

**ADDENDUM TO DISCLOSURE DOCUMENT
OF AMERICAN POOLPLAYERS ASSOCIATION, INC.
REQUIRED BY THE STATE OF MINNESOTA**

DATE: March 17, 2016

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

- Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases)
 - that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
 - that consent to the transfer of the franchise will not be unreasonably withheld.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

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



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

The total investment necessary to begin operation of an American Poolplayers Franchise Association, Inc. franchise is estimated to be between \$16,704 to \$19,874, \$18,575.67 - \$27,175.67. This includes the initial franchise fee, which is based upon the population within the franchise's territory (\$10,000 plus \$500 for every 50,000 people in the territory over 400,000 people) which is paid to us. You should consult ITEMS 55, 66 and 77 in this disclosure document for further explanation regarding your total investment.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact Doug Davis Amy Huitt, 1000 Lake St. Louis Blvd, Suite 325, Lake St. Louis, MO 63367, 636-625-8611 extension 51185040.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read ~~all of your entire~~ 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 2, 2015~~ March 17, 2016

APA-FDD 2015

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION, ONLY IN THE ST. CHARLES COUNTY, LOUIS, MISSOURI METROPOLITAN AREA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN MISSOURI THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT MISSOURI LAW GOVERNS THE AGREEMENT, AND THE LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISE AGREEMENT PROVIDES THAT YOUR FRANCHISE MAY BE TERMINATED OR YOUR TERRITORY REDUCED IF YOU DO NOT ACTIVELY MARKET PLAYER PARTICIPATION THROUGHOUT YOUR TERRITORY AND MEET CERTAIN TEAM PARTICIPATION REQUIREMENTS IN YOUR LEAGUE.
4. THE FRANCHISE AGREEMENT PROVIDES THAT YOU AND YOUR SPOUSE (IF YOU ARE AN INDIVIDUAL) AND YOUR OWNERS AND THEIR SPOUSES (IF YOU ARE A PARTNERSHIP OR CORPORATION OR LIMITED LIABILITY COMPANY) MUST GUARANTY PERFORMANCE OF ALL OBLIGATIONS UNDER THE PARTNERSHIP, INCLUDING DEBTS OWED BY THE FRANCHISE TO US, WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISED LEAGUE AND THEY MUST SIGN A GUARANTY AND ASSUMPTION AGREEMENT. THESE OBLIGATIONS MAY PLACE YOU OR YOUR OWNERS' PERSONAL ASSETS AT RISK.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We do not use the services of any franchise broker or referral sources to assist us in selling our franchise. You should be sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

Wisconsin	Pending
California	Pending
Virginia	Pending <u>April 20, 2016</u>
Washington	Pending
Minnesota	Pending
Rhode Island	Pending
South Dakota	Pending
Illinois	Pending
Michigan	Pending
Indiana	Pending
North Dakota	Pending
New York	Pending
Maryland	Pending
Hawaii	Pending

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EXHIBITS

A List of State Agencies
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E APA Addendum upon Conditional, Initial Regular Term or Successor
F Franchisee Ownership Schedule
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I Software License Agreement
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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

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

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

We have offered franchised local pool league businesses under our System since 1982. As of December 31, 2014 we have 294 7 local league franchises in 48 states across the country and the District of Columbia, and intend to franchise additional local pool leagues in the future. We have not offered franchises in any other line of business.

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

In addition to our business of franchising local leagues, we also are a membership organization in which all players in the local leagues under our System become members of our association of amateur pool players ("Members"). We provide various benefits to our Members, including *The American Poolplayer* magazine, membership cards, discount programs and other benefits that might be offered. We also might offer merchandise for sale, such as pool cues and apparel, to League Operators, Members and ~~host~~ leagues ~~Host~~ Locations.

Furthermore, our business includes conducting amateur tournaments. We currently hold four ~~national~~ championship tournaments ~~our National Singles~~. These include -- the APA World Pool Championships and National Team ~~the~~ APA Poolplayer Championships (collectively the "Championship Events for 8-Ball and 9-Ball Tournaments") for players and teams who qualify from the local franchised leagues or ~~our~~ regional tournaments. ~~Our National Championships have been~~

held in recent years. The Championship Tournaments are currently being held at the famous Riviera Hotel Westgate Las Vegas Resort & Casino in Las Vegas, Nevada. Our Championship events (as well as all local league play) use our Our Equalizer® scoring and handicap system- is applied to matches conducted in the local franchised leagues and as part of the National Championships. The Equalizer® system allows Members with different playing abilities to compete for the title. Additionally, In addition to the Championship Tournaments, in 1994, as the Governing Body of Amateur Pool, we introduced the U.S. Amateur® billiards championship, Championship®, a scratch pool tournament open to the finest Member and non-Member amateur players. The U.S. Amateur Championship® has most recently been held in Tampa, Florida. Finally, in 2014 we began offering and administering the APA Juniors Championship, a handicapped pool tournament open to Junior Members who are under the age of eighteen (18) years old. The APA Juniors Championship has most recently been held in Davenport, IA.

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

We do not conduct other businesses. As of the date of this disclosure document, APA operates nine (9) five (5) "APA owned" pool leagues with. APA intends to operate four (4) of these leagues until they can be transferred to new franchisees. Although we promote amateur pool playing throughout the nation and solicit Members for our national association of pool players, we do not presently intend to own and operate any only one "APA owned" local pool leagues on a continuing long-term basis. We, specifically the St. Louis APA in Missouri. Other than the St. Louis APA, we might operate a franchise on a temporary basis as a result of the franchisee's death or disability or pending a transfer. Neither we APA, nor any affiliate, operate a franchise or have any plans to operate or franchise any pool league using any other trademark.

Our Predecessors and Affiliates

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

We are affiliated by common ownership with the Canadian Pool League, Inc. (which does business as the "Canadian Poolplayers Association" or "CPA"), an Ontario corporation. CPA has its principal place of business at 1000 Lake Saint Louis Blvd., Lake Saint Louis, Missouri 63367. CPA operates exclusively in Canada, where it has franchised local pool leagues since 1989. CPA uses APA's System under a license from us. CPA has not offered or sold pool league franchises in the United States and does not offer or provide any products or services to APA franchisees. Also in addition, since 2007, we have franchised a pool league in the Tokyo metropolitan area of Japan, doing business as the "Japanese Poolplayers Association" or "JPA"-Japanese Poolplayers Association or "JPA". Finally, since 2015 we have licensed the APA system to Guangzhou AmePool Sports Service Ltd., a Chinese limited liability company ("AmePool"), pursuant to a license agreement under which AmePool operates an APA sanctioned league in Guangdong Province in the People's Republic of China.

The Franchise Offered

We offer a franchise to operate a pool league within an assigned geographic territory (the "Territory") under our System (the "Franchised League"). The franchise may be granted to an individual (a sole proprietor), partnership (such as a husband and wife) or a business entity (like a corporation or limited liability company). The Franchised League is subject to the terms and conditions of the Franchise Agreement (Exhibit C). The Franchise Agreement will grant you the right to use our System and APA Marks solely within relation to the operation of the Franchised League.

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

You will operate pool leagues in the formats we designate. You must personally manage the Franchised League at all times during your ownership of the League. You may not delegate any of your obligations to any other person without APA's prior written consent. The basic formats for league play are ~~the games~~ matches of 8-Ball and 9-Ball with ~~matches~~ played between two, 5- to 8 person teams. These are the only formats you may use during the Conditional Term of the franchise. [See ITEM ~~12~~14] ~~(League play after~~ After the Conditional Term you may also be ~~conduct~~ conduct play in other approved formats, such as ~~3-person team 8-Ball and 9-Ball, a "ladies divisions, doubles divisions, junior"~~ divisions for players under age 21, and a "masters" division, although ~~there are currently no national or higher level tournaments for such alternative formats~~) divisions. 8-Ball league play is currently operated as the "APA 8-Ball League." 9-Ball play is currently operated as the "APA 9-Ball League". Names Collectively, they are known as the APA Pool Leagues. The names used to refer to our events, or under which our leagues operate, might change from time to time.

You will use our System in operating the Franchised League. We will train you as a new franchisee; provide you with our ~~Operations Manual (called the~~ "League Operators Manual (the "Operations Manual") that thoroughly describes our System and provides our rules and guidance for operation of your business; furnish you our Software Program (as that term is defined in Item for league management, which includes our Equalizer@ scoring and handicapping system; provide ongoing guidance and assistance in operating your business and; provide updates to our Manual to keep you current on additions and changes to our System; give you guidance in the promotion of your Franchised League; and supply you with basic promotional materials, such as fliers and posters, as well as forms needed to operate the league. In addition, we actively promote amateur pool league play in a number of ways; issue membership cards and materials to our Members; establish and update all rules governing league play; act as the highest authority, making final rulings concerning all league play disputes; and conduct ~~annual championship tournaments~~the Championship Tournaments annually.

As an APA franchisee, your business will heavily involve marketing participation in the league to ~~host~~ ~~locate~~ ~~Host Locations~~ and to potential Members. Basic sales techniques are required to solicit ~~best~~ ~~locate~~ ~~Host Locations~~ and players. Ongoing marketing efforts will ~~always be necessary~~ required ~~throughout your time as a franchisee.~~ In addition to marketing participation in your APA league, you ~~are~~ will be responsible for administering play in the Franchised League. Administration of the local league includes scheduling, recording scores, computing skill levels (handicapping), distributing ~~seesheet~~ ~~score~~ sheets, conducting team meetings, making rulings and organizing and administering league and tournament play within your ~~market~~ Territory. Every player in the Franchised League must be a Member of APA and pay an annual membership fee to us, which you are responsible for collecting on our behalf. In addition, you will charge every team (or player) participating in the Franchised League a weekly service fee (the "Weekly Team Fee") for every league match ~~from~~ ~~whether it is played or not~~ played. The Weekly Team Fee you will charge is ~~allocated~~ ~~divided~~ between (1) the "Basic Weekly Fee" ~~from~~ which is your principal source of income from League operations), and (2) the "Players Fund" ~~from~~ which consists of funds dedicated to the purchase of awards and rewards for your teams and players). The Franchised League operates essentially year-round through three sessions.

Members come from a variety of sources including taverns, businesses, social and fraternal organizations and the like. Interest in pool playing is developed in most areas. Furthermore, ~~best~~ ~~locations are usually eager for the extra business and many of them~~ ~~Host Locations~~ often assist in developing teams and generating interesting among potential players as such efforts result in

~~participate~~extra business for the Host Location. Our Equalizer® handicapping system promotes broad interest and participation in league play by assuring that players of all abilities, both men and women, ~~of all abilities~~-can compete and have the opportunity to advance to local and ~~national~~ championship play events. League play is open to anyone over 18 years of age (age 21 in areas that restrict persons under 21 from establishments that serve alcohol).

