodwill or ability to earn a living.

b) Individual certifies that he or she has read this Agreement carefully, and understands and accepts the obligations that it imposes without reservation. No promises or representations have been made to such person to induce the signing of this Agreement.

The parties acknowledge that the Company is a third party beneficiary to this Agreement and that the Company shall be entitled to enforce this Agreement without the cooperation of the Franchisee. Individual and Franchisee agree that this Agreement cannot be modified or amended without the written consent of the Company.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS:

_____

FRANCHISEE:

By: _____
Printed Name: _____
Its: _____

INDIVIDUAL:

Signature: _____
Printed Name: _____

EXHIBIT 3 TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20____, by _____ _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by Lil' Kickers Inc. ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6, 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor 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.

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR **PERSONAL GUARANTOR**

_____ _____

Personally and Individually (Printed Name)

_____

Personally and Individually (Signature)

HOME ADDRESS

_____

_____

_____

_____

TELEPHONE NO.:_____

PERCENTAGE OF OWNERSHIP IN FRANCHISEE:_____%

Personally and Individually (Printed Name)

_____

Personally and Individually (Signature)

HOME ADDRESS

_____

_____

_____

_____

TELEPHONE NO.:_____

PERCENTAGE OF OWNERSHIP IN FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

_____

Personally and Individually (Signature)

HOME ADDRESS

_____

_____

_____

_____

TELEPHONE NO.:_____

PERCENTAGE OF OWNERSHIP IN FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

_____

Personally and Individually (Signature)

HOME ADDRESS

_____

_____

_____

_____

TELEPHONE NO.:_____

PERCENTAGE OF OWNERSHIP IN FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

_____

Personally and Individually (Signature)

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

_____

Personally and Individually (Signature)

131990797.1
131990797.3
131990797.4

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

EXHIBIT 4 TO THE FRANCHISE AGREEMENT
HOLDERS OF LEGAL OR BENEFICIAL INTEREST
IN FRANCHISEE; OFFICERS; DIRECTORS

Holders of Legal or Beneficial Interest:

Name:_____ Name:_____
Position/Title:_____ Position/Title:_____
Home Address:_____ Home Address:_____
_____
_____ _____
_____ _____
Telephone No.:_____ Telephone No.:_____
_____
E-mail address:_____ E-mail address:_____
_____
Percentage of ownership: _____% Percentage of ownership _____%

Name:_____ Name:_____
Position/Title:_____ Position/Title:_____
Home Address:_____ Home Address:_____
_____
_____ _____
_____ _____
Telephone No.:_____ Telephone No.:_____
_____
E-mail address:_____ E-mail address:_____
_____
Percentage of ownership: _____% Percentage of ownership _____%

Name:_____ Name:_____
Position/Title:_____ Position/Title:_____
Home Address:_____ Home Address:_____
_____
_____ _____
_____ _____
Telephone No.:_____ Telephone No.:_____
_____
E-mail address:_____ E-mail address:_____
_____
Percentage of ownership: _____% Percentage of ownership _____%

Officers and Directors:

Name:_____ Name:_____
Position/Title:_____ Position/Title:_____
Home Address:_____ Home Address:_____
_____
_____ _____
_____ _____
Telephone No.:_____ Telephone No.:_____
_____
E-mail address:_____ E-mail address:_____
_____

Name:_____ Name:_____
Position/Title:_____ Position/Title:_____
Home Address:_____ Home Address:_____
_____
_____ _____
_____ _____
Telephone No.:_____ Telephone No.:_____
_____
E-mail address:_____ E-mail address:_____
_____

EXHIBIT 5 TO THE FRANCHISE AGREEMENT

MULTI-STATE ADDENDA

FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Lil' Kickers Inc. and _____ _____.

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Franchise Agreement for Lil' Kickers Inc. is amended as follows:

The California Franchise Relations Act provides rights to Franchisee concerning termination or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically Sections 4.2 and 16.2.

- Section 16.2(d), which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

- Section 17.2 contains a covenant not to compete that extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.

- The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.

- The Franchise Agreement requires application of the laws of a state other than California. This provision might not be enforceable under California law.

- Section 18.3 contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

- Section 22.7 requires binding arbitration. The arbitration will occur at the forum indicated in Section 22.7, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

2. It is agreed that the provisions of this Addendum supersede any inconsistent portion of the Franchise Agreement, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Lil' Kickers Inc.: Franchisee:_____

By: _____ By: _____

Title:_____ Title: _____

FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Lil' Kickers Inc. and _____ _____.

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705 (the "Act"), the Lil' Kickers Inc. Franchise Agreement is amended as follows:

Sections 4.2(f), 5.2, 8.3, 18.2(b), and 18.2(e) are amended to add:

> No general release shall be required as a condition of renewal, termination and/or transfer that is intended to require Franchisee to waive compliance with the Illinois Franchise Disclosure Act, 815 ILCS 705.

Sections 16.2, 17 and 22 are amended to add:

> The conditions under which the Franchise Agreement can be terminated and Franchisee's rights upon non-renewal, as well as the application by which Franchisee must bring any claims, may be governed by the Illinois Franchise Disclosure Act, 815 ILCS 705/19 and 705/20.

Sections 22.1 and 22.2 are amended to add:

> The Franchise Agreement shall be governed by Illinois law. Jurisdiction and venue for court litigations shall be in Illinois. Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State is void, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois.

Section 22.4 is amended to add:

> No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after Franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or ninety (90) days after delivery to Franchisee of a written notice disclosing the violation, whichever shall first expire.

2. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of the State of Illinois is void. This Section 2 shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under

any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

3. It is agreed that the provisions of this Addendum supersede any inconsistent portion of the Franchise Agreement, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

4. No provision in any Franchise Agreement is intended to disclaim the express representations made in the Franchise Disclosure Document.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Lil' Kickers Inc.: _____ Franchisee: _____

By: _____ By: _____

Title: _____ Title: _____

FOR THE STATE OF INDIANA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Lil' Kickers Inc. and _____ _____.

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2.2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Lil' Kickers Inc. Franchise Agreement is amended as follows:

Sections 4.2(f), 5.2, 8.3, 18.2(b), and 18.2(e) do not provide for a prospective general release of claims against Franchisor that may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

Section 16 is amended to prohibit unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Section 17.2 is amended subject to Indiana Code 23-2-2.7-1(9) to provide that post-term non-competitor covenants shall have a geographical limitation of the territory granted to Franchisee.

Section 22.1 is amended to provide that, in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law will prevail.

Section 22.6 is deleted in its entirety.

2. It is agreed that the provisions of this Addendum supersede any inconsistent portion of the Franchise Agreement, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Lil' Kickers Inc.: Franchisee:_____

_____

By: _____ By: _____

_____

Title:_____ Title: _____

_____

FOR THE STATE OF MARYLAND

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Lil' Kickers Inc. and _____ _____.

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Agreement for Lil' Kickers Inc. is amended as follows:

- Sections 4.2(f) and 18.2(b) require Franchisee to sign a general release as a condition of renewal or transfer of the franchise and Sections 5.2 and 8.3 require Franchisee to sign a general release as a condition to receiving a refund of a portion of the Franchise Fee following a termination of the franchise; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.

- Section 16.2(d), which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

- Section 22.1 requires that the franchise be governed by the laws of the State of Washington; however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.

- Sections 22.2 and 22.7 require litigation or arbitration to be conducted in the State of Washington; the requirement shall not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.

- Any Section of the Franchise Agreement requiring Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing the Franchise 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.

- Section 22.4 is amended to the extent that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

2. Any portion of the Franchise Agreement which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts 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.

3. It is agreed that the provisions of this Addendum supersede any inconsistent portion of the Franchise Agreement, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Lil' Kickers Inc.:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Lil' Kickers Inc. and _____ _____.

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

- Sections 4.2, 16.2, and 16.3 are amended to add that with respect to franchises governed by Minnesota Law, Franchisor will comply with the Minnesota Franchise Law that requires, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

- Sections 4.2(f), 5.2, 8.3, 18.2(b), and 18.2(e) do not provide for a prospective general release of any claims against Franchisor that may be subject to the Minnesota Franchise Law.

- Section 20.5 is amended to add that as required by Minnesota Franchise Act, Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee's right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given 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.

Section 22.4 is amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an arbitration or an action for a claim that cannot be the subject of arbitration is commenced within three (3) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

Section 18.3 is deleted in its entirety.

Section 22.5 is deleted in its entirety.

Section 22.6 is deleted in its entirety.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of

Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. It is agreed that the provisions of this Addendum supersede any inconsistent portion of the Franchise Agreement, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Lil' Kickers Inc.:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

FOR THE STATE OF NEW YORK

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Lil' Kickers Inc. and _____ _____.

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 through 695, the Lil' Kickers Inc. Franchise Agreement is amended as follows:

a. Sections 4.2(f), 5.2, 8.3, 18.2(b), and 18.2(e) require Franchisee to sign a general release as a condition of renewal, transfer, or receiving a refund of a portion of the Franchise Fee following termination of the Franchise; such release shall exclude claims arising under the General Business Laws.

b. Section 22.1 requires that the franchise be governed by the laws of the state of Washington. Such a requirement will not be considered a waiver of any right conferred upon Franchisee by Article 33 of the General Business Laws of the State of New York.

2. It is agreed that the provisions of this Addendum supersede any inconsistent portion of the Franchise Agreement, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Lil' Kickers Inc.:	Franchisee: _____
By: _____ _____	By: _____
Title: _____ _____	Title: _____

FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Lil' Kickers Inc. Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Lil' Kickers Inc. and _____ _____to amend and revise said Franchise Agreement as follows:

1. Section 16.2(d), which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. It is agreed that the provisions of this Addendum supersede any inconsistent portion of the Franchise Agreement, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Lil' Kickers Inc.: Franchisee:_____

_____

By: _____ By: _____

_____

Title:_____ Title: _____

_____

FOR THE STATE OF WASHINGTON

This Addendum to the Lil' Kickers Inc. Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Lil' Kickers Inc. and _____ _____.

1. In recognition of the requirements of the Washington Franchise Investment Protection Act, Washington Rev. Code §§19.100.010 – 19.100.940 (the "Act"), the Lil' Kickers Inc. Franchise Agreement is amended as follows:

a. The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

b. The Washington Franchise Investment Protection Act, Chapter 19.100 RCW provides rights to Franchisee concerning non-renewal and termination of the Franchise Agreement. In the event of a conflict between the Franchise Agreement and the Act, the Act shall control.

c. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site shall 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.

d. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

e. Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, or which unreasonably restrict or limit other rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

f. Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

g. 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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

h. 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.

2. It is agreed that the provisions of this Addendum supersede any inconsistent portion of the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Lil' Kickers Inc.:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

FOR THE STATE OF WISCONSIN

This Addendum to the Lil' Kickers Inc. Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Lil' Kickers Inc. and _____ _____ to amend and revise said Franchise Agreement as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 shall supersede any conflicting terms of the Franchise Agreement.

2. It is agreed that the provisions of this Addendum supersede any inconsistent portion of the Franchise Agreement, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Lil' Kickers Inc.: Franchisee:_____

_____

By: _____ By: _____

_____

Title:_____ Title: _____

_____

EXHIBIT 6 TO THE FRANCHISE AGREEMENT
LICENSEE ADDENDUM

ADDENDUM TO THE LIL' KICKERS INC.
FRANCHISE AGREEMENT
FOR LICENSEES OF ARENA SPORTS

This "Addendum" to the Lil' Kickers Inc. Franchise Agreement is entered into this ____ day of _____, 20__ by and among Lil' Kickers Inc., a Washington limited liability company (the "**Company**"), _____ ("**Licensee**"), and, only for the purposes of Section 4, Arena Sports, Inc., a Washington corporation ("**Arena Sports**").

BACKGROUND

Licensee and the Company are parties to that certain Franchise Agreement dated _____, 20__ ("**Franchise Agreement**") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Franchise Agreement.

Licensee and Arena Sports are parties to that certain License Agreement dated _____, 200__ ("**License Agreement**"). Arena Sports is the Company's former corporate parent. Under the License Agreement, Licensee licenses a children's soccer program that is substantially similar to the Lil' Kickers program being offered under the Franchise Agreement, but excludes, among other things, the right to use trademarks.

The Company, Arena Sports, and Licensee desire that the licensed business be converted into a franchised business and that Licensee's experience and investment in the licensed business be recognized in the terms of the Franchise Agreement.

AGREEMENT

1. **Amendments to Franchise Agreement.** The terms of the Franchise Agreement are amended as follows. Sections deleted in their entirety do not affect the numbering of other sections in the Franchise Agreement.

   a. Section 3.1 regarding the initial Franchise Fee is deleted in its entirety.

   b. Section 3.2(a) is amended to read:

      > Franchisee shall pay to Franchisor a "**Royalty Fee**" each month equal to a percentage of Franchisee's Gross Sales. Franchisee's Royalty Fee is _____ percent (___%), which is the current royalty fee under Franchisee's terminating license agreement with Arena Sports, Inc. Franchisor will initiate each Royalty Fee payment from Franchisee's Operating Deposit Account based on the amount of Gross Sales reported via the DaySmart Recreation Program. Franchisee will be invoiced on the first business day following the end of the month in which the applicable Gross Sales were received by Franchisee, and funds will be transferred to the Franchisor on the tenth calendar day following such month end.

   c. Section 8.1 is amended to read: "Franchisor shall provide at its headquarters or other designated location an initial training program pertaining to the operation and administration of the Franchised Business. Franchisee is responsible for training its other management and employees."

d. Section 18.2(g) regarding the payment of a transfer fee is deleted in its entirety.

e. Section 18.2(i), requiring a guarantee of the performance of a transferee, is deleted in its entirety.

f. Section 21.5, requiring all holders of a legal or beneficial interest in Franchisee to execute a guaranty, is deleted in its entirety.

2. **Location Approval.** Sections 5.1 through 5.5 shall not apply to Licensee, except as they may relate to a proposed relocation under Section 5.6.

3. **Non-competition Period.** The period of non-competition in Section 17.2(b) of the Franchise Agreement and Section 3(b) of any Nondisclosure and Non-Competition Agreement (attached as Exhibit 2 to the Franchise Agreement) executed by the holder of a legal or beneficial interest in Franchisee, is one (1) year instead of three (3).

4. **Termination of License Agreement.** The License Agreement is hereby terminated.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Lil' Kickers Inc.:

By: _____

Title: _____

Licensee:

By: _____

Title: _____

Arena Sports, Inc.:

By: _____

Title: _____

EXHIBIT D.

FINANCIAL STATEMENTS

LIL' KICKERS, INC. AND SUBSIDIARY

Consolidated Financial Statements

For the Years Ended December 31, 2021, 2020 and 2019

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Changes in Stockholders' Equity	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 13

Clark Nuber PS

Independent Auditor's Report

To the Stockholders
Lil' Kickers, Inc. and Subsidiary
Redmond, Washington

Opinion

We have audited the consolidated financial statements of Lil' Kickers, Inc. and Subsidiary (the Company), which comprise the consolidated balance sheets of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years ended December 31, 2021, 2020 and 2019, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years ended December 31, 2021, 2020 and 2019, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter - Effect of Adopting New Accounting Standard

As discussed in Note 1 of the financial statements, revenue, deferred revenue and retained earnings for 2020 and 2019 have been restated as a result of the implementation of Accounting Standards Update 2021-02 which was issued in response to implementation of ASC 606 (Revenue from Contracts with Customers). Our opinion is not modified with respect to this matter.

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.

CELEBRATING 1952 70 2022 YEARS

CN

T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

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

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

Clark Nuber P.S.

Certified Public Accountants
February 17, 2022

LIL' KICKERS, INC. AND SUBSIDIARY

Consolidated Balance Sheets
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets:		
Cash	$ 803,915	$ 150,945
Accounts receivable, net	164,985	142,086
Current portion of related party receivables, net	28,222	21,167
Inventory and other current assets	73,308	56,648
Total Current Assets	**1,070,430**	**370,846**
Other Assets:		
Other long term assets		24,281
Long-term due from related party, net	56,443	84,665
Total Other Assets	**56,443**	**108,946**
Total Assets	**$ 1,126,873**	**$ 479,792**
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 103,321	$ 20,447
Due to related party	28,243	20,971
Current portion of deferred revenue	34,916	
Accrued expenses	40,958	64,245
Total Current Liabilities	**207,438**	**105,663**
Long-Term Liabilities:		
Loan payable		150,000
Total Long-Term Liabilities		**150,000**
Total Liabilities	**207,438**	**255,663**
Stockholders' Equity:		
Common stock	162,600	165,400
Retained earnings	756,835	58,729
Total Stockholders' Equity	**919,435**	**224,129**
Total Liabilities and Stockholders' Equity	**$ 1,126,873**	**$ 479,792**

See accompanying notes.

LIL' KICKERS, INC. AND SUBSIDIARY

Consolidated Statements of Operations
For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
Revenue:			
Franchise, licensing and royalties	$ 1,544,660	$ 616,459	$ 1,459,965
Equipment, apparel and franchise supplies	885,786	419,784	1,059,198
Direct mail fees and other revenues	58,898	52,280	237,507
Total Revenue	**2,489,344**	**1,088,523**	**2,756,670**
Equipment and apparel cost of sales	685,321	341,793	827,534
Other direct costs of revenues	401,921	364,184	650,918
Total Direct Costs of Revenues	**1,087,242**	**705,977**	**1,478,452**
Gross Margin	**1,402,102**	**382,546**	**1,278,218**
Operating expenses	719,543	746,020	967,600
Income (Loss) Before Other Income (Expense)	682,559	(363,474)	310,618
Other Income (Expenses):			
Other income	12,500	144,825	
Interest expense	(5,115)	(2,344)	
Net Income (Loss)	**$ 689,944**	**$ (220,993)**	**$ 310,618**

See accompanying notes.

LIL' KICKERS, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2021, 2020 and 2019

	Common Stock Issued and Outstanding		Retained	
	Shares	Amount	Earnings	Total
Balance, January 1, 2019	13,968,310	$ 153,600	$ 553,806	$ 707,406
Cumulative effect adjustment - 2021			166,292	166,292
Cumulative effect adjustment - 2019			(166,292)	(166,292)
Balance, January 1, 2019 (Adjusted)	**13,968,310**	**153,600**	**553,806**	**707,406**
Stock-based compensation		5,900		5,900
Distributions			(427,450)	(427,450)
Net income			310,618	310,618
Balance, December 31, 2019 (Adjusted)	**13,968,310**	**159,500**	**436,974**	**596,474**
Stock-based compensation		5,900		5,900
Distributions			(157,252)	(157,252)
Net loss			(220,993)	(220,993)
Balance, December 31, 2020 (Adjusted)	**13,968,310**	**165,400**	**58,729**	**224,129**
Forfeiture of stock options		(2,800)		(2,800)
Contributions			8,162	8,162
Net income			689,944	689,944
Balance, December 31, 2021	**$ 13,968,310**	**$ 162,600**	**$ 756,835**	**$ 919,435**

See accompanying notes.