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

Industry Specific Regulations

We are not aware of any laws or regulations directly applicable to operating pool leagues. Some state and local liquor laws restrict sponsorship of events in taverns and pubs by breweries and distilleries. Liquor regulations might also restrict local sponsorships of teams or league play by liquor distributors, wholesalers or retailers; contributions of prizes and awards by liquor distributors, wholesalers or retailers; and ~~host locations~~ Host Locations where junior division play may be held. Other states or local areas might have or develop such restrictions. Some states and local areas might have restrictions on prizes and awards given to players. Because of the wide variance of laws and regulations, we are not aware of all laws and regulations that could be applicable to your operation as a franchisee and cannot be responsible for ~~interpretations~~ the interpretation or enforcement of future laws or regulations that might be made or changes in the law or regulations applicable in your Territory. You should consult an attorney regarding laws and regulations that might be applicable in your Territory.

ITEM 2

BUSINESS EXPERIENCE

The following is the list of directors, principal officers and other individuals who have management responsibility in our business relating to the sale or operations of our franchised local league. ~~The principal occupation and leagues. Below each individual's name is that individual's business experience of each person, principal position and employers during the past five years, including as well as the names starting date, ending date and locations of prior employers is described below.~~ location of each position held. Unless otherwise indicated, the location of each person is at our principal office located at 1000 Lake Saint Louis Blvd, Lake Saint Louis, Missouri 63367.

Director/President: René Lyle

René Lyle has been the President of APA since April 1995. She was Director of Marketing and Field Operations from June 1988 to January 1994 and Vice President from January 1994 until April 1995. She first joined the APA as an Assistant Field Director in June 1987. In February 1996, she became recognized as a Certified Franchise Executive by completing the multi-year franchise program offered by the International Franchise Association (IFA). She is located at our principal office.

Director/Treasurer: Olendia Bell

Olendia Bell has been the APA's Treasurer and Chief Financial Officer since June 1984. She is located at our principal office.

Director/Secretary: Nancy Hubbart

Nancy Hubbart has been APA's Corporate Secretary since February 1985 and was the APA Office Manager from August 1983 through November 1991. She is located at our principal office.

Vice-President: Pamela Aston

Pamela Aston was a Franchise Support Representative from March 1988 until June 1990 and then Assistant Director of Franchisee Support from June 1990 until December 1993. She served as Director of Franchisee Support from January 1994 until April 1995 when she was promoted to Vice-President. In March 1999, she completed the IFA program and was also recognized as a Certified Franchise Executive. She is located at our principal office.

Vice-President/

General Counsel: ~~Mark Packer~~Paul Woody

~~Mark Packer joined APA in January, 2008, where he is involved in management as well as acting as APA's in-house attorney. He handled legal work for APA as outside counsel over a number of years. From 1982 to 1995, Mr. Packer was partner of a law firm, representing clients in business, commercial, and franchise law. From 1995 until 2006, he shifted to business as chief operations officer of a consumer products manufacturer. He returned to the practice of law in late 2006, before joining APA. Mr. Packer achieved the Certified Franchise Executive designation from IFA in 2010. Paul Woody has served as APA's General Counsel since July, 2015. From 2012 to 2015, Mr. Woody was an attorney with Blitz, Bardgett & Deutsch, L.C. in St. Louis, Missouri. From 2011 until 2012, Mr. Woody was a sole practitioner attorney operating as The Paul Woody Law Firm, LLC in St. Charles, Missouri. He is located in our principal office.~~

Director and Chairman of the Board: Terry L. Bell

Terry L. Bell has served on the APA Board of Directors since 1981. Mr. Bell served as President of APA from its founding in 1981 until February 1988 and as President and Chief Executive Officer from February 1988 until 1995 when Ms. Lyle was promoted to President. His business experience includes service as a military officer, owning and operating his own pocket billiard establishment, creating and operating his own pool league and being a nationally ranked professional player since 1975. He is located at our principal office.

Director: Michael Bell

Michael Bell has served on the Board of Directors of APA since 1985. He is not an officer of APA and does not participate in the day-to-day management. He is located in the St. Louis metropolitan area.

Brokers

APA does not use franchise brokers to market franchises. We do not consider our franchisees to be franchise brokers, but we do have a program to reward existing franchisees for the referral of new franchisees. Under the program, an existing franchisee may receive up to \$1,000 if the new franchisee has played APA pool in their area within the last two years. This amount may be split between existing franchisees if the new franchisee has played in more than one area within the last two years. An additional \$4,000 may be received by the existing franchisee if their referral reaches

predetermined team growth goals within two years from the execution of franchisee agreements with APA. No referral award is paid to a franchisee in connection with the sale of all or a portion of its own rights in the franchise territory. This program may be withdrawn by APA, without notice.

ITEM 3

LITIGATION

~~No litigation is required to be disclosed in this item.~~ Canadian Pool League, Inc. v. John Croft and Kelly Croft, Court File No. CV-15-528266, pending in the Ontario Superior Court of Justice, Ontario Canada, filed May 14, 2015 (the "Croft Action").

The Canadian Pool League, Inc. d/b/a the Canadian Poolplayers Association ("CPA") is an affiliate with APA through common ownership. In 2015, CPA brought the Croft Action against John Croft and Kelly Croft (collectively the "Crofts"), former CPA franchisees. The Croft Action is based on several breaches of the parties' franchise agreement committed by the Crofts prior to the franchise agreement being terminated by CPA on April 4, 2014. The alleged breaches include, but are not limited to, the Crofts'; failure to remit royalties due to CPA; interest in leagues that competed with CPA; solicitation of CPA members for a competing pool league; and marketing of goods, services or events not related to CPA to CPA members. After the Croft Action was filed, but before the Crofts answered the allegations stated in the Croft Action, the Crofts filed for bankruptcy. The Ontario Superior Court of Justice in Bankruptcy and Insolvency automatically stayed all proceedings in the Croft Action until the bankruptcy court dismisses the bankruptcy action or issues the Crofts a discharge.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

When you sign the Franchise Agreement, you must pay us an Initial Franchise Fee based upon the population within your assigned Territory. The Initial Franchise Fee for a ~~territory~~ having a population of 400,000 people (or fewer) is \$10,000. If the Territory has a population over 400,000 persons, the base fee of \$10,000 is increased by \$500 for each increment of 50,000 persons ~~to~~ or portion thereof, over 400,000 residing in the Territory. Population is determined by using the Population Estimates Program, Population Division, U.S. Bureau of the Census, released April 2012 ~~July 2014~~ (www.census.gov).

Initial Franchise Fee

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

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

The APA Franchise System is a member of the International Franchise Association ("IFA") and participates in the IFA's VetFran Program ("VetFran Program"). As a participant in this program, we will discount 25% of initial franchise fees to veterans of the United States Armed Forces who otherwise meet the requirements of the VetFran Program. The applicant/Franchisee must document that he/she is eligible to benefit from the VetFran Program (e.g. honorable discharge). For more information about the VetFran Program, go to www.vetfran.com.

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

ITEM 6

OTHER FEES

<i>(Column 1)</i> Type of fee <i>(Note 1)</i>	<i>(Column 2)</i> Amount <i>(Note 1011)</i>	<i>(Column 3)</i> Due date	<i>(column 4)</i> Remarks
Weekly Royalty	Standard Team 8-Ball: The greater of \$2.50 per team or 20% of the feeBasic Weekly Fee charged each team weekly.	Weekly - Due on 4th day after each week's play and delinquent if not	The royalty is payable to us for all matches for which you collect payment. (Note 3)

(Column 1) <i>Type of fee</i> (Note 1)	(Column 2) <i>Amount</i> (Note 1011)	(Column 3) <i>Due date</i>	(column 4) <i>Remarks</i>
	Other Formats: 20% of the fee. <u>Basic Weekly Fee</u> charged each team weekly. (Note 2)	received by the 12th day.	
Player Membership Fees	The Annual APA Membership Fee – currently \$25 per player per year.	Annually or on the <u>date</u> of the player first participating in your league each year.	All players must be APA Members. You are responsible for collecting and paying us the required membership fees for all players unless they are disqualified or disqualifying the players on a timely basis for failing to remit the <u>membership fee</u> when due.
Royalty on Merchandise with APA Marks (Note 4)	You must pay us 5% of the purchase price of merchandise bearing any APA Mark purchased for resale, from a vendor other than an APA Licensed Supplier, if you choose to purchase such merchandise. (Note 4).	Payable 10 days after receipt of the merchandise.	
Software Upgrade Fee	We reserve the right to charge from time to time (but no more often than once during a three year period) a software upgrade fee to all franchisees for new versions, major enhancements or upgrades, to the Software Program used to operate your league.	License fees are limited to 50% of the cost of the new version, major addition or enhancement. Due on the due date stated in the invoice	Software Upgrade Fees are limited to 50% of the cost of the new version, major addition or enhancement.
Software Support and Maintenance Fee (Note 5)	\$242 per year. (Subject to change annually. Increase limited to 10% annually, without approval of the Software Advisory Board).	Annually. Due January 1 and delinquent if not paid by January 15.	Support and Maintenance for first 12 months of operations included in Initial Franchise Fee, for newly granted franchises (Note 5).
Advertising (Note 6)	As assessed by the advertising plan approved by area	Payable upon the plan going into effect unless	Any plan must be approved by two-thirds (2/3) of the

<i>(Column 1) Type of fee (Note 1)</i>	<i>(Column 2) Amount (Note 1011)</i>	<i>(Column 3) Due date</i>	<i>(column 4) Remarks</i>
	franchisees. Maximum - 5% of gross revenue. (Note 7)	otherwise provided in the plan.	votes cast by franchisees in the plan's area. Corporate owned outlets are not eligible to vote on advertising plans.
Audit (Note 8)	Unpaid money If an audit reveals that you have understated amounts due to APA by more than 2% you must pay the full amount owed, plus, interest at 1.5% per month, applicable late fees and the costs of the audit.	Within 14 days after notice of audit results.	
Late Fee (Memberships)	Unpaid membership fees plus \$5 per unpaid member and interest of 1.5% per month (or such lesser amount allowed by law).	Upon your obligation being delinquent.	These fees are subject to increase by a change to the Operations Manual.
Late Fee (Royalties)	Past due Royalties or other payment plus \$20 per late payment and interest of 1.5% per month (or such lesser amount allowed by law). Late fees may be assessed again with respect to a delinquent amount if such amount is not paid on or before the due date of the next weekly royalty payment.	Upon your obligation being delinquent.	These fees are subject to increase by a change to the Operations Manual.
Late Fee (Scoring teams scheduled)	\$20	Late fee is charged if 20 or more matches are unscored (for leagues less than 300 teams) or 10% of the matches are unscored (for leagues over 300 teams) in the Software Program by the Wednesday following each League Week	These fees are subject to increase by a change to the Operations Manual.