LIL' KICKERS, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
Cash Flows From Operating Activities:			
Net income (loss)	$ 689,944	$ (220,993)	$ 310,618
Adjustments to reconcile net income (loss) to net cash provided by operating activities-			
Depreciation expense		1,377	2,756
Stock-based compensation (forfeitures)	(2,800)	5,900	5,900
Changes in assets and liabilities:			
Accounts receivable	(22,899)	202,917	(28,559)
Inventory and other current assets	(16,660)	(19,551)	(6,295)
Other long term assets	24,281	(20,406)	(3,875)
Due to/from related party	28,439	(46,576)	(38,902)
Accounts payable	82,874	(38,256)	17,367
Deferred revenue	34,916		
Accrued expenses	(23,287)	21,675	4,134
Net Cash Provided by (Used in) Operating Activities	**794,808**	**(113,913)**	**263,144**
Cash Flows From Financing Activities:			
Proceeds from loans payable		150,000	
Principal payments on loans payable	(150,000)		
Contributions	8,162		
Distributions		(157,252)	(427,450)
Net Cash Used in Financing Activities	**(141,838)**	**(7,252)**	**(427,450)**
Net Change in Cash	**652,970**	**(121,165)**	**(164,306)**
Cash, beginning of year	150,945	272,110	436,416
Cash, End of Year	**$ 803,915**	**$ 150,945**	**$ 272,110**
Supplemental Disclosure of Cash Flow Information			
Cash paid for interest	$ 7,459	$ -	$ -

See accompanying notes.

Note 1 - Summary of Significant Accounting Policies

Lil' Kickers, Inc. (Lil' Kickers) is a Washington corporation. Prior to December 7, 2015 Lil' Kickers was a Washington limited liability corporation and converted to a corporation effective December 7, 2015. Lil' Kickers began operations in 2002 and sells Lil' Kickers franchises throughout the United States.

Lil' Strikers Franchising, Inc. (Lil' Strikers) is a wholly owned subsidiary of Lil' Kickers. Lil' Strikers sells Lil' Strikers franchises in Canada. Lil' Strikers franchises are essentially the same as Lil' Kickers franchises, except for the name.

This summary of significant accounting policies of Lil' Kickers, Inc. and Subsidiary (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who are responsible for their integrity and objectivity. The accounting policies conform to U.S. generally accepted accounting principles (U.S. GAAP).

The franchises offer a system that includes a soccer training curriculum centered on child development, advertising and marketing of soccer classes, camps, parties and the use of an information technology system for assurance of uniform quality standards of these soccer programs. The Company charges the franchisees an initial franchise fee and then an ongoing royalty fee. The royalty fee is based on a percentage of gross sales, as defined by the franchise agreement. Franchises also pay ongoing fees for certain other products and services such as training and uniforms and soccer equipment. The term of each franchise is generally 5 years, and the agreement may be renewed for additional five-year terms.

Prior to selling franchises, the Company had licensing arrangements with customers for use of the Lil' Kickers' curriculum, name and information technology system. Management has converted certain licensees to franchisees and intends to ultimately convert the remaining licensing arrangements to franchise arrangements.

As of December 31, 2021 and 2020, there were 58 and 62 operating macro franchise offices, respectively. As of December 31, 2021 and 2020, there were 12 and 14 operating micro franchise offices, respectively. As of December 31, 2021 and 2020, there were 5 and 6 operating licensed offices and a grand total of franchise and licensed offices of 75 and 82, respectively. These totals do not include Arena Sports, Inc. (Arena Sports), a related party.

Revenue Recognition - Initial franchise fees result from the sale of franchises. Fifty percent of initial franchise fees may be refunded in certain limited circumstances. Those circumstances include lack of locating an agreed-upon facility location within 60 days of signing the agreements or failure to complete the initial training. In addition to the initial fee, franchisees remit royalties that are determined based on agreed-upon percentages of the franchisees' revenues. Royalties range from 4% to 9% of gross revenues earned by the franchisee, subject to initial annual minimums of $2,000 in the first year, increasing to $9,000 thereafter. The 4% licensing rates were granted to the initial licensees as an incentive for adopting the Lil' Kickers program early in the Company's history. The Company offers micro-franchises. Micro-franchises pay ongoing royalties of 9% of gross revenues, subject to annual minimums of $5,000 after year one.

Between January 1, 2019 and December 31, 2020, franchise fees were recorded as deferred revenue and recognized over their estimated contractual life, however, this has now been modified with the retrospective application of Financial Accounting Standards Board (FASB) ASU No. 2021-02, *Franchisors - Revenue from Contracts with Customers* (Subtopic 952-606 - referred to as ASU 2021-02).

Note 1 - Continued

Effective with the adoption of ASU 2021-02 amounts received in connection with new franchise agreements are recorded as deferred revenue until such time as the new franchisee has located a suitable facility and has completed all training. In the event a franchise agreement had been signed, but the necessary facility and training requirements had not been satisfied, the Company recognizes the nonrefundable portion of the initial franchise fee as revenue. See further discussion below in Recently Adopted Accounting Pronouncements.

Revenues from training, uniforms and other products and services are recognized at the time the service is provided or sale of the product has occurred, and the items have been shipped.

The Company's initial expenses and obligations resulting from the individual franchise agreements are not significant. Accordingly, there are no deferred expenses in the accompanying financial statements related to franchise agreements.

Revenue is measured based on consideration specified in a contract with a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Taxes assessed by a governmental authority are both imposed on and concurrent with a specific revenue producing transaction, that are collected by the Company from a customer, are excluded from revenue.

Substantially all revenues are recognized at a point in time with the exception of revenues generated from marketing materials which are recognized over time.

Accounts Receivable - The majority of the Company's accounts receivable are due from franchisees and licensees for monthly royalty billings and other goods and services. The majority of the Company's customers pay the Company via electronic transfers initiated by the Company. Invoices are generally due within 10 days, although the Company may establish other terms at its discretion. Accounts that are outstanding longer than the contractual payment terms are considered past due. The Company typically does not charge interest on outstanding balances but has the right to do so. It is the Company's policy to regularly evaluate the collectability of its accounts receivable and, when necessary, to record an appropriate reserve in the financial statements for potential uncollectible amounts. An allowance of approximately $30,000 and $26,000 for potentially uncollectible amounts has been provided against receivables as of December 31, 2021 and 2020, respectively.

Concentration of Credit Risk - The Company grants credit to franchisees and licensees for royalties and other fees. Accounts receivable generated by sales of services and products to franchisees are not collateralized, except for rights to the franchise territory and related Lil' Kickers business in that territory. The Company mitigates certain credit risks as the majority of franchise payments are via electronic debits initiated by the Company.

Inventory - Inventory is stated at the lower of cost, which is generally determined on a first-in, first-out basis, or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.

Fixed Assets - Fixed assets, which are comprised primarily of computer equipment and a trade show booth, are recorded at costs and depreciated using the straight-line method over estimated useful lives ranging from three to seven years. As of December 31, 2021 and 2020 all fixed assets are fully depreciated.

Note 1 - Continued

Advertising Costs - Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2021, 2020 and 2019, totaled $37,970, $6,446, and $9,061, respectively.

Cash - The Company may maintain cash balances in excess of federally insured limits.

Income Taxes - The Company elected to be treated as an S-Corporation under Section 1362 of the Internal Revenue Code for federal income tax reporting purposes. Section 1362 provides that, in lieu of corporate income tax, all amounts affecting taxable income are reported on the income tax returns of the shareholders. Accordingly, the Company's financial statements do not include a provision for federal or state income taxes based on current taxable earnings.

The Company may be subject to income and other taxes in certain states and other jurisdictions in which it conducts business. Any such obligations are recorded when incurred in the accompanying financial statements.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and equity, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements - Effective January 1, 2019, the Company adopted Financial Accounting Standards Board (FASB) ASU No. 2014-09 (ASC Topic 606), Revenue from Contracts with Customers, which provides a five-step analysis of contracts to determine when and how revenue is recognized.

The adoption resulted in a decrease to beginning retained earnings of approximately $166,292 as of January 1, 2019. Effective January 1, 2021, the Company adopted ASU No. 2021-02 the cumulative-effect adjustment resulting from the adoption of the new standard was to increase retained earnings and decrease deferred revenue as of January 1, 2019 by $166,292.

As part of the adoption of ASC 606, the Company elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The Company applied ASC 606 using modified retrospective method applied to contracts that were not completed as of the date of the adoption on January 1, 2019 and the retrospective method with the adoption of ASU 2021-02 adjusted back to the adoption of ASC 606. As a result of the retrospective application of ASU 2021-02 revenue recognized was adjusted by increasing revenue $1,224 and decreasing revenue by $41,619 for the years ended December 31, 2020 and 2019, respectively.

Subsequent Events - Subsequent events have been evaluated by management through February 17, 2022, which is the date the financial statements were available to be issued.

Reclassifications - Certain reclassifications have been reflected in the 2021 consolidated financial statements to conform to the classifications for 2020. The reclassifications had no impact on 2020 assets, liabilities, stockholders' equity or net income.

Note 2 - Related Party Transactions

The Company has a long-term receivable due from Lil' Kickers Illinois LLC (Illinois), a current franchisee, now 50% owned by Arena Sports. As of December 31, 2021 and 2020, Illinois owed the Company approximately $113,000 and $141,000, respectively. As of December 31, 2021 and 2020, the Company recorded an allowance against the receivable of approximately $28,000 and $35,000. The Company received royalty revenue from Illinois totaling approximately $140,000, $68,500 and $133,900 for the years ended December 31, 2021, 2020 and 2019, respectively.