(Column 1) <i>Type of fee</i> (Note 1)	(Column 2) <i>Amount</i> (Note 1011)	(Column 3) <i>Due date</i>	(column 4) <i>Remarks</i>
Late Fee (Local Singles Qualifier Boards)	\$24 for each local singles qualifier board submitted 30 or more days after the board was played; \$4420 additional for each board submitted 60 or more days after it was played.	Upon your obligation being delinquent.	These fees are subject to increase by a change to the Operations Manual.
Late Fee (Local Team Championship paperwork)	\$250 per slot for late paperwork packets for each team advancing from your Local Team Championship {"LTC"}	Fee incurred upon the packets being late, however not due until billed in July. Packets are late if not received by the APA Tournament Department within 10 days of completion of your LTC (5 days if your LTC is held the third weekend of June).	PossibleIn addition to these fees you may face a possible loss of team eligibility and possible loss of a tournament slot the following year- if packets not submitted timely. These fees are subject to increase by a change to the Operations Manual.
Late Fee (Skill Level Reevaluation Forms)	\$10 per day (\$100 maximum)	Charged if skill level reevaluation forms must beare not returned to APA's Tournament Department by due date in March, July and December.	These fees are subject to increase by a change to the Operations Manual.
Late Fee (Preregistered NTC eventShowdown Series entries and setup)	\$100 for each 8-ball doubles team, 9-ball doubles team, wheelchair entry, and jack-and-jill doubles team and; \$150 for each masters team-entered or set-up late, and \$200 for each ladies team.	Fee is charged if (a) team's entry form for a preregisteredShowdown Series event-team is not received by the APA Tournament Dept. by the due date or (b) the team is not set up in the Software Program by the due date.	These fees are subject to increase by a change to the Operations Manual.
Unearned Slot Premium	\$100-\$450	Unearned Slot Premium is due at the time you pay	Leagues that do not have a sufficient number of teams

<i>(Column 1)</i> Type of fee <i>(Note 1)</i>	<i>(Column 2)</i> Amount <i>(Note 1011)</i>	<i>(Column 3)</i> Due date	<i>(column 4)</i> Remarks
		your tournament registration.	participating to earn a slot at the APA World Pool Championship may be awarded, in our sole discretion, an unearned slot at that tournament. The premium charged for an unearned slot varies.
Extension of Conditional Term (Note 9)	\$250	Upon any grant of an extension granted of the Conditional Term.	We have no obligation to extend the two-year Conditional Term, but if one is granted this fee applies
Franchise Transfer Fee	\$1,500	At time of transfer of your franchise.	No charge if transfer is to a corporation or limited liability company 100% owned by you. This fee is subject to increase by a change to the Operations Manual.
3 Days of Required Additional Training during First Year	Your expenses in attending such training.	As incurred, but approximately 6 to 9 months after the start of the operation of your franchise.	There is no additional training fee for this session.
Other Additional Training	Your expenses in attending and any training fee we might set (which will be fair and reasonable).	As incurred.	
Additional Assistance Beyond What Is Outlined In The Operations Manual and Franchise Agreement	Our expenses plus reasonable charge for our services.	As incurred.	

<i>(Column 1)</i> Type of fee <i>(Note 1)</i>	<i>(Column 2)</i> Amount <i>(Note 1011)</i>	<i>(Column 3)</i> Due date	<i>(column 4)</i> Remarks
Operations Manual Replacement Fee	\$500 for operations manual.	If manual is lost or misplaced. Prior to us sending you the new Operations Manual.	Payable for replacement of your Operator's Manual if it is lost or misplaced.
Costs and Attorneys Fees	Will vary under the circumstances.	As incurred.	Payable by you if you are the non-prevailing party in any litigation or arbitration.
Indemnification	Will vary under the circumstances.	As incurred.	You reimburse us if we incur costs, including attorneys' fees, or are held liable for claims arising from your operations. APA indemnifies you from third party claims caused solely by conduct by of APA adjudged to be wrongful or a breach of the Franchise Agreement.
Insurance Premium (Note 10)	If you opt to purchase insurance through the Shile Insurance Group, Inc. APA will collect your premium in one payment made annually. The amount of the premium will vary year to year. In 2015, the annual premium is \$465.67.	Each March	While APA requires each League to have a minimum amount of insurance, you are not required to purchase your League's insurance through the Shile Insurance Group, Inc. If you do, APA will collect your premium payment. If you purchase your insurance through another source, you will be responsible for paying all premium directly to the insurer/broker whenever that premium is due.

NOTES TO ITEM 6 - OTHER FEES

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

Note 2

Our standard formats for weekly play are 5-person team 8-Ball and 9-Ball. Other supplemental formats (not available during your Conditional Term) are described in the Operations Manual. Designated formats may be changed by us. Each player or team is required to pay you the Basic-Weekly Team Fee, or the individual player's portion thereof for matches, played or unplayed, which you are responsible for collecting. You are also responsible for disqualifying any player or team that fails to pay the Basic-Weekly Team Fee. While we will recommend an amount to be charged as the Basic-Weekly Team Fee, you may charge any amount you believe is prudent for your ~~own~~ local market. In addition to 20% of the royalty fee owed on the Basic Weekly Fee, ~~the 20% royalty fee you will also apply~~ the 20% royalty fee required to pay a 20% royalty fee on any other fees, dues or moneys received by you from players, teams, Host Locations, or team or local sponsors, except that you may collect, without paying a royalty to APA, (a) a Players Fund, which consists of additional dues or fees collected from teams/players to fund trophies, tournament travel for teams advancing to ~~APA higher level tournaments~~ Championship Tournaments, banquets, prizes, or similar awards or rewards for player/team participation and accomplishments while playing in your league during the league year ~~(a "Players Fund")~~; (b) amounts for awards and prizes or in-kind awards or prizes received from ~~host locations~~ Host Locations or team sponsors; and (c) amounts received from ~~Local Sponsors~~ local sponsors, local advertising revenue secured by you or amounts received from ~~host locations~~ Host Locations in exchange for conducting tournaments in their facilities. Amounts collected for a Players Fund or from ~~host locations~~ Host Locations or team sponsors and any in-kind awards and prizes must be separately accounted for, held in trust by you, and entirely returned to the players in the form of prizes, awards, tournament travel or awards ceremonies. The amount charged and collected into your Players Fund for the league year should be closely related to your expected expenses in trophies, tournament travel for advancing teams/players, and the other awards and rewards you provide for your teams and players for that league year. If you collect excess funds in your Players Fund (beyond what is needed to pay for your awards and rewards program), it might be permissible for you to roll a reasonable amount of the excess, if justified, into your Players Fund for the next league year, as provided in our Operations Manual. More commonly, the excess in your Players Fund, or received from ~~Host Locations~~ or team sponsors may be taken ~~into~~ as income by you, provided you pay APA its 20% royalty on the excess taken as income. If your state or locality imposes a sales or similar tax on the Weekly Team Fee, or the Basic Weekly Fee, you must collect that tax on APA's behalf and remit it to us.

Note 3

You must pay the ~~royalty fee~~ based on all matches, played or unplayed, for which you collect payment. If your state or locality imposes a sales or similar tax on the royalty fee, you must collect that tax on APA's behalf and remit it to us.

Note 4

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

Note 5

To manage your Franchised League under our ~~national~~ System, you must use our proprietary Software Program, which you agree is highly confidential and a trade secret. The Software Program is an integral part of our System and necessary to provide uniform scoring and handicapping, safeguard against sandbagging, and otherwise administer your Franchised League and report on your operations within our System. The Software Program might be further developed, enhanced and modified to continue to meet the developments and needs of our System, and you must operate the Franchised League during the Term under our then current version of the Software Program. The license to our System granted by the Franchise Agreement includes the loan of the Software Program, and training in operation and use of the Software Program. Telephone support and any updated versions of the Software Program are provided to new franchisees ~~at no additional charge during the first 12 months of your operations;~~ however, if you enter into a Franchise Agreement is ~~executed because~~ pursuant to your franchise being renewed or pursuant to your franchise is being renewed or transferred to you from another franchisee, the fee for this support is due upon execution of the Franchise Agreement. Annually, but after this initial 12-month period if it applies to you, you must pay a Support and Maintenance Fee under which you receive corrections and any minor updates of the Software Program ("~~Maintenance~~") and continued telephone support in operating the Software Program. We reserve the right to charge software upgrade fees from time to time for any new or modified versions or upgrades. If your initial 12-month period ends before January 1, your Support and Maintenance Fee for the interim period is pro-rated. The Software Program, including any updated versions or other modifications are provided "as is." We agree that increases in the Software Support and Maintenance Fee are limited to an increase of no more than ten percent (10%) per year, without approval of the Software Advisory Board. Access to the Software Program must be limited so as to protect the confidentiality of the System and Software Program for the benefit of our franchisees and us. Only designated APA personnel and third party contractors designated by APA are authorized to provide support and maintenance to the Software Program.

Note 6

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

Note 7

Gross revenue means all Basic Weekly Fees charged or required to be paid to you by players and all other fees, dues, and moneys received by you in the operation of the league (except Membership Fees and Players Funds) during any timeframe established under the advertising plan.

Note 8

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

Note 9

The Franchise Agreement grants an initial two-year Conditional Term. ~~You must~~ within the Conditional Term, you must meet certain performance requirements. (See ITEM ~~1212~~). If you do not meet the performance requirements during the Conditional Term, the franchise expires.

Note 10

~~The fees listed in this Item are uniformly imposed on all our franchisees.~~

Note 10

APA requires that you purchase and maintain, at all times during the franchise, insurance with such minimum standards, coverage and limits as we require in the Operations Manual. Such requirements may be changed or increased by us. We do not require that you purchase the required insurance from any particular source. We have, however, made arrangements with Sible Insurance Group, Inc. to offer insurance to APA franchisees that meet our coverage requirements. The cost of insurance set forth above is based on the premium currently being charged by Sible Insurance Group, Inc. to each franchisee who is participating in the insurance program. For those franchisees that purchase the insurance offered through the Sible Insurance Group, Inc. APA collects each franchisee's premium. The Insurance Program is discussed further in ITEM 8, below.