The Company has a cost reimbursement agreement with Arena Sports, pursuant to which Arena Sports has the authority to make purchases of goods and services and provide facilities and non-direct expenditures, such as office supplies and communications in exchange for a reimbursement of costs. Also, during the years ended December 31, 2021, 2020 and 2019, the Company recorded royalty revenue from Arena Sports of $159,391, $75,681, and $169,739, respectively, and management fee expenses to Arena Sports of $124,467, $54,309 and $137,239, respectively. The royalty revenue is calculated based on 4% of revenue at Arena Sports related to Lil' Kickers programs and the management fee expense to Arena Sports is 5% of total revenues of the Company. The Company has payables to Arena Sports of $28,243 and $20,971 as of December 31, 2021 and 2020, respectively.

The Company is one of the guarantors on debt at Arena Sports and the outstanding debt that the Company is one of the guarantors in is approximately $16.8 million at December 31, 2021. The likelihood of payment on the guaranty is remote and the fair market value of the guaranty is immaterial.

Sports IT, Inc. (Sports IT) is also a related party with common ownership. Sports IT designs and sells internet-based software solutions specifically for sports arena businesses. Franchisees of Lil' Kickers and Lil' Strikers are required to use Sports IT developed software in their operations and must either pay a monthly fee to Sports IT for this service or purchase the full commercial version of the software from Sports IT. The assets of Sports IT, including the Sports IT developed software, were sold to an unrelated third party during the year ended December 31, 2021.

Note 3 - Loan Payable

During the year ended December 31, 2020, the Company obtained an economic injury disaster loan from the Small Business Administration for $150,000 with an interest rate of 3.75%. Payments of $731 were due monthly starting in 2021 until maturity on July 13, 2050, however payments were first to be applied first to accrued interest, and the balance then applied to principal. The loan was paid in full on December 10, 2021 resulting in a zero balance as of December 31, 2021.

Note 4 - Paycheck Protection Program (PPP) Loan

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On April 9, 2020 the Company obtained a loan under the PPP with a principal balance of $135,825 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning the earlier of when the Company applies for forgiveness or ten months after the end of the covered period of the Company.

Note 4 - Continued

All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met. The terms and conditions include, but are not limited to, spending the PPP loan funds on qualifying expenses. The Company follows the accounting guidance for government grants model in IAS 20 in the International Financial Reporting Standards for accounting for the recognition from forgiveness of the PPP loan. In applying that guidance, the Company recognizes income ratably based on qualifying expenses incurred, less any estimated reductions for full-time equivalent and/or any salary or wage reductions. Management of the Company has determined that during the year ended December 31, 2020, the full amount of qualifying expenses was incurred to support full forgiveness and there were no reductions for reduction in full-time equivalents or wages. Management determined that those barriers to entitlement were met prior to December 31, 2020 and forgiveness in the amount of approximately $135,825 has been recognized in the December 31, 2020 income statement within Other Income and no liability for the PPP loan is presented on the balance sheet as of December 31, 2020.

Effective March 31, 2021, the lender and the Small Business Administration approved the forgiveness application.

Note 5 - Minimum Capital Requirements

Certain states require that a franchisor maintain minimum capital. The Company is either in compliance with these state requirements or intends to be prior to commencing business in that jurisdiction.

The Company may also be subject to the provisions of the Washington Franchise Investment Protection Act and registration requirements in other states in which it intends to sell franchises.

Note 6 - Employee Retirement Plans

The Company maintains a profit-sharing plan and trust for the benefit of its eligible employees. The plan includes a 401(k) provision and the Company may make discretionary matching and profit sharing contributions. In 2021, 2020, and 2019, the Company made a matching contribution with each pay period. No profit sharing contribution was made for the years ended December 31, 2021 and 2020. The total match and profit sharing was $15,098, $5,878 and $23,229 for the years ended December 31, 2021, 2020 and 2019, respectively.

Note 7 - Commitments

The Company has agreements with certain vendors to purchase or resell Lil' Kickers or Lil' Strikers branded merchandise and equipment. The vendors maintain a stock of pre-printed merchandise, and the franchisees purchase the merchandise directly from the vendors. The items are not recorded on the Company's financial statements as inventory because the Company has not purchased the items. However, the Company has commitments to the vendors to purchase any remaining pre-printed merchandise that the vendor is unable to sell. The value of the merchandise on hand at the vendors at December 31, 2021 was approximately $132,000. Management believes it is unlikely they will be required to purchase any of the merchandise.

Note 8 - Stock-Based Compensation

The Company adopted a stock option plan in 2017, under which the Company granted options to purchase shares of the Company's common stock at a price equal to the fair market value of the stock on the date of grant. No stock options have been exercised under the 2017 plan; as of December 31, 2021 and 2020, 530,000 shares had been granted for both years, 50,000 and 30,000 shares forfeited, respectively, and 480,000 and 500,000 vested and outstanding, respectively.

Note 8 - Continued

The Company recognizes compensation expense for stock-based payment awards over the requisite service period of the entire award based on the vesting schedule. The Company determines the grant date fair value of stock-based payment awards using the Black-Scholes option pricing model. The Company did not grant any stock options for the years ended December 31, 2021, 2020, and 2019. The grant date fair value of stock options granted during the year ended December 31, 2017 ranged from $0.10 to $0.14 per share. For the year ended December 31, 2021 they recognized a reduction of expense of $2,800 related to forfeitures and had no other expense recognized. For each of the years ended December 31, 2020 and 2019, $5,900 of expense was recognized. The following table represents the outstanding options:

	Shares Subject to Option	Weighted Average Exercise Price	Option Shares Vested	Weighted Average Exercise Price
Outstanding, January 1, 2020	500,000	$ 0.22	455,000	$ 0.22
Vested			45,000	0.22
Outstanding, December 31, 2020	**500,000**	**0.22**	**500,000**	**0.22**
Forfeited	(20,000)	0.22	(20,000)	0.22
Outstanding, December 31, 2021	**480,000**	**$ 0.22**	**480,000**	**$ 0.22**

As of December 31, 2021, all options were vested. The weighted average contractual life of options outstanding was 4.9 and 5.9 years as of December 31, 2021 and 2020, respectively.

Note 9 - COVID - 19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus, or COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 pandemic has already had a significant impact on economic and market conditions around the world during 2020 and continues to adversely impact economic activity in recreation and other activities that are the direct source of revenue for the Company. The impact of the COVID-19 pandemic continues to evolve and governments and other authorities have imposed measures intended to control its spread, including restrictions on freedom of movement, group gatherings and business operations such as travel bans, border closings, business closures, quarantines, stay-at-home, shelter-in-place orders, density limitations and social distancing measures. As a result of the COVID-19 pandemic and these measures, the Company has experienced and may continue to experience material impacts to revenue based on the ability of the customers of the Company to remain open and operational and generate revenue. As of the date these financial statements were available to be issued the COVID-19 pandemic was ongoing and the related governmental preventive and protective measures continued, and as a result, the related financial impact and duration of the pandemic cannot be reasonably estimated at this time.

Note 9 - Continued

Employee Retention Credit - The Employee Retention Credit (ERC) program was originally introduced in March 2020 as a part of the CARES Act, however, entities were originally ineligible to receive the funding if they opted to obtain a PPP loan. In December 2020, the Consolidated Appropriations Act of 2021 repealed the PPP loan restriction on a retroactive basis and entities are now allowed to claim the ERC even if they received a PPP loan. Qualifying wages under the PPP loan are not eligible for the ERC program. Under the program, employers who meet the eligibility requirements may claim a tax credit equal to 50% of qualified wages paid to an employee during an applicable quarter, up to a maximum of $10,000 for 2020 (maximum credit of $5,000 per employee for 2020) and a credit equal to 70% of qualified wages paid to an employee up to a maximum of $10,000 per quarter for 2021 (maximum credit of $7,000 per employee per quarter in 2021).

During the years ended December 31, 2021 and 2020, the Company recognized $96,548 and $28,621 as a reduction to operating expenses related to the ERC program.

LIL’ KICKERS INC.

Interim Financial Statements

Through February 28, 2022

THE FOLLOWING FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Lil Kickers, Inc.

Balance Sheet as of February 28, 2022

	Feb 28, 2022
ASSETS	
Current Assets	
Cash and Cash Equivalents	
Commerce Bank Accounts	834,243
Total Cash and Cash Equivalents	**834,243**
Accounts Receivable, Net	**252,103**
Other Current Assets	
Inventory	46,719
Prepaid Expenses	8,285
Other Receivables	28,222
Total Other Current Assets	**83,226**
Total Current Assets	**1,169,572**
Fixed Assets, Net	
Furniture and fixtures	12,569
Company Cars	13,783
Computer and Software	13,170
Accumulated Depreciation	(39,523)
Total Fixed Assets, Net	**-**
Other Assets	
Due to Arena Sports	(14,710)
LK Illinois Receivable, Net	56,444
Total Other Assets	**41,733**
TOTAL ASSETS	**1,211,306**
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable	121,164
Other Current Liabilities	
Accrued Payroll	3,830
Accrued Expenses	2,592
State Sales Taxes Payable	8,695
State B&O Taxes Payable	893
Unearned Revenue	20,000
Accrued Vacation	19,605
Total Other Current Liabilities	**55,616**
Total Current Liabilities	**176,780**
Total Liabilities	**176,780**
Total Equity	**1,034,526**
TOTAL LIABILITIES & EQUITY	**1,211,306**

Lil Kickers, Inc.

Statement of Cash Flows for YTD February 28, 2022

	Feb 28, 2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	115,094
Change in related assets and liabilities:	
Accounts Receivable, Net	(87,118)
Inventory	(16,392)
Prepaid Expenses and Other Assets	13,623
Accrued Revenue	7,536
Accounts Payable	17,843
Accrued Payroll	1,036
Accrued Expenses - Others	(1,588)
Taxes Payable	(4,790)
Unearned Revenues	(14,916)
Net Cash Provided by Operating Activities	**30,328**
Net Change in Cash	**30,328**
Cash and Cash Equivalents as on January 1, 2022	**803,915**
Cash & Cash Equivalents as of February 28, 2022	**834,243**

Lil Kickers, Inc.