Note 11

The fees listed in this Item are uniformly imposed on all our franchisees, except that late fees and franchise transfer fees may be waived, at our sole discretion, if we determine that the circumstances warrant.

ITEM 7

ESTIMATED INITIAL INVESTMENT

Your Estimated Initial Investment (Note A)				
Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
Initial Franchise Fee	Based on Population of Territory, base fee \$10,000-\$14,000 (Note B)	lump sum Partial deposit with the remainder being paid as a lump sum	At \$500 deposit due at Discovery Day, Remainder due at signing of Franchise Agreement	APA

Your Estimated Initial Investment (Note A)				
Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
Equipment/ Computer Software and Hardware	\$2,000 - \$3,250 \$350 - \$4,300 (Note C)	Lump sum Paid as equipment is acquired.	Before operations	Vendors unrelated to APA, chosen by you
Broadband Internet Access	\$30-\$50 monthly (Note C)	As incurred	Before operations	Broadband Internet Service Provider chosen by you
Training Program Expenses	\$700 - \$1,700 \$882 - \$2,272 (Note D)	As incurred	At time of training	Airlines/Air travel, car rental, hotels, restaurants
3 Days Additional Training during First Year	\$450 \$588 - \$1,350 \$788	As incurred	6 to 9 months after the start of operation of your franchise.	Airlines/Air travel, car rental, hotels, restaurants
Real Estate & Improvements	\$0 (Note E)	N/A	N/A	N/A
Initial Inventory	\$0 (Note F)	N/A	N/A	N/A
Insurance	\$523,874 \$65,674 (Note G)	Lump sum or in regular payments as required by your insurer	Before operations	Insurance company To APA or to your chosen insurance company or insurance broker
Attorney/ Accountant fees	\$1200 (Note H)	As incurred	As required under the fee arrangements you enter into with your attorney or accountant	The attorney and/or accountant of your choice

Your Estimated Initial Investment (Note A)				
Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
Additional Funds - 3 months	\$3,000 (Note H)D	As incurred	As incurred	
Total Estimated Initial Investment	\$16,704 \$19,874 <u>\$18,575.67</u> - <u>\$27,175.67</u> (Note I)H-)			

NOTES TO ITEM 7 - INITIAL INVESTMENT

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

Note B The estimate shown is for a newly franchised Territory with a population of 400,000 people (or fewer) to 800,000 people. The initial fee is based on \$10,000 plus \$500 for every 50,000 people, or portion thereof, over 400,000 in population in the Territory. See ITEM 55. For example, if the population of the Territory is (a) 500,000 people, the initial fee would be \$11,000, (b) 800,000 people, the initial fee would be \$14,000. Territories with a population of 300,000 to 800,000 are a typical range of size of Territories granted by the Company, us though Territories can have more than 800,000 and less than 400,000 people.

Note C You are required to use APA's confidential and proprietary Software Program in managing the franchise. The Software Program is loaned to you, the cost of which is included in your initial franchise fee-Initial Franchise Fee. To use the Software Program in your operations, you must have a computer system as described in ITEM 88. The estimated cost of a computer system meeting the suggested requirements from a typical computer vendor is \$1,800 to \$2,5003,000. You must acquire and maintain Broadband Internet (such as cable, DSL or other high-speed broadband connection, but not internet provided by satellite) access. We provide you a local league website and email address to use, currently free of charge. You will need to purchase Microsoft Word for word processing and the Microsoft Excel spreadsheet program-f, which you can purchase individually or as part of Microsoft Office). You, The purchase of these programs will also need to buy Microsoft Streets & Trips, a mapping likely be between \$250 and location program that will be used to plot your actual and potential host locations for league play \$350. In terms of financial software you can keep the financial records of your franchised business on a spreadsheet program-f, like Microsoft Excel). We suggest, however, that you purchase and use a basic business financial software package-f, such as QuickBooks). Such programs will likely cost between \$200 and \$350. We do not receive compensation from Microsoft or any third-party software provider that we require or recommend. You will need a scanner (with a legal size scanning bed). You will also need a telephone answering/ voice mail system for your the landline or cellular phone you use for league operations. We believe the scanner and answering/ voice mail system can be purchased for \$300 to \$600. Furthermore, you will need basic office furnishings, such as a filing cabinet, desk and desk chair are also necessary. Depending on the size and characteristics of your Territory, APA may, in our judgment, require you to purchase and use a GPS device. Suitable GPS devices cost \$150 to \$250.

Note D You must pay a \$500 deposit to reserve your Territory and your place at our next available training program. If you fail to attend, without canceling 7 days before the program and rescheduling to the next regularly scheduled program, your deposit is forfeited. If you successfully complete the training program and we accept your application and sign the Franchise Agreement, your \$500 deposit is fully applied to your initial franchise fee. You are responsible for all travel, lodging and meals in attending the training program. The 6 day training program is held in the metropolitan St. Louis, Missouri area, so the closer you are to the site, the lower your travel expenses will be. The cost of air travel will vary greatly depending upon your location and how far in advance you book any flight, and could range between \$300 - \$1,200 (or more) round-trip. Car rental prices will also vary, but can be expected to be around \$60 per day. Lodging (next terates near the training site) approximates \$48, are approximately \$52 per night. You should expect meals to average \$25.35 per day. Taxi service between the St. Louis airport and the training site is about \$60 (75 each way). A travel agent is available on request to assist you in making arrangements or to help you estimate costs from your location. Expenses in attending the training are non-refundable unless you timely and successfully complete the training program and, thereafter, we decide not to accept your application and do not sign the Franchise Agreement. Only in this event will we reimburse you for your actual travel expenses (transportation, lodging and meals) for which you have receipts. We will not in any event or circumstances reimburse you or be liable for any loss of profits, business, opportunity, time or wages or any other consequential, incidental, reliance or special damages of any kind.

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

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

Note G APA requires that you purchase and maintain, at all times during the franchise, insurance with such minimum standards, coverage and limits as we require in the Operations Manual. Such requirements may be changed or increased by us. We do not require that you purchase the required insurance from any particular source. We have, however, made arrangements with Sible Insurance Agency Group, Inc. to offer insurance to ~~APA franchisees~~ that meets our coverage requirements to APA franchisees. The cost of insurance set forth above is based on the premium currently being charged by Sible Insurance Agency Group, Inc. to each franchisee who is participating in the insurance program. The Insurance Program is discussed further in ITEM ~~88~~, below.

~~Note H~~ Note H APA recommends that you retain an attorney and/or accountant registered in the state where your franchise will be located to advise you on how to structure the ownership of your League, to advise you regarding compliance with any applicable laws or regulations, and to advise you regarding your tax obligations. APA estimates that the initial costs for retaining these types of professionals is \$1,200.00 however rates vary considerably between professionals and even geographic regions. The amounts you pay to your attorney and/or accountant of choice will depend upon the specific rates charged by those professionals.

Note I You will need additional funds to support ongoing expenses in operating your Franchised League (such as ~~auto expense~~automotive expenses and telephone service) to the extent these costs are not covered by League revenue. New businesses often generate negative cash flow. Most APA franchisees start operations with no salaried employees and work

out of their homes to reduce their out-of-pocket expenses and need for working capital. Our estimate of additional funds does not include wages or compensation for you or any employee, nor rent or cost of an office. Initial operations will heavily involve calling and traveling to numerous potential ~~best-locations~~Host Locations and organizations to develop interest in the Franchised League. We estimate that the Additional Funds stated in the Table will be sufficient to cover your ongoing out-of-pocket expenses of the Franchised League (such as automotive expenses, telephone service, your business license, stationery and business cards) for the start-up phase of your business, which we calculate to be 3 months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. Typically, it takes 45 days to start active league play. Revenue from this franchise depends entirely on developing and growing active league play -- no teams, no revenue, few teams, little revenue. Development of the local league you operate will vary depending on factors such as your effort, your ability, the season, size of your market and competition you face. Accordingly, your revenue from league activity could continue to be minimal well beyond the 3 month estimated start-up phase.

Note 4) The estimate shown is for a franchised Territory with a population of between 400,000 people (or fewer) and 800,000 people. Please note that a significant portion of your initial investment is the initial fee, which is based on the population within your Territory. A franchisee with a larger Territory population will pay a larger initial fee as determined by the formula described in Note B (above) and in ITEM 5. For example: If the population of the Territory's population is 500,000 persons, the initial fee would be \$11,000, resulting in an estimated Initial Investment in the range of \$17,70419,575.67 to 20,87424,175.67. If the Territory's population is 800,000 persons, the initial investment would be \$14,000, resulting in an estimated Initial Investment in the range of \$20,70422,575.67 to \$23,87427,175.67. We have relied on our 30 years of experience in pool league operations to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Computer System

You must purchase a personal computer, printer and related equipment to run APA's~~the~~ Software Program ~~used to~~and administer the Franchised League. You are required to have Broadband Internet access. We provide you a local league website and email address to use, currently free of charge. Your computer, printer and related equipment must meet certain specifications in order to operate the Software Program. We strongly recommend that you purchase a computer system, capable of being upgraded, to better meet your future needs. Because of the rapid changes in computer technology, a computer meeting only the following requirements might not be suitable to operate future versions of the Software Program, functions that might become required for league operations, or other software that you might wish to use in your business. The following describes the recommended specifications.

Equipment	Recommended Specifications
Computer	Windows-Based Machine
Processor	Dual Core or higher

Equipment	Recommended Specifications
Monitor	LCD Monitor (1024 X 768 resolution)
Keyboard	Enhanced 101 keyboard
Hard Drive	120 Gigabytes or higher
RAM	4 Gigabyte or higher
Optical Drive	DVD-Burner
Operating System	Windows 7 or higher
Printer	HP Laser Jet or Inkjet
Broadband Internet Access	Required (high speed, DSL, Cable, T1), Satellite Internet and Wireless not recommended/not supported.
Internet Browser	Google Chrome
Electronic Mail Account	Required
Firewall and Anti-Virus Protection	Required
Accounting Software	Quick Books (recommended)
Scanner/Mapping Software	MS Streets & Trips Color, Letter size paper, 600 dpi (minimum)
Scanner	Color, Legal size paper, 600 dpi (minimum)

A number of brands of personal computer systems meet the recommended specifications and are widely available at stores that sell personal computers and equipment. We recommend Microsoft Windows 7, or higher as the operating system of your computer. We do not currently sell or lease computer hardware, receive no revenue from franchisee purchases of computer hardware, and do not expect to in the future. We set our specifications based on the operating features and characteristics needed to run the Software Program and, in our judgment, for efficient operation of the local league and our national league system, the System. APA is responsible for the support of the league Software Program but we recommend that all franchisees you have locally available support locally for any other hardware/software issues you may have that are not related to the league Software Program. You will need to purchase an HP Laser Jet or Inkjet printer and a color scanner. There are several different versions of HP all-in-one printers that combine color printing with, fax, scanning and photocopying functions. We estimate your computer system will cost approximately \$1,800.100 to \$2,500.600 (about 18.24% to 37.27% of your total purchases, excluding your Initial Franchise Fee, in establishing your business).