Profit & Loss Account for YTD February 2022

	YTD Ending 2/28/2022
Revenue	
Lil' Kickers Franchise Revenue	
Royalties Revenue	
4601 - Royalties Revenue	244,252
Total Royalties Revenue	**244,252**
Franchise Fees	
4608 - Franchise Fees	3,000
Total Franchise Fees	**3,000**
Direct Marketing Revenue	
4618 - Social Media Campaign Revenue	8,600
Total Direct Marketing Revenue	**8,600**
LK Curriculum Subscription Revenue	
4622 - LMS Monthly Fee Revenue	4,590
4623 - CareerPlug Subscription Fee Revenue	2,340
Total LK Curriculum Subscription Revenue	**6,930**
Marketing materials	
Collateral	
4609 - Franchise Collateral	8,425
Total Collateral	**8,425**
Signs	
4610 - Franchise Signs	360
Total Signs	**360**
Others	
4603 - Marketing Materials	515
Total Others	**515**
Total Marketing materials	**9,300**
Training Fees	
4605 - Training Fees	4,000
Total Training Fees	**4,000**
Promo Uniform	
4611 - LK Promo Uniforms	60,768
4615 - SI Promo Uniforms	54,132
Total Promo Uniform	**114,900**
Apparel Sales	
4612 - Franchise Apparel	13,308
Total Apparel Sales	**13,308**
Equipment/Uniform Sales	
4606 - Franchise Equipment & Supplies	20,650
Total Equipment/Uniform Sales	**20,650**
Total Lil' Kickers Franchise Revenue	**424,939**
Other Income.	
4954 - Miscellaneous Income	699
4565 - Shipping Fee Revenue	7,213
4974 - CC Processing Revenue	213
Total Other Income	**8,125**
Intercompany Revenue	
4971 - Royalties Revenue - IC	38,905
Total Intercompany Revenue	**38,905**
Total Revenue	**471,969**
COS	
Hourly Labor	
5044 - LK Admin Wage	11,505
Total Hourly Labor	**11,505**
Subscription Services Expenses	
5051 - Subscription Services Expenses	8,456
Total Subscription Services Expenses	**8,456**
Sales and Marketing	
5033 - Sales Commissions	2,766
Total Sales and Marketing	**2,766**
Advertising and Promotions	
Advertising and Promotions	
5151 - Customer Gifts	20
5154 - Program Advertising	6,000
5159 - Advertising & Promotions	1,400
6252 - Social Networking expenses	3,287
Total Advertising and Promotions	**10,707**
Marketing - Collateral	
5161 - Franchise Collateral	(2,952)
Total Marketing - Collateral	**(2,952)**
Marketing - Franch-Signs	
5162 - Franchise Signs	221
Total Marketing - Franch-Signs	**221**
Total Advertising and Promotions	**7,977**
Equipment and Supplies	
Promo Uniform	
5102 - Franchise LK Uniform Sales	51,074
5165 - Franchise SI Uniform Sales	41,635
Total Promo Uniform	**92,710**
Apparels	
5111 - Franchise Apparel Costs	4,912
5167 - SI Equipment & Supplies	3,272
Total Apparels	**8,183**
Equipment & Supplies-Franchise	
5112 - Franchise Equipment & Supplies	6,697
5167 - SI Equipment & Supplies	1,712
Total Equipment & Supplies-Franchise	**8,409**
Total Equipment and Supplies	**109,302**
Postage and Delivery	
6403 - Postage and Delivery	8,108
Total Postage and Delivery	**8,108**
Total COS	**148,113**
Gross Profit	**323,856**

Direct Operating Expenses	
Operating Salaries and Wages	
Salaries and Wages	
6155 - Corporate Marketing Salaries	11,260
6110 - Senior Management	25,097
6120 - Franchise Support	60,729
Total Salaries and Wages	**97,086**
Employer 401k Expense	
6101 - Employer 401k Expense	4,148
Total Employer 401k Expense	**4,148**
Employee Insurance	
6167 - Medical	5,953
6168 - Dental	762
6154 - Group Disability & Life Insurance	355
Total Insurance	**7,070**
Employee Benefits	
6175 - Employee Gifts	352
Total Employee Benefits	**352**
Bonuses	
6169 - Salaried Employee Bonuses	1,387
Total Bonuses	**1,387**
Total Operating Salaries and Wages	**110,043**
Banking fees	
6201 - Bank Service Charges	843
6408 - Merchant Fees	190
Total Banking fees	**1,033**
Marketing and Promotions	
6251 - Web site expenses	2,834
Total Marketing and Promotions	**2,834**
Travel & Entertainment	
6301 - Travel - Client Related	4,030
6303 - Meals - Client Related	22
6304 - Conference Expense	167
6308 - Travel - Non-Client Related	259
6310 - Meals - Non-Client Related	93
Total Travel & Entertainment	**4,571**
Operating Expenses	
6401 - Telephone & Internet Expenses	1,063
6402 - Computer & Software Expenses	619
6404 - Dues and Subscriptions	2,020
6406 - Office Expenses	325
Total Operating Expenses	**4,028**
Maintenance Expense	
6463 - CAM Charges	533
Total Maintenance Expense	**533**
Business Insurance	
6151 - Business Insurance	609
Total Business Insurance	**609**
Business Taxes	
6531 - State B&O	1,380
Total Business Taxes	**1,380**
Intercompany Expenses	
6538 - Marketing Service Fees	8,398
Total Intercompany Expenses	**8,398**
Rent and Real Estate	
7701 - Rent	3,790
Total Rent and Real Estate	**3,790**
Total Direct Operating Expenses	**137,219**
Contribution Margin	**186,638**
General and Administrative Expenses	
Payroll Expense: G&A	
7153 - Manager Salaries	8,004
Total Payroll Expense: G&A	**8,004**
Professional Fees	
7351 - Bookkeeping and Accounting	1,528
7352 - Tax Services	1,316
7353 - Legal Fees	4,998
7354 - Payroll Service Fees	1,830
7356 - Audit Fees	17,550
7361 - Other Professional Fees	14,048
Total Professional Fees	**41,270**
Management Fee	
7159 - Management Fee	22,546
Total Management Fee	**22,546**
Total General and Administrative Expenses	**71,820**
Net Operating Income	**114,818**
EBITDA	**114,818**
Interest & Depreciation	
Interest and Finance Charges	
9101 - Interest Income	(277)
Total Interest and Finance Charges	**(277)**
Total Interest & Depreciation	**(277)**
Net Income	**115,094**

EXHIBIT E.

MULTI-STATE ADDENDA

FOR THE STATE OF CALIFORNIA

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

2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

4. Neither we, nor any person or franchise broker in Item 2 of the 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.

5. Item 17 of the disclosure document is amended to add the following:

    - The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with that 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. §101 et seq.).
    - The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.
    - The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.
    - The Franchise Agreement requires application of the laws of the State of Washington. This provision might 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 at the forum indicated in Item 17 with the costs being borne by the non-prevailing party. You are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

6. The following URL address is our website: www.lilkickers.com

   OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. 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.

FOR THE STATE OF ILLINOIS

1. No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire.

2. Illinois law governs the Franchise Agreement (without regard to conflict of laws), and jurisdiction and venue for court litigation shall be in Illinois.

3. Any provision in the Franchise Agreement requiring a general release is void to the extent that such provision requires a waiver of compliance with the Illinois Franchise Disclosure Act. 815 ILCS 705/41.

4. Item 17 of the disclosure document is amended to add the following:

    - The conditions under which a franchise can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 and 705/20.
    - The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

5. Illinois law requires physical fitness facilities to have at least one automatic external defibrillator (AED) on site and one trained AED user on staff and on site at all times. See the following state law: 210 ILCS 74/1. The cost to provide an AED and train staff is included in the estimated costs in Item 7.

FOR THE STATE OF INDIANA

1. Item 8 of the disclosure document is amended to add the following:

    - Under Indiana Code Section 23-2-2.7-1(4), we will not obtain money, goods, services, or any other benefit from any other person with whom you do business, on account of, or in relation to, the transaction between the you and the other person, other than for compensation for services rendered by us, unless the benefit is promptly accounted for, and transmitted by you.

2. Item 17 of the disclosure document is amended to add the following:

    - Indiana Code 23-2-2.7-1(7) makes unlawful the unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
    - Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.
    - Item 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to you.
    - Item 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

FOR THE STATE OF MARYLAND

Item 11 of the disclosure document is amended to add the following:

- You may obtain an unaudited accounting of how the Marketing Fees collected by us for the previous fiscal year were spent by contacting us in writing. Within a reasonable time following our receipt of such a request, we will prepare an unaudited accounting of the how the Marketing Fees were spent and make the unaudited accounting available to you in a manner of our choosing.

Item 17 of the disclosure document is amended to add the following:

- Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.
- Any litigation between your and us may be instituted in any court of competent jurisdiction, including a court in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
- The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

FOR THE STATE OF MICHIGAN

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

    - A prohibition of your right to join an association of franchisees.
    - A requirement that you assent to a release, assignment, novation, waiver or estoppel that deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
    - A provision that permits us to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
    - A provision that permits us to refuse to renew a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to us and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (a) the term of the franchise is less than 5 years, and (b) you are prohibited by the franchise agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.
    - A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
    - A provision requiring that litigation or arbitration be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of litigation, to conduct litigation at a location outside this state.
    - A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

      The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

      The fact that the proposed transferee is our or Subfranchisor's competitor.