You must have a local league telephone. We recommend that part of your league-local league telephone system include a cell phone, preferably a smart phone with a data package. You must have a telephone answering system – which may be your cell voicemail and/or a land-line with an answering machine.

Insurance Requirement

APA requires that you purchase and maintain, at all times during the franchise, insurance with such minimum standards, coverage and limits as we require in the Operations Manual. Such requirements may be changed or increased by us. We do not require that you purchase the required insurance from any particular source. ~~We~~ Through our broker, Shile Insurance Group, Inc. we have, however, made arrangements with American Specialty Insurance & Risk Services, Inc. and Greenwich Insurance ~~Co.~~ Company (collectively "American Specialty"). To offer insurance to APA franchisees that meets our coverage requirements (the "Insurance Program"). The annual premium currently being charged by American Specialty to each franchisee participating in the Insurance Program is \$523,874.65.67. You may participate in this Insurance Program if you choose. The coverage, premium, and other terms and conditions on which American Specialty might offer insurance to APA franchisees might be changed by American Specialty. We cannot promise that the Insurance Program will continue; ~~or~~ that American Specialty will continue to offer insurance to franchisees ~~or~~ that insurance with the same coverage, premium, terms and conditions will be offered by American Specialty; or that we will be able to ~~arrange~~ enter into a similar arrangement with any other insurance carrier to provide insurance to franchisees or to provide insurance with similar coverage, premiums, terms and conditions. We estimate that the annual premium for insurance should be less than 5% of your total annual operating expenses. ~~Yet, however~~ your total expenses might vary substantially depending on a number of factors, including the size of the league you operate and the level of other expenses you choose to incur in operating the league. We do not receive any compensation from the purchase of insurance by franchisees from American Specialty.

Sponsorships

We might, from time to time, acquire international, national, or regional sponsors ~~for~~to sponsor league play, tournaments, events, and/or other matters. A sponsor will typically authorize you to use its name and ~~Mark~~trademarks subject to restrictions the sponsor might require as a condition to sponsorship. For example, a sponsor might require it be the "title sponsor" of an event; have the right to reject other co-sponsors; require us and you to use the sponsor's product; or prohibit us and you from using products of, or accepting sponsorship from, the sponsor's competitors. You must abide by the sponsor's rules. Such sponsorships might expire, terminate or change. New sponsors might also be added. Sponsors may add or change their rules. We do not promise the continued sponsorship of any sponsor. Current sponsors and rules are described in our Operations Manual and we will provide you with written updates. Although you may solicit ~~local businesses~~ ("individuals or entities to be local sponsors") ~~as sponsors of your local league play or events~~ ("Local Sponsors"), we have the right to reject any ~~local sponsor~~ Local Sponsor who, in our judgment, would conflict with an international, national or regional sponsor or reflect negatively on our goodwill or our, trade names, service marks, trademarks, or league system. Sponsorships are arranged by us with the Sponsor at no charge to our franchisees. Franchisees are not required by any current Sponsorship Agreement to lease or purchase any product or service offered by a Sponsor. However, Franchisees can, at their option, purchase pool cues and cue cases bearing the APA logo at wholesale prices from Cuestix, Inc. the supplier of the official cues and cases of APA and a sponsor of the Championship Tournaments. APA's sponsorship agreement with Cuestix prohibits APA or any APA League Operator from ordering, purchasing, selling or distributing any cue or cue case with the APA logo other than those manufactured by Cuestix. APA does not receive any revenue from a franchisee purchasing or leasing a Sponsor's product or service beyond what revenue it receives when an APA Member purchases a Sponsor's product or service.

Merchandise

Franchisees are not required to purchase or sell any league-related merchandise ~~(such as wearing apparel, pool cues, cue cases and other items)~~. We do offer merchandise bearing trademarks ~~APA's Marks and logos associated with the league~~ APA for sale to member players through licensed suppliers. ~~Members and franchisees may also purchase this merchandise for resale to local league~~

~~members. If you purchase APA merchandise for the purpose of resale other than from an APA licensed Vendor, you must pay to APA five percent (5%) of your purchase price. No royalties are due for APA merchandise purchased for distribution as Member incentives or give-aways. Franchisees, We authorize suppliers to sell merchandise bearing our trademarks or logos. APA Merchandise provided they become an APA Licensed Vendor, meaning they have a written license from us and meet certain quality specifications. If you do purchase or sell league-related merchandise, the merchandise must come from us or from a supplier we authorize. The amount of royalties we receive from such arrangements, and the quality specifications required, depend on the nature of the merchandise. Many franchisees find it desirable to market our league related merchandise because it promotes loyalty and league identity among local player members. We might in the future offer programs to franchisees to promote the marketing of merchandise to members. If you do purchase or sell league-related merchandise, the merchandise must come from us or from an authorized supplier. Members. Franchisees may purchase this merchandise for resale to Members in their local league or to be given away as incentives to the Members in their local leagues. If you purchase APA merchandise from a vendor other than from an APA Licensed Vendor for the purpose of reselling that merchandise to the Members of your local league, you must pay a royalty to APA equal to five percent (5%) of your purchase price. However, as stated above, pursuant to the terms of APA's sponsorship agreement with Cuestic, Inc., you may not order cue sticks or cue cases bearing the APA logo from any source other than Cuestic, Inc. No royalties are due on any APA merchandise purchased for use as give-aways to the Members of your local league. We might in the future, offer programs to franchisees to promote the marketing of merchandise to members.~~

During the year ending December 31, 20145, we received \$26,329,5673,128.29 in revenue from the sale of league-related merchandise. APA Merchandise, representing 170.46% of our total revenue of \$15,572,64616,034,617 for that year.

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

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Article/Section in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Not applicable	Not applicable
(b) Pre-opening purchases and leases	Section 10.4	Item 88
(c) Site development and other pre-opening requirements	No site obligations. Other pre-opening	Items 66, 77 and 114

Obligation	Article/Section in Franchise Agreement	Disclosure Document Item
	obligations: 9.1, 12.1 and 17.1	
(d) Initial and ongoing training	Sections 9.1 and 9.2	Item 11 14
(e) Opening	Not applicable	Not applicable
(f) Fees	Articles 5 and 6	Items 5 5 and 6 6
(g) Compliance with standards and policies/ Operating Manual	Sections 1.2, 7.2, 10.1 - 10.5	Item 11 14
(h) Trademarks and proprietary information	Articles 10, 11 and 14; also Sections 6.4, 7.1 - 7.3	Items 13 13 and 14 14
(i) Restrictions on products/services offered	Sections 4.4, 6.4, 7.1 - 7.3 and 7.6	Item 16 16
(j) Warranty and customer service requirements	Sections 8.1 and 20.2(b)(19)	Item 15 15
(k) Territorial development and sales quotas	Sections 4.2 - 4.3, 12.1, 20.2(a), and 20.2(b)(10)	Item 12 12
(l) Ongoing product/service purchases	Sections 10.4 - 10.6, and 17.1	Item 8 8
(m) Maintenance, appearance and remodeling requirements	No obligation	No obligation
(n) Insurance	Article 17	Items 7 7 and 8 8
(o) Advertising	Article 12	Items 6 6 and 11 14
(p) Indemnification	Sections 15.3 and 16.3	Item 6 6
(q) Franchisee owner participation/management/staffing	Section 13.2	Item 15 15
(r) Records/reports	Section 16.1	Item 6 6
(s) Inspections/audits	Section 16.2	Item 6 6
(t) Transfer	Article 19	Item 17 17
(u) Renewal	Article 18	Item 17 17
(v) Post-termination obligations	Article 14 and 21	Item 17 17
(w) Non-competition covenants	Article 14	Item 17 17
(x) Dispute resolution	Article 23	Item 17 17
(y) Owners/shareholders and their spouses guarantee franchisee's obligations	Section 13.3 and Exhibits F, G, and H	Item 15

ITEM 10

FINANCING

We do not generally offer financing, at this time, nor do we guarantee any notes, leases or obligations. In two cases, both occurring in 2016, prior to the preparation of this Disclosure, APA sold territory that APA controlled as a result of the termination of a prior franchise agreement. APA allowed the new franchisees to pay a portion of the amounts they owed to APA for the purchase of the territory in installments subject to the terms of promissory notes. The decisions to allow these new

franchisees to pay the purchase prices in installments were based on unique and extenuating circumstances specific to those transactions.

In each of those instances, the new franchisees paid APA a down payment and issued APA a promissory note for the unpaid portion of the purchase price. The principal amounts of the notes were \$5,488.72 and \$31,587.37. Both promissory notes required the new franchisees to pay interest at a rate of 2% above the then prime lending rate which in both cases (the latest of the two notes was signed on February 15, 2016) was 5.5%. Per the promissory notes, the new franchisees have between forty-two (42) and seventy-eight (78) weeks to pay all amounts owed. APA did not take a security interest in any property to secure either note. No one other than the franchisees guaranteed the notes given to APA, though if similar arrangements are made in the future, APA may require a franchisee's spouse to guaranty the note if the spouse is not a franchisee. The notes allow the franchisees to prepay the notes without penalty. Per the terms of the notes, if the new franchisees default on a note: APA has the right to accelerate his/her/their obligation to pay the entire amount due at the time of default; and the franchisees would be liable for any court costs or reasonable attorneys' fees incurred by APA in collecting on the debt.