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

Your or proposed transferee's failure to pay us any sums or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

- A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants to us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the franchise agreement and have failed to cure the breach in the manner provided in the third bullet point above.
- A provision that permits us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services.

2. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.

3. Any questions regarding this notice should be directed to:

State of Michigan
Office of the Attorney General, Consumer Protection Division
Attention: Franchise Bureau
525 W Ottawa Street
G. Mennen Williams Building, First Floor
Lansing, MI 48933
(517) 373-7117

FOR THE STATE OF MINNESOTA

1. Item 13 of the disclosure document is amended as follows:

    - As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and given 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. Item 17 of the disclosure document is amended as follows:

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

    - Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

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

3. In accordance with Minnesota Rule 2860.4400J, to the extent required by law, the disclosure document is modified so that we cannot require you to waive your rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided this part shall not bar an exclusive arbitration clause.

FOR THE STATE OF NEW YORK

1. All references made herein to a "disclosure document" shall be replaced with the term "Offering Prospectus" as used under New York Law.

2. The cover page of the disclosure document is amended as follows:

   - **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION, 28 LIBERTY STREET 21ST FLOOR, NEW YORK, NEW YORK 10005. 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 WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

   Except as provided above, with regard to us, our predecessor, a person identified in Item 2, or an affiliate offering franchises under our principal trademark:

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

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

   C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

   D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded

or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

4. Item 4 is amended to state that:

   - Neither we, nor our predecessor, officers or general partner of the franchisor has, during the ten (10) year period immediately before the date of the disclosure document, has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; (c) was a principal officer of any company or a general partner in any partnership that either filed as a debtor (or had filed against it) a petition to start action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

5. Item 5 of the disclosure document is amended to add the following:

   The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

7. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

   You may terminate the agreement on any grounds available by law.

8. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of Contract by Us**":

   However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

9. 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 upon the franchisee by Article 33 of the General Business Law of the State of New York.

FOR THE STATE OF VIRGINIA

The following paragraph is added to Item 17:

- Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not contain "reasonable cause," as the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

FOR THE STATE OF WASHINGTON

Item 17 of the disclosure document is amended to add the following:

- The state of Washington has a statute, RCW 19.100.180 that may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
- In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.
- In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
- A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
- Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
- If you request to transfer your franchise, our consent to such a transfer will not be conditioned on you guaranteeing the performance of the transferee, and you will not be required to sign such a guarantee.

FOR THE STATE OF WISCONSIN

ITEM 17 of the Offering Circular is amended to add the following:

- The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

EXHIBIT F.

ADDENDUM TO FRANCHISE AGREEMENT FOR MICRO LIL' KICKERS PROGRAM

ADDENDUM TO LIL' KICKERS INC. FRANCHISE AGREEMENT
FOR MICRO LIL' KICKERS PROGRAM

THIS ADDENDUM to the Franchise Agreement dated _____, 20___ ("**Agreement**") between Lil' Kickers Inc. ("**Franchisor**") and _____ ("**Franchisee**") is made on _____, 20___ and amends and shall be incorporated into the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not defined in this Addendum have the respective meanings set forth in the Agreement. Franchisor and franchisee agree as follows:

1. **Micro Lil' Kickers Program.** Franchisee intends to propose a site for the Franchised Business that is located (i) within a city or township with a population of less than 100,000, (ii) in a facility with less than 25,000 square feet of total floor space, or (iii) in a market whose other demographics or characteristics may not, in Franchisor's sole discretion, support a traditional Lil' Kickers Program. Except as otherwise noted in this Addendum or the Agreement, all applicable terms, conditions, and requirements set forth in the Agreement applicable to the traditional Lil' Kickers Programs apply to Micro Lil' Kickers Programs.

2. **Exclusive Area.** All references in the Agreement to the "Exclusive Area," as defined in Section 2.2 of the Agreement, are deleted, and the reference "Non-exclusive Territory" is inserted in their place.

3. **Non-exclusive Territory.** Section 2.2 of the Agreement is deleted and replaced by the following:

   2.2 Non-Exclusive Territory. This Agreement does not grant Franchisee any territorial rights. If the Approved Location has been determined as of the Effective Date, Franchisor shall designate on Schedule 1 attached hereto a non-exclusive territory ("**Non-exclusive Territory**") that encompasses a geographic area around the Approved Location, and which delineates the area in which Franchisee may conduct events at Remote Locations under Section 5.7.

4. **Franchisor's Retained Rights.** Section 2.5 of the Agreement is deleted and replaced by the following:

   2.5 Franchisor's Retained Rights; Right to Reduce Non-exclusive Territory.

   (a) Franchisor expressly retains all rights and discretion with respect to the Marks and the System. Franchisee acknowledges that Franchisor and its Affiliates have unlimited rights to compete with Franchisee and to license other third parties to compete with Franchisee. Franchisee understands and acknowledges that this Agreement does not grant Franchisee any territorial rights and that there are no radius restrictions or minimum population requirements which limit where Franchisor can license or operate another Lil' Kickers Program. Franchisee further acknowledges and agrees that Franchisee does not have any right to exclude, control, or impose conditions on the location or development of any Lil' Kickers

Program, or other location, facility, or other method of distribution, under the Marks. Franchisee acknowledges that Franchisor may engage in any activities not expressly forbidden by this Agreement.

(b) If Franchisor sells a traditional Lil' Kickers Program with an exclusive area that overlaps with any part of the Non-exclusive Territory, as determined in Franchisor's sole discretion, Franchisee's right to operate in any part of the Non-exclusive Territory that overlaps with the other franchisee's exclusive area will lapse, and Franchisee will cease operating within such area of overlap at the end of the then-current season.

5. **Franchise Fee.** The words and figure "FIFTEEN THOUSAND DOLLARS ($15,000) in Section 3.1 of the Agreement are deleted and replaced by the words and figure "EIGHT THOUSAND DOLLARS ($8,000)".

6. **Successor Terms.** Subsection 4.2(d) of the Agreement is deleted and replaced by the following:

(d) Franchisor has not granted a traditional Lil' Kickers Program with an Exclusive Area that, in Franchisor's sole discretion, substantially overlaps with Franchisee's Non-exclusive Territory, and Franchisee has executed Franchisor's then-current form of franchise agreement and Addendum for Micro Lil' Kickers Program; however, Franchisee shall not be required to pay the then-current Franchise Fee;

7. **Minimum Gross Sales Targets.** The words and figure "Nine Thousand Dollars ($9,000.00)" in Section 13.2 of the Agreement are deleted and replaced by the words and figure "Five Thousand Dollars ($5,000)."

8. **Schedule 1.** The Schedule 1 attached to the Agreement is deleted and replaced by the Schedule 1 attached to this Addendum.

9. **Offer to Convert to Traditional Lil' Kickers Program.**

a. Franchisor, in its sole discretion, may offer to Franchisee the ability to convert Franchisee's Micro Lil' Kickers Program to a traditional Lil' Kickers Program, which shall only be effective upon the satisfaction of the following conditions:

i. Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed to comply with any additional training requirements;

ii. Franchisee has executed Franchisor's then-current form of franchise agreement and paid the then-current initial franchise fee for a traditional Lil' Kickers Program less Eight Thousand Dollars ($8,000);

iii. Franchisee has access to and, for the duration of the new franchise agreement, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

iv. Franchisee is not in default of any provision of the Agreement or any other agreement between Franchisee and Franchisor;

v. Franchisee has executed a General Release in substantially the form attached to the Agreement as Exhibit 1, of any and all claims against Franchisor, any Affiliate and against their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

b. Upon such conversion and the effective date of the new franchise agreement, the Agreement shall terminate.

[Page break intentionally inserted]

IN WITNESS WHEREOF, the parties have executed this Addendum to Franchise Agreement as of the Effective Date.

LIL' KICKERS INC.

By: _____
Title: _____
Date: _____

FRANCHISEE:

Sign here if you are a **corporation, limited liability company, or partnership**

_____
Print Name Of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

Sign here if you are an **Individual(s)**

_____
Signature

Print Name: _____
Date: _____

_____
Signature

Print Name: _____
Date: _____

_____
Signature

Print Name: _____
Date: _____

_____
Signature

Print Name: _____
Date: _____

SCHEDULE 1

Non-exclusive Territory – Approved Location – Designated Area

1. The street address (or detailed description of the premises) of the Approved Location is:_____

_____

_____

_____

Franchisor

_____

_____

Initial Date

Franchisee

_____

_____

Initial Date

2. Map of Non-exclusive Territory and Approved Location

Franchisor

_____

_____

Initial Date

Franchisee

_____

_____

Initial Date

3. Description or Map of Designated Area

EXHIBIT G.

ADDENDUM TO FRANCHISE AGREEMENT FOR REMOTE LOCATIONS IN ADJACENT TERRITORY

ADDENDUM TO LIL' KICKERS INC. FRANCHISE AGREEMENT
FOR REMOTE LOCATIONS IN ADJACENT TERRITORY

THIS ADDENDUM to the Franchise Agreement dated _____, 20___ ("**Agreement**") between Lil' Kickers Inc. ("**Franchisor**") and _____ ("**Franchisee**") is made on _____, 20___ and amends and shall be incorporated into the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not defined in this Addendum have the respective meanings set forth in the Agreement. Franchisor and franchisee agree as follows:

1. **Background.** Under the Agreement, Franchisee may operate Lil' Kickers programs and events at locations other than the Approved Location ("**Remote Locations**"), but only within Franchisee's Exclusive Area or Non-exclusive Territory, as applicable. Franchisee desires to conduct Lil' Kickers programs and events at Remote Locations outside of Franchisee's Exclusive Area or Non-exclusive Territory, as applicable.