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

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, and TRAINING

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

Pre-Opening Obligations

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

- (1) We will determine and assign your territory. (Franchise Agreement Section 3.1)
- (2) We will train you at one of our regular training programs in St. Louis (metropolitan area), Missouri, as described below. (Franchise Agreement Section 9.1)
- (3) We will supply to you at no charge with a sufficient number of sales aides, such as posters, brochures and the like, based on the size of your territory and a reasonable estimate of prospective members in your area. (Franchise Agreement Section 9.4)
- (4) We will ~~provide loan to you, on loan, with~~ our confidential proprietary Software Program, which contains our Equalizer® handicapping and scoring system and facilitates the record keeping, management, and operation of your Franchised League. (Franchise Agreement Section 10.4)

- (5) We will ~~provide loan to you, on loan, with~~ our confidential and proprietary Operations Manual detailing all aspects of league operation, including mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by us, which you are obligated to follow under the Franchise Agreement. (The Operations Manual's Table of Contents is shown as Exhibit L.) We regularly update the Manual and have the right to change the requirements and specifications. Updates to the Manual, as well as (in the future) the Manual itself, may be posted on our online message board or at another online location. The Manual will be loaned to you for your review before you purchase the franchise

upon you signing a Confidentiality Agreement (Exhibit K). (Franchise Agreement Section 10.3)

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

Post-Opening Obligations

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

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

(2) We will continue to develop and update our Operations Manual and Official Team Manual. (Franchise Agreement Sections 8.2 and 10.3)

(3) We will provide membership reports and other membership information periodically or upon request. (Franchise Agreement Section 9.5)

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

(5) We will conduct, as we consider appropriate, ~~national~~ championship tournaments, including a ~~National~~, but not limited to an 8-Ball Team Championship Tournament, ~~National~~ 9-Ball Team Championship Tournament and a ~~National~~ Singles Championship Tournament. ~~Each tournament's awards, entry fees, tournament dates and site location are set by us annually.~~ (Franchise Agreement Sections 8.2 and 9.5)

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

(7) ~~If we do not~~ We will provide support or maintenance of our Software Program, we will or obtain an authorized vendor to provide such services. (Franchise Agreement Section 10.6)

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

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

(910) We will defend you against any claim by a third party based upon your use of the APA Marks ~~f~~, provided the claim does not arise out of your unauthorized use or misuse of the APA Marks ~~f~~; (Franchise Agreement Section 11.6.)

(1011) We will notify you if we receive notice from a taxing authority that any taxes are due on amounts you collect on our behalf. (Franchise Agreement Section 6.6(a))

(1112) We will indemnify you against any third party claims against you arising solely out of conduct of APA adjudged to be wrongful or any breach of your franchise agreement by APA. (Franchise Agreement Section 15.3(b))

(1213) If you die, we will, upon request, appoint an interim ~~Supervisor~~ Manager for the ~~Franchised League~~ your league at our expense for 90 days (and thereafter upon payment of our reasonable fees and expenses). (Franchise Agreement Section 16.3)

Our Training Program

Training for new League Operators is in four parts: (1) Training Seminar 1 ~~f~~, a comprehensive training program over 6 days at our headquarters facility that you must successfully complete prior to opening your pool league business ~~f~~; (2) Field Training ~~f~~, in-market training where our representative will work with you in developing your marketing strategy, making sales presentations, and ~~it~~ effectively organizing your office ~~f~~; (3) Mandatory Training ~~mandatory~~ Webinar Series ~~f~~, which is a series of webinars ~~with league~~ on league-specific topics ~~f~~; and (4) ~~Follow-up~~ Training Seminar 2, follow-up training held at our headquarters facility approximately 6 months after you began league operations, ~~referred to as Training Seminar 2~~. The following table summarizes the training you will receive.

TRAINING PROGRAM			
(Column 1) Subject	(Column 2) Hours of Classroom Training	(Column 3) Hours of On-the-Job Training	(Column 4) Location
<i>Training Seminar 1</i>			
APA Programs and Franchised League Operation	11.5	0	Lake Saint Louis, MO
League Administration, Scorekeeping/Handicapping and Using the <u>League</u> Software Program	14	0	Lake Saint Louis, MO
Accounting and Reporting	3.5	0	Lake Saint Louis, MO
Sales and Marketing	17.5	0	Lake Saint Louis, MO
<i>Field Training</i>			
In-Market Sales and Marketing, Office Organization	0	21	Franchised Location

TRAINING PROGRAM			
(Column 1) Subject	(Column 2) Hours of Classroom Training	(Column 3) Hours of On-the-Job Training	(Column 4) Location
Webinar Series			
Mandatory Training Webinar Series	0	8	Franchised Location
Training Seminar 2			
Follow-up Training: League Administration, Sales and Marketing	16	0	Lake Saint Louis, MO

Training Seminar 1

Prior to the opening of your business, you (or your managing owner if you are a corporation, limited liability company or a partnership) must attend and complete, to our satisfaction, Training Seminar 1, the initial training program for new franchisees. If your spouse will be active in operating the business, your spouse may attend training. We do not charge you or your spouse (or your managing owner or such owner's spouse if you are a corporation, limited liability company or a partnership) for this initial training program. Training Seminar 1 if you both attend prior to opening your business (although a non-refundable \$500 deposit, which would apply to your franchise fee initial Franchise Fee, is required before training). Training Seminar 1. You are responsible for the costs of attending Training Seminar 1, including costs associated with transportation, lodging, meals and wages. If any other person attends the initial training program Training Seminar 1 or if your spouse attends the initial training program Training Seminar 1 after you have begun operating your business, you must pay our then current fee for each additional person or your spouse.

You are responsible for the cost of attending the training program, including transportation, lodging, meals and wages, attendee. Additionally, new management personnel of the Franchised League you operate may, at our option, be required to attend our training program and Training Seminar 1. If so, you must pay APA's then current fee for such that management personnel's training. We also offer additional training seminars, as we consider appropriate, at which your attendance is optional unless we otherwise require it. You will be responsible for the costs of attending, including any charges by APA. These training seminars will be at such times and places as we might designate. (Franchise Agreement Section 9.1)

The initial new franchisee training program Training Seminar 1 is approximately 6 days in duration, consisting of classroom instruction and hands-on training with our League software system, Software Program. The instructional materials used at training include our Operations Manual, the Nexus Basic Training Manual, and a workbook covering the topics of classroom instruction and related handouts. We require you to sign your Franchise Agreement before you can attend the initial new franchisee training program. The training program is Training Seminar 1. Training Seminar 1 is held on an as-needed basis (generally, at least six times a year) at our headquarters facility in the St. Louis, Missouri metropolitan area.

Field Training

Within the first 2 to 6 weeks after you begin operations, an APA training representative will arrange to visit you in your Territory. Field Training is normally conducted over a 3 day period. The primary focuses of Field Training are to help focus on helping you; plan your strategy for developing league activity within your Territory; and to work with you in making effective sales calls at bars and billiards rooms within your Territory. The APA training representative will also assist with effective organization of your office and the implementation of administration procedures as needed. We do not charge you for Field Training. We pay all travel-related costs of the APA training representative to provide Field Training to you at your location.

Webinar Series

The mandatory Webinar Series will begin the second week upon returning to your league area. This around two weeks after Training Seminar 1. The Webinar Series is a weekly series of webinars that will pertain to address different aspects of operating your league. There is no cost to the League Operator and attendance you to attend the Webinar Series. Attendance is mandatory. Dates for, and information on, the Webinar Series will be provided during Training Seminar 1.

Training Seminar 2

About 6 months following the opening of your business, you (or your managing owner if you are a corporation, limited liability company or a partnership) must attend, and complete to our satisfaction, a follow-up training program consisting referred to as Training Seminar 2. Training Seminar 2 consists of 3 additional days of training. We do not charge you or your spouse (or your managing owner or such owner's spouse if you are a corporation, limited liability company or a partnership) for this follow-up training program. Training Seminar 2 if you both attend the same training session, however, you are responsible for the costs of transportation, lodging, meals and wages associated with you incur attending this training. If any other person attends the follow-up training program Training Seminar 2, or if your spouse separately attends a different 3-day session of Training Seminar 2, you must pay our then current fee for each such additional person or your spouse. The training program is held on an as-needed basis (generally, at least six times a year) at our headquarters facility in the St. Louis metropolitan area.

Our Training Instructors

Traci Tufts: Traci Tufts is APA's Director of Learning and Performance and. Ms. Tufts will instruct/participate in and oversee the training of new APA franchisees throughout during Training Seminars 1 and 2. Ms. Tufts's qualifications include Tufts has a Bachelor's Degree in Special Education as well as being recognized and was certified as a Certified Franchise Executive, having completed after completing the multi-year franchise executive certification program offered by the International Franchise Association (IFA). Ms. Tufts has over 1016 years of experience with APA in training new League Operators and in working in league operation and administration, including proper player handicapping.

Other Training Staff: Ms. Tufts will be assisted in Training Seminars 1 and 2 by approximately 10 other APA staff members each with at least 5 years prior educational or on-the-job work experience in the specific subject matters on which they provide training. The Staff members who assist in training are numerous and may change based on their availability. Typically the Staff APA staff that will assist Ms. Tufts includes Renee Lyle, Pam Aston and Terry Bell. Their whose experience with APA is summarized in ITEM 1.

Tim Devane: Tim Devane handles all Field Training of new League Operators. Mr. Devane has worked in the field of sales and marketing for over 25 years. He has been employed by APA since

1993 and has been responsible for on-the-job training of APA League Operators in sales, marketing and office operations since 1993 throughout his employment.

Marc Lancaster: Marc Lancaster handles field training with designated League Operators. Mr. Lancaster has been an APA Franchisee in Raleigh, Durham, Chapel Hill APA since 2003 and a partner in APA Memphis since 2010. He has been nominated for League Operator of the Year 8 times, earned a Growth Achievement award 6 times, and been a President's Club Award recipient and has earned multiple Administrative and Helping Hands Awards.

Advertising Program

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

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

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

We would have the sole authority to administer and manage the advertising program and any advertising funds collected and the advertising under that program. We are not obligated to administer the fund or make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that you benefit directly or according to your proportion of money given (pro rata) from the placement of advertising. We would only be obligated to spend the funds in accordance with the approved plan. If you are assessed under such an advertising plan, you may obtain an unaudited financial statement of the advertising fund upon request. We are not obligated to audit this fund. You would also be permitted review our financial books and records concerning administration of the advertising fund upon reasonable notice. We do not currently have an advertising council of franchisees or an advertising cooperative. We will not use ~~the any franchisee funded~~ advertising program to promote the sale of new franchises.