2. **Remote Locations.** Subject to Franchisor's reservation of rights set forth in Sections 3 and 4 below and Section 2.5 of the Agreement and the other terms of conditions of this Addendum, Franchisee may operate, in accordance with Franchisor's specifications as set forth in the Manuals, Lil' Kickers programs and events at locations outside of the Exclusive Area or Non-exclusive Territory, as applicable ("**External Locations**"), but only within the geographic area designated on Schedule 1-RL attached hereto ("**Adjacent Territory**"); provided, however, that:

   i. Franchisee may not operate an External Location at any location that is within the exclusive territory of any other licensee or franchisee of Franchisor or its affiliates, as determined by Franchisor in its sole discretion; and

   ii. Franchisee must receive prior written approval from Franchisor to operate an External Location at a facility whose primary function is serving as an indoor or outdoor sports facility, and Franchisor can prohibit Franchisee from operating in that location if the facility is capable of supporting a traditional or Micro Lil' Kickers Program, as determined by Franchisor in its sole discretion.

3. **No Exclusivity.** Franchisee acknowledges that Franchisor and its Affiliates have unlimited rights to compete with Franchisee and to license other third parties to compete with Franchisee in the Adjacent Territory. Franchisee understands and acknowledges that this Addendum does not grant Franchisee any territorial rights in the Adjacent Territory and that there are no restrictions that limit where Franchisor can license or operate another Lil' Kickers Program. Franchisee further acknowledges and agrees that Franchisee does not have any right to exclude, control, or impose conditions on the location or development of any Lil' Kickers Program, or other location, facility, or other method of distribution, under the Marks. Franchisee acknowledges that Franchisor may engage in any activities not expressly forbidden by this Agreement.

4. **Right to Reduce Adjacent Territory.** If Franchisor sells a traditional Lil' Kickers Program with an Exclusive Area that overlaps with any part of the Adjacent Territory, as determined in Franchisor's

sole discretion, Franchisee's right to operate at External Locations shall lapse in any part of the Adjacent Territory that overlaps with the other franchisee's Exclusive Area, and Franchisee will cease operating at such External Locations at the end of the then-current season.

5. **Gross Sales.** All revenue from the operation of an External Location is considered part of Franchisee's Gross Sales.

6. **Term and Termination.** The term of this Addendum will commence on the Effective Date and shall continue until terminated. This Addendum and all rights and obligations hereunder shall terminate upon the earlier of: (i) Franchisee's withdrawal from operating External Locations in all parts of Adjacent Territory, in accordance with Section 4 above; and (iii) the termination or expiration of the Franchise Agreement.

7. **Notices.** All notices required or permitted under this Addendum shall be made as provided for in the Agreement.

8. **Assignment.** A party's rights and obligations under this Addendum are assignable only to the same extent and to the same assignee or transferee to whom the party validly assigns or transfers its interest in the Agreement. The rights and obligations of this Addendum inure to and bind the heirs, beneficiaries, successors and assigns of the parties hereto.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first above written.

LIL' KICKERS INC.

By: _____
Title: _____
Date: _____

FRANCHISEE:

Sign here if you are a **corporation, limited liability company, or partnership**

_____
Print Name Of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

Sign here if you are an **Individual(s)**

_____
Signature

Print Name: _____
Date: _____

_____
Signature

Print Name: _____
Date: _____

_____
Signature

Print Name: _____
Date: _____

_____
Signature

Print Name: _____
Date: _____

Schedule 1-RL

Map of Adjacent Territory

EXHIBIT H.

ADDENDUM TO FRANCHISE AGREEMENT FOR OPTION AND RIGHT OF FIRST REFUSAL TO PURCHASE FRANCHISE FOR ADJACENT TERRITORY

ADDENDUM TO LIL' KICKERS INC. FRANCHISE AGREEMENT
FOR OPTION AND RIGHT OF FIRST REFUSAL TO PURCHASE FRANCHISE FOR ADJACENT TERRITORY

THIS ADDENDUM to the Franchise Agreement dated _____, 20__ ("**Agreement**") between Lil' Kickers Inc. ("**Franchisor**") and _____ ("**Franchisee**") is made on _____, 20__ and amends and shall be incorporated into the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not defined in this Addendum have the respective meanings set forth in the Agreement. Franchisor and franchisee agree as follows:

9. Grant of Option. Franchisor hereby grants to Franchisee the option (the "Option") to purchase a Lil' Kickers Program, pursuant to the terms of Franchisor's then-current form of franchise agreement, for the territory set forth on Schedule 1-OA attached hereto (the "Option Area").

10. Payment. As consideration for the grant of the Option, Franchisee shall pay to Franchisor Dollars ($_____) (the "Annual Purchase Price"). The initial payment of the Annual Purchase Price shall be due on the date that is six months after the date that the initial Option Term, as defined in Section 8 below, begins (the "Initial Due Date"). If Franchisee fails to make the initial Annual Purchase Price payment on or before the Initial Due Date, this Addendum will terminate and Franchisee will have no further option or rights with respect to the Option Area. All subsequent Annual Purchase Price payments shall be due the last day of the current Option Term.

11. Notice of Exercise. Except as noted in Section 5 below, Franchisee shall have the right to exercise the Option by written notice sent to Franchisor in the manner prescribed in this Addendum and received by Franchisor before the expiration of the Option Term ("Exercise Notice").

12. Effect of Exercise; Closing. If the Option is exercised in accordance with Section 3, Franchisee shall have up to thirty (30) calendar days after Franchisor receives the Exercise Notice (the "Closing Deadline") to sign Franchisor's then-current franchise agreement for a franchise in the Option Area and pay the then-current initial franchise fee; provided that if regulatory requirements prohibit Franchisor from selling a franchise at the time, the Closing Deadline shall be extended until such time as Franchisor is no longer prohibited. If Franchisee fails to sign Franchisor's then-current franchise agreement or pay the then-current initial franchise fee before the Closing Deadline, the Option shall permanently lapse and Franchisor shall be free to sell a Lil' Kickers Program in the Option Area. If at the time the Option is exercised Franchisor is unable to sell a franchise in the Option Area because Franchisor's then-current franchise offering is not registered in the applicable state, the Closing Deadline will be extended until both Franchisor's offering is registered and fifteen (15) days has elapsed after Franchisor delivered Franchisee a copy of the registered franchise disclosure document. Time is of the essence of this Addendum.

13. Bona Fide Third Party Purchaser. If Franchisor receives a bona fide written offer from a third party proposing to purchase a Lil' Kickers Program in the Option Area, Franchisor may deliver notice to Franchisee (an "Offer Notice") specifying the name, address and telephone number of the proposed franchisee and a legible photocopy of the written offer. If Franchisor delivers an Offer Notice to Franchisee, Franchisee will no longer have the right to exercise the Option by delivering an Exercise Notice, but Franchisee has thirty (30) calendar days from the date the Offer Notice is given ("Franchisee Exercise Period") to sign Franchisor's then-current franchise agreement for a

franchise in the Option Area and pay the then-current initial franchise fee. If Franchisee fails to sign Franchisor's then-current franchise agreement or pay the then-current initial franchise fee before the expiration of the Franchisee Exercise Period, the Option permanently lapses and Franchisor is free to sell a Lil' Kickers Program in the Option Area to a third party. If at the time the Option is exercised Franchisor is unable to sell a franchise in the Option Area because Franchisor's then-current franchise offering is not registered in the applicable state, the Franchisee Exercise Period will be extended until both Franchisor's offering is registered and fifteen (15) days has elapsed after Franchisor delivered Franchisee a copy of the registered franchise disclosure document. Time is of the essence of this Addendum.

14. Exclusivity. So long as this Addendum is in force and effect and Franchisee is not in default under any of the terms of this Addendum or the Agreement, and subject to Franchisor's reservation of rights set forth in Section 2.5 of the Agreement, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other Lil' Kickers Program or other substantially similar business from any location within the Option Area.

15. Franchise Disclosure Document. If Franchisor amends its franchise disclosure document, Franchisor shall promptly (but in no event in contravention of regulatory requirements) deliver a copy of the amended franchise disclosure document to Franchisee. Notwithstanding anything to the contrary in this Addendum, if Franchisor

16. Term. The initial term of this Addendum shall commence on _____, 20__ and shall continue for one year (the "Option Term"), unless terminated earlier pursuant to Section 6 of this Addendum. The Option Term shall automatically renew for additional one-year terms unless a party provides written notice to the other party at least thirty (30) days' prior to the expiration of the Option Term that is electing to let this Addendum expire at the end of the current Option Term, or unless terminated earlier pursuant to Section 6 of this Addendum.

17. Termination. This Addendum and all rights and obligations hereunder shall terminate upon the earlier of: (i) the Closing Deadline; (ii) Franchisee's failure to exercise the Option before the expiration of the Franchisee Exercise Period, as provided in Section 5 of this Addendum; (iii) the termination or expiration of the Agreement; (iv) Franchisee's failure to pay the Annual Purchase Price on or before the Initial Due Date or the last day of the current Option Term, as applicable; and (v) the expiration of the Addendum as provided in Section 6 of this Addendum.

18. Notices. All notices required or permitted under this Addendum shall be made as provided for in the Agreement.

19. Assignment. A party's rights and obligations under this Addendum are assignable only to the same extent and to the same assignee or transferee to whom the party validly assigns or transfers its interest in the Agreement. The rights and obligations of this Addendum shall inure to and bind the heirs, beneficiaries, successors and assigns of the parties hereto.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first above written.

LIL' KICKERS INC.