Computer Software and System

~~To~~You must use our proprietary Software Program to manage the Franchised League under our ~~national System, you must use our proprietary.~~ The Software Program, which may be further

developed, enhanced and modified to continue to meet the developments and needs of our System. Your obligation to use our then current version of the Software Program (currently known as ~~APXUS~~Nexus) during the Term and to pay an annual Maintenance Fee after your initial 12 months of operations is described in Note 5 to ITEM 66 of this Disclosure. The annual Maintenance Fee is currently \$2420. Among other things, you will use the Software Program to deliver electronic data to us regarding play and players in your League ~~and its players~~. The Software Program does not otherwise allow us to independently access other information on your computer. Also, as described in ITEM 77, you must obtain a computer system (computer hardware, printer, operating software and related equipment) necessary to operate the Software Program in accordance with our System requirements. A computer system meeting our current specifications should cost between \$1,800 and ~~\$2,500~~\$3,000. Our System requirements might change because of the addition of new or expanded functionality to our Software Program. In such event you might be required to upgrade your computer system to meet the new System requirements. We have agreed to consider the cost of any new System requirements in an attempt to keep ~~reasonable~~ the cost to you reasonable, however, other than our agreement to consider the cost, there is no obligation to limit the costs to a specific amount or percentage increase. With respect to use of electronic media, including the internet, there are no separate restrictions with respect to its use. Actions that you are permitted to take under your Franchise Agreement with us may be taken by using electronic media if you deem it appropriate.

Start Up of Your League

Typically it takes 30-60 days after signing the Franchise Agreement to start league play, and you must start play within 90 days. The time that it will take you to begin league operations will depend on the effort you put into marketing participation in your league among potential players and ~~host locations~~Host Locations, the degree of interest in pool playing in your market and existing competition.

ITEM 12

TERRITORY

You will be assigned a specific ~~territory~~, usually delineated by county lines, but potentially delineated by other types of boundaries such as constructed improvements like public roads, which you and APA believe you will be capable of ~~servicing~~. We will provide you with a map of your ~~assigned territory~~Territory and include the map as part of your Franchise Agreement. You (or your ~~Superisermanaging owner~~, if you are a corporation, limited liability company or partnership) must permanently reside in the ~~assigned territory~~Territory (or in the ~~territory~~ assigned to you under any other franchise agreement between you and APA). Your office may be anywhere within the ~~territory~~.

APA will not operate any "APA owned" pool leagues within your ~~market area~~. ~~Although Territory, although we promote amateur pool playing throughout the nation and solicit members for our national association of pool players, throughout the nation. Further, we have no present intention of operating or owning any presently intend to own and operate only one "APA owned" local pool leagues on an on-going, rather than temporary, continuing long-term basis due to unusual circumstances, specifically the St. Louis APA. We might operate your franchise on your death or disability pending transfer. If a franchisee the Franchise Agreement is terminated or expires, we might operate the franchise pending transfer. Neither we, nor any affiliate, operate a franchise, or have any plans to operate, or franchise, any pool league using any other trademark.~~

~~We~~The assigned Territory will be exclusive, and we will not license any other person to operate a pool league using our trademarks within your ~~assigned territory~~Territory, **except** as follows:

1. The Territory granted to you is subject to any pre-existing existing Out of Area Agreement ~~allowing~~ ("OAA") that allows a neighboring League Operator the right to develop and operate teams within one or more ~~host~~ ~~leagues~~ ~~host~~ Locations or geographic area in the Territory. If the Territory is granted to you is subject to an OAA and the grant occurs during a League Year, APA has the authority, in its sole judgment and discretion, to decide that the teams being operated by the neighboring League Operator within the Territory ~~might~~ ~~will~~ continue to play in the neighboring League Operator's ~~4~~ league until the conclusion of the Spring Session and the neighboring League Operator's League Championship Tournament, and ~~might~~ not be transferred to you until the start of the next League Year, ~~in our sole judgment and discretion~~. Any applicable Out of Area Agreement ~~OAA~~ will be disclosed to you in the Addendum to the Franchise Agreement.

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

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

APA-related pool play conducted under a National Account Agreement ~~Program~~ might be promoted using trade names or trademarks identified with a particular regional or national association through which pool playing is organized and publicized. Otherwise, we have not established, nor do we plan to establish, any pool league or other organized competitive pool playing (either franchised or directly owned), within your ~~t~~ Territory under any different trademarks.

~~In order to keep~~ The continuation of your rights ~~under this~~ in the Territory granted by your Franchise Agreement ~~in the Territory~~, depends upon you must also satisfy satisfying certain obligations:

a. **Conditional Term Obligations:** Upon APA granting this franchise by accepting and signing this Your initial Franchise Agreement, you begin with APA. will be for a two-year Conditional Term. During this Conditional Term you must promptly begin marketing the Franchised League to potential players and locations for league play throughout your Territory in accordance with our guidelines. League play in your Franchised League may be

established in our standard 5-8 person team 8-Ball League and 9-Ball League formats during the Conditional Term. You may not use other formats for league play during the Conditional Term. League play must begin within 90 days after the franchise is granted. Franchise Agreement becomes effective. Further, within one year after the franchise is granted, you must achieve at least fifty percent (50%) of the "Team Count Requirements" specified in your Franchise Agreement for your Territory. (The Team Count Requirements are the number of teams that must be actively participating in regular league play during certain periods, and by the end of your Conditional Term to entitle you to extend your Franchise Agreement to be extended for a 5-year Regular Term.). In order to count towards your satisfaction of the Team Count Requirement, the Requirements, teams must be in our standard 8-ball or 9-ball, 5-8 person, 5-match format and play a minimum 10 week schedule and pay your standard weekly team fees. ~~You~~ Weekly Team Fee. Further, to satisfy the Conditional Term Obligations you must make all player membership and royalty payments when due to APA and comply with all other terms and conditions of this Franchise Agreement. If you ~~do not meet default on~~ these obligations during the Conditional Term, APA may, at its sole option, terminate your Franchise Agreement or partially terminate the franchise you operate by reducing alter the boundaries of your Territory to reduce the size of your Territory.

Additionally, if by at the end of your Conditional Term, you have not fully achieved/satisfied the Team Count Requirements specified for your Territory in the Franchise Agreement, the franchise Franchise Agreement expires and your rights in the Territory granted thereunder terminate. We have no obligation to extend the Conditional Term, and if we do extend it, in our discretion, we may set any requirements or conditions we believe appropriate to, including a reduction of your Territory). ~~You~~. Further, you must pay APA a \$250 administration fee at the time of any extension of the Conditional Term.

b. *Obligation to Continuously and Actively Market Your League:* ~~To keep The~~ continuation of your rights in the Territory granted by your territory Franchise Agreement depends upon you must actively recruiting new players/members, soliciting new ~~locations~~ Host Locations for league play and marketing pool playing in your Territory in accordance with our guidelines. If you do not actively and continuously market your APA league play, the size of your territory league might become stagnate and many the number of potential pool players might ~~not~~ who have the opportunity to play under our unique System. may be reduced. If your market shows ~~slow~~ limited, or no, growth in teams participating, or if the number of teams in your market are declining/participating declines, we may require you to follow certain guidelines to improve/increase the number of teams participating and ~~verify to ensure~~ that you are actively marketing APA league play. If you do not actively and continuously market your local league, your Franchise Agreement may be terminated or, at our sole option, the scope of your Territory may be reduced and reassigned to another franchisee.

c. *Obligation to Maintain 70% of Highest Team Participation:* If during the Regular Term or any renewal term of your Franchise Agreement, the number of teams participating in the Franchised League (excluding the your league during any session other than a Summer Session) falls below 70% of the highest number of teams you have had participating in the Franchised League at any time, we may, at our sole option, terminate your Franchise Agreement or reduce the size/scope of your Territory by eliminating areas from portions of your territory which Territory that we believe you are not adequately serving. Team count ~~for~~ For the purpose of determining satisfaction of this obligation, team count is equal to the 70% requirement is based on number of standard 5-8 player teams participating in our standard 8-Ball and 9-Ball 5-match format playing that play a minimum 10 week schedule and paying your standard weekly team fees. If your League's team count falls below 70%, this default may only be cured with by building additional 5-8 player teams that participate in our

standard 8-Ball and 9-Ball 5-match format playing that play a minimum 10 week schedule and paying that pay your standard weekly team fees.

You may not solicit or conduct league play outside of your assigned Territory (subject to a very limited exception involving contiguous territory and the consent of the franchisee of that territory). If you do so, we may require that you pay reparations to any neighboring franchisee whose Territory was affected by your activities outside of your assigned Territory (or to APA, if the territory is not assigned), and we may terminate your Franchise Agreement. You may apply for a franchise covering another additional available territory in your vicinity and we may award grant you such additional franchise the right to operate in that Territory, in our discretion, but you have no right or option to acquire any additional APA franchise territory. You maintain your Your rights to your territory even though the Territory are unaffected by increases in that Territory's population increases.

ITEM 13

TRADEMARKS

We grant you in the Franchise Agreement, we grant you the non-exclusive right to use our APA Marks or current and future Marks (trademarks, service marks, trade names, slogans, and logos authorized by us or by a sponsor) [collectively "Marks"] in promoting and operating your franchised local pool league. Our The primary APA Marks are:

Mark	Registration Status	Reg. No.
AMERICAN POOLPLAYERS ASSOCIATION and hand-cue-ball design	Registered - 2/13/90 Principal Register, U.S. Patent and Trademark Office	Reg. No. 1,583,081
AMERICAN POOL LEAGUE and cue-ball design	Registered - 2/13/90 Principal Register, U.S. Patent and Trademark Office	Reg. No. 1,583,015
APA and hand-cue-ball design	Registered - 1/31/95 Principal Register, U.S. Patent and Trademark Office	Reg. No. 1,877,079
THE EQUALIZER	Registered - 1/23/96 Principal Register, U.S. Patent and Trademark Office	Reg. No. 1,950,550
APA AMERICAN POOLPLAYERS ASSOCIATION and hand-cue-ball design	Registered - 8/8/95 Principal Register, U.S. Patent and Trademark Office	Reg. No. 1,910,580
APA Pool League and pool table design	Registered - 10/24/00 Principal Register, U.S. Patent and Trademark Office	Reg. No. 2,397,675
EVERYONE CAN PLAY ... ANYONE CAN WIN	Registered - 7/11/00 Principal Register, U.S. Patent and Trademark Office	Reg. No. 2,366,503
US AMATEUR CHAMPIONSHIP and pool table design	Registered - 1/21/03 Principal Register, U.S. Patent and Trademark Office	Reg. No. 2,677,634
THE AMERICAN POOLPLAYER	Registered - 6/3/03 Principal Register, U.S. Patent and Trademark Office	Reg. No. 2,721,438

Mark	Registration Status	Reg. No.
HAVE FUN. MEET PEOPLE. PLAY POOL.	Registered - 3/23/04 Principal Register, U.S. Patent and Trademark Office	Reg. No. 2,825,309

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

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

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

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

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

You cannot use the Marks as part of a corporate name. You must obtain such fictitious or assumed business name registrations as we might require. You must identify yourself as the owner of the business on all checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all such materials your name must be followed by the phrase "A franchisee of the American Poolplayers Association, Inc." or such other phrase as we might direct from time to time. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner

not authorized in writing by us. You must use the Marks as depicted by us. Except for your right to purchase goods from a third party supplier as described above, you may not use or authorize anyone to use the Marks on any merchandise unless we give you prior written permission.

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

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

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

There are no infringing uses actually known to us that could materially affect your use of such ~~trademarks, service marks, trade names, logos, type~~ the Marks or other commercial symbols in this state or any other state in which the franchise business is to be located.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

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

We do not actually know of any infringement that could materially affect your use of the copyrighted materials in any state. You must immediately notify us of any infringement of, or challenge to, our copyrighted materials. We have the sole right and discretion to take whatever action we think appropriate, and we may bring, defend or settle any claim. We are not required by the Franchise Agreement to protect or defend copyrights. You may not assert any infringement claim on your own. If we decide to modify or discontinue the use of any manual or other material for any reason, you

must also do so, and we will have no obligation to reimburse you for any cost of complying with this obligation other than to reimburse you for the delivery cost of returning the manual to us. We will not, under any circumstances, reimburse you, or be liable to you, for any lost business, lost profits, actual, special, consequential or reliance damages, and costs and expenses (except as specifically stated above) as a result of any infringement, claim, or the change or discontinuance of any material.

We will disclose to you certain confidential and proprietary information, all of which we consider to be our trade secrets ("Proprietary Information"), to help you operate your local league. Our Proprietary Information includes our manuals, software programs, scoring and handicapping system, membership lists, and our methods, procedures, standards, plans, and know-how for operating and promoting the league and conducting league play. You must keep our Proprietary Information confidential and may not disclose it or make it available to any other person. The Proprietary Information belongs to us and you may not keep it or use it after the expiration or termination of your franchise. You may not use the information for any other purpose or benefit other than operating the Franchised League.

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

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you must be the Supervisor/Manager of your local league, responsible for the day-to-day activities of the local league (the "Manager"). If you are a husband and wife, one spouse or both spouses must be designated as the Supervisor/Manager(s). If you are a partnership, one general partner must be designated as Supervisor/Manager. If you are a corporation or limited liability company, the majority owner must be designated the Supervisor/Manager, unless the ownership is divided so that no one owns more than 50% of the stock or interest, in which case one of the two largest owners must be designated as the Supervisor/Manager(s).

The Supervisor/Manager must personally manage the franchised business and assure compliance with the Franchise Agreement and our high standards. The Supervisor/Manager's responsibilities include, without limitation, organizing and administering league play and the business; maintaining player scores and handicaps; assuring fees are collected, records are maintained and royalties are paid; and soliciting and maintaining relations with Members, teams and host locations. Host Locations. Because of the importance of Members, Sponsors and host locations, Host Locations are so important to the success of APA and the System, and therefore to your franchised local league, you must maintain good relations with Members, Sponsors and host locations, including your Host Locations. Your obligations include accurately keeping, and reporting, the results of league play and player handicaps and enforcing the rules of play set by APA.

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

The Supervisor/Manager must permanently reside within the assigned territory at all times (or within a territory assigned under another franchise agreement between you and APA). You

(including your owners, officers, directors, supervisory employees, agents and their respective spouses) and your ~~Supervisor/Manager~~ (including his or her spouse) cannot have any ownership interest in, be employed by, or be affiliated in any capacity with, any of our business-competitors (although you may own less than 5% of any publicly held company) regardless of whether it is a ~~competitor~~. The ~~Supervisor/Manager~~ must successfully complete our training program.

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

ITEM 16

RESTRICTIONS ON WHAT YOU MAY SELL

League play must be conducted under our System, including our designated formats for league play (e.g., meaning 5-8 person teams competing in matches of 8-Ball and 9-Ball) and our scoring and handicapping system. You may only use our basic 5-8 person team 8-Ball and 9-Ball formats during the Conditional Term of the franchise. We may add, change or discontinue required or authorized formats in our sole discretion. Additionally, all players participating in league play must be Members of APA and pay an annual membership fee, which you are responsible for collecting and submitting to us. Furthermore, under sponsorship agreements we have, or might enter into, a sponsor might be designated as the "title sponsor" of league play, tournaments or other events or an official "product sponsor" of our leagues. These sponsorship agreements might restrict you from using products or equipment of the sponsor's competitors or receiving local sponsorship from a competitor of the sponsor.

You may not own, operate or manage a bar, pool room or other ~~host location~~ Host Location within your Territory, without APA's prior written approval. Some people might think that there is a natural fit or "synergy" between owning an APA pool league and owning a pool room or bar with pool tables. History has time and time again proven this to be incorrect. There are two major reasons why we prohibit a League Operator's ownership or management of a location: (1) Running a bar or pool room takes up an incredible amount of time that is better spent building teams and building relationships with your Host Locations; and (2) ~~When you own or operate a bar or pool room, you and your APA League will be perceived by Host Locations in your area as a competitor. You will be perceived as favoring your bar or pool room over other locations, or as favoring the teams that play out of your location, no matter how "fair" you think you're being. (This provision does not apply to a League Operator's ownership or management of a Host Location only if that ownership or management was previously established by you before this provision became applicable and disclosed in writing to APA.)~~

You have no obligation to purchase or lease any items from designated sources other than the software listed in ITEM 88. We do from time to time offer league-related products bearing the appropriate APA logos or Marks, to Members and others. You may ~~also~~ purchase these products for resale to our Members playing in the local league you operate. Such products include, for example, t-shirts, caps, clothing, pool cues and accessories, and novelty items. You are not required to purchase any such products as a condition to continuation of the Franchise Agreement. Subject to payment of a royalty on your purchase price and compliance with the Operations Manual, you may

purchase and sell merchandise that bears APA Marks in connection with the operation of your franchise ~~merchandise that bears our Marks, and you~~. You may not otherwise make or sell any merchandise that bears ~~our~~APA Marks ~~(including names and, or a sponsor's marks provided by a sponsor)~~, unless they are received from ~~us~~APA, a sponsor or an APA licensed supplier (from whom APA ~~might charge~~may receive a royalty). You may not promote any non-APA business or enterprise to our Members and may not solicit, market or sell to Members any goods or services that are not directly related to your APA Pool League businessfranchise, without our written permission.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or other Agreement	Summary
a. Length of the franchise term	Article 4	Two year Conditional Term. Your franchise extends for a 5 year Regular Term only if you meet certain requirements during the Conditional Term.
b. Renewal or Extension	Articles 4 and 18	In addition to the extension noted in the Summary of Item 17(a), 10-year renewals are granted if you meet certain requirements. "Renewal" means extension of the term of your franchise by execution by you and us of the then current form of Franchise Agreement.
c. Requirements for franchise to renew or extend	Article 18	"Renewal" means extension of the term of your franchise by execution by you and us of the then current form of Franchise Agreement. Written Renewal requires written notice at least 6 months (but no sooner than 9 months) before term expiration; certification of compliance with obligations under Franchise Agreement; sign execution of the then current form of Franchise Agreement; compliance with then current qualifications and training requirements; sign execution of a release. Our then current franchise agreement at time of renewal may have materially different terms and conditions than the original Franchise Agreement.
d. Termination by franchisee	Section 20.1	During Conditional Term by giving 30 days written notice. During regular term, by

Provision	Section in Franchise or other Agreement	Summary
e. Termination by franchisor without cause	None Not Applicable	We may not terminate you without cause.
f. Termination by franchisor with cause	Section 20.2	We can terminate for listed defaults or reasons.
g. "Cause" defined – curable defaults	Section 20.2	The Franchise Agreement does not define "cause" but you your Franchise Agreement can be terminated if you do not cure certain defaults. –You must immediately cure any improper activities you engage in outside your territory territory. You have 10 days to cure non-payment of amounts due us, the first understatement of amounts due us and the first failure within a consecutive 24-month period to submit membership fees and applications. You have 90 days to cure a failure to maintain 70% team participation. You have 24 hours to cure the giving of a no account or insufficient funds. If you default under any other agreement with APA, you have the time to cure (if any) allowed in such agreement. You have 30 days to cure any failure to obtain confidentiality and non-competition agreements from persons that later join your business and to cure all other defaults (except non-curable defaults summarized in "17.h" below).
h. "Cause" Defined – non curable defaults	Section 20.2	Non Your Franchise Agreement can be terminated if you commit the following non-curable defaults: material misrepresentations or omissions in application; abandonment of franchise; repeated defaults even if cured; trademark misuse; unauthorized use or disclosure of confidential information; unapproved transfers; insolvency; bankruptcy; assignment for benefit of creditors; receivership; failure to satisfy judgment; failure to properly use player funds; criminal misconduct or fraud; failure to comply with non-competition obligations; failure to comply with conditional term obligations; failure to provide customer service within standards (subject to your receipt of a prior customer service default); failure to

Provision	Section in Franchise or other Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Articles 14 and 21	Cease operating franchised business; cease use of Proprietary Information and Marks and return all manuals, software and materials to us; provide us with all membership and player performance records; revoke assumed or fictitious name registration; transfer telephone numbers; complete de-identification; pay outstanding amounts to us; deliver control of Players Funds; comply with non-competition, confidentiality and all continuing obligations.
j. Assignment of contract by franchisor	Section 19.1	No restriction on our right to assign.
k. "Transfer" by franchisee-defined	Section 19.2 - 19.3	Includes any transfer of the Franchise Agreement or assets; any encumbrance of the franchise; any change in control or ownership.
l. Franchisor approval of transfer by franchisee	Section 19.42 - 19.5	We must approve all transfers of an ownership interest in the franchise. This includes, without limitation, a sale or transfer of your Franchised League, a portion of your Territory, or an ownership interest (such as stock or a partnership interest) if your franchise is held by an entity.
m. Conditions for franchisor approval of transfer	Section 19.4 - 19.5	Full compliance with all obligations, including payments owed us; new franchisee proposed transferee applies, qualifies and is approved to be a franchisee by us; payment of transfer fee; sign general releases; escrow deposit (if we require); new franchisee successfully completes training; new franchisee signs then current Franchise Agreement; compliance with all ownership restrictions and, as applicable, partners, shareholders and spouses guaranty obligations and are bound.
n. Franchisor's right of first refusal