By: _____
Title: _____
Date: _____

FRANCHISEE:

Sign here if you are acquiring the option as a **corporation, limited liability company, or partnership**

_____
Print Name Of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

Sign here if you are acquiring the option as an **Individual(s)**

_____
Signature

Print Name: _____
Date: _____

_____
Signature

Print Name: _____
Date: _____

_____
Signature

Print Name: _____
Date: _____

_____
Signature

Print Name: _____
Date: _____

Schedule 1-OA

Map of Option Area

EXHIBIT I.

ACH CUSTOMER AUTHORIZATION FORM
(for Electronic Funds Transfers)

ACH Authorization Form

Customer Name: _____ Phone: _____

Address: _____

City: _____ State: _____ Zip: _____

Federal TAX ID Number: _____

Type of Account:	_____
Routing/Transit No	_____
Account Number	_____
Financial Institution:	_____
Bank Name:	_____
Bank Address:	_____
Bank City / State:	_____
Bank Phone:	_____

I authorize Lil' Kickers Inc. to withdraw funds from my bank, savings and loan, or credit union account in the amount of my Lil' Kickers royalty fees, marketing payments, and other franchise-related charges. This withdrawal will be made on or around the 10th day of every month. I understand that I control my payments, and if at any time I decide to stop or suspend this payment service, I will notify Lil' Kickers Inc. in writing 30 days in advance by email to ty@lilkickers.com.

I understand that if my automatic draft is returned for non-sufficient funds or account closed I may be charged additional fees and collection actions may be taken.

My signature below indicates that I have verified and confirmed that all of the information provided above is correct.

A voided check must be submitted along with this form.

_____ _____

Customer Signature Date

EXHIBIT J.

SAMPLE AGREEMENT WITH DAYSMART RECREATION

DaySmart Recreation Platform Service Agreement

Lil' Kicker Franchisee ("Customer" or "You") and DaySmart Recreation, ("Recreation" or "DaySmart Recreation" or "We") agree to enter into this Service Agreement which covers all of the terms described herein, including the terms described below, any Exhibits, and the DaySmart Recreation standard Terms of Service (collectively, the "Agreement"). This Agreement will commence on the date the Agreement is signed by both parties ("Effective Date") and will be in force for 24 months (the "Initial Term").

Description (Monthly Usage Based)	Price
LK Franchise Subscription	$345

Description (Discount)	Quantity	Price
New Customer Free Month(s)	3	$0

Description (Monthly Usage and One-Time)	Charge Type	Price
Adult Waiver Per Waiver	Usage	$0.15
Minor Waiver Per Waiver	Usage	$0.05
Credit Card Per Transaction	Usage	$0.14

*Implementation and Training fees are paid up front in the first three months.
*Sales Tax are determined at the time of invoicing and may vary based on local jurisdictions.

Payment Terms

- **Terms – Due Upon Receipt days Invoices are generated monthly on the 1st of each month.**
- **Implementation and Training Fees** - Implementation and Training fees are paid up front in the first three months.
- **Notes:**
    - Payment will be accepted by ACH funds transfer or by credit card; checks are not accepted. If payment is made via ACH, the payment will be initiated by DaySmart Recreation. Payment by credit card will incur a 3% fee.
    - After the Initial Term, DaySmart Recreation reserves the right to increase the monthly service fee by 5% annually.
    - In the event of any delinquency in payment, we may, at Our discretion: (i) add an additional 1.5% (or the highest amount allowed by law, whichever is lower) per month to the fees, (ii) suspend your access to and use of DaySmart Recreation Services, or (iii) terminate this Agreement upon notice. Charges do not include any applicable sales, use or other taxes, which (other than Our taxes on our income or profits) are the responsibility of the Client. You will be liable for any fees incurred by Us in connection with the collection of unpaid charges.

Customer Service and Support

The following Customer Support services are included in your monthly Subscription Fees:

- **Online Support Library** - Includes videos, tutorials, white papers, how-to guides, & help FAQ's.
- **Online Chat** - Communications via Chat with the DaySmart Recreation Customer Service team.

- **Email** - Communications via Email with the DaySmart Recreation Customer Service team.
- **Phone** - Communications via Phone with the DaySmart Recreation Customer Service team if the Online Support Library, Chat and Email were unable to resolve an issue.
- **Emergency Support** - Available 24 hours a day, seven days a week to resolve outage issues or compromised service issues.
- **Customer Support hours** - 11:00 AM - 9:00 PM EST, Monday through Friday. Email: rec-support@daysmart.com After hours, the Customer Service team monitors the Chat and Email inbound queues and respond as necessary.

Termination

Either party may terminate this Agreement (i) upon sixty (60) days written notice to the other party if the other party materially breaches any provision of this Agreement and such breach remains uncured at the expiration of such period, or (ii) if the other party becomes the subject of a petition in bankruptcy or any other proceeding relating to insolvency, receivership, liquidation, or assignment for the benefit of creditors. Additionally, DaySmart Recreation may terminate this Agreement as set forth in the Terms of Service. After the Initial Term, either party may terminate this Agreement with 90 days written notice.

I HAVE READ THE ABOVE AND AGREE TO BE BOUND BY THE TERMS

Company Name: (Franchise Company Here)

OFFICER NAME: Lil' Kicker Franchisee

Title:

Signature:

Date:

Company Name: DaySmart Recreation

OFFICER NAME: Don Amick

Title:

Signature:

Date:

EXHIBIT K.

STATE EFFECTIVE DATES

The following states have franchise laws that require the franchise disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Rhode Island	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L

RECEIPTS

RECEIPT (LIL' KICKERS' COPY)

This disclosure document summarizes provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Lil' Kickers Inc. 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 any affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Lil' Kickers Inc. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to your applicable state agency. See Exhibit A for information on state agencies.

The franchisor is Lil' Kickers, located at 9040 Willows Road, Suite 101, Redmond, Washington, 98052. Its telephone number is (877-650-0007).

Issuance Date: April 11, 2022

Lil' Kickers Inc.'s sales agent(s) for this offering are Don Crowe, Ty Redinger, Joshua Cleveland, and Gene Hogan, whose principal business address and telephone number are 9040 Willows Road, Suite 101, Redmond, Washington, 98052 (877-650-0007).

[continued on next page]

I received a disclosure document dated April 11, 2022, that included the following Exhibits:

A. List of State Administrators
B. List of State Agents for Service of Process
C. Franchise Agreement and Related Materials
   –Schedule 1. Exclusive Area – Approved Location
   –Exhibit 1. General Release
   –Exhibit 2. Nondisclosure and Non-Competition Agreement
   –Exhibit 3. Guaranty and Assumption of Obligations
   –Exhibit 4. Holders of Legal or Beneficial Interest in Franchisee; Officers; Directors
   –Exhibit 5. Multi-State Addenda
   –Exhibit 6. Licensee Addendum
D. Financial Statements
E. Multi-State Addenda
F. Addendum to Franchise Agreement for Micro Lil' Kickers Program
G. Addendum to Franchise Agreement for Remote Locations in Adjacent Territory
H. Addendum to Franchise Agreement for Option and Right of First Refusal to Purchase Franchise for Adjacent Territory
I. ACH Customer Authorization Form
J. Sample Agreement with DaySmart Recreation
K. Receipt

_____ _____

Date Franchisee

You may return the signed receipt either by signing, dating, and mailing it to Lil' Kickers Inc. at 9040 Willows Road, Suite 101, Redmond, Washington, 98052, or by emailing a copy of the signed and dated receipt to ty@lilkickers.com. If Lil' Kickers Inc. gave you access to this disclosure document on the Internet, you may follow the provided instructions for how to digitally sign and return this receipt.

RECEIPT (YOUR COPY)

This disclosure document summarizes provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Lil' Kickers Inc. 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 any affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Lil' Kickers Inc. 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 and state law may have occurred and should be reported to the Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, D.C. 20580 and to your applicable state agency. See Exhibit A for information on state agencies.

The franchisor is Lil' Kickers, located at 9040 Willows Road, Suite 101, Redmond, Washington, 98052. Its telephone number is (877-650-0007).

Issuance Date: April 11, 2022

Lil' Kickers Inc.'s sales agent(s) for this offering are Don Crowe, Ty Redinger, Joshua Cleveland, and Gene Hogan, whose principal business address and telephone number are 9040 Willows Road, Suite 101, Redmond, Washington, 98052 (877-650-0007).

[continued on next page]

I received a disclosure document dated April 11, 2022, that included the following Exhibits:

A. List of State Administrators
B. List of State Agents for Service of Process
C. Franchise Agreement and Related Materials
   –Schedule 1. Exclusive Area – Approved Location
   –Exhibit 1. General Release
   –Exhibit 2. Nondisclosure and Non-Competition Agreement
   –Exhibit 3. Guaranty and Assumption of Obligations
   –Exhibit 4. Holders of Legal or Beneficial Interest in Franchisee; Officers; Directors
   –Exhibit 5. Multi-State Addenda
   –Exhibit 6. Licensee Addendum
D. Financial Statements
E. Multi-State Addenda
F. Addendum to Franchise Agreement for Micro Lil' Kickers Program
G. Addendum to Franchise Agreement for Remote Locations in Adjacent Territory
H. Addendum to Franchise Agreement for Option and Right of First Refusal to Purchase Franchise for Adjacent Territory
I. ACH Customer Authorization Form
J. Sample Agreement with DaySmart Recreation
K. Receipt

_____ _____

Date Franchisee

You may return the signed receipt either by signing, dating, and mailing it to Lil' Kickers Inc. at 9040 Willows Road, Suite 101, Redmond, Washington, 98052, or by emailing a copy of the signed and dated receipt to ty@lilkickers.com. If Lil' Kickers Inc. gave you access to this disclosure document on the Internet, you may follow the provided instructions for how to digitally sign and return this receipt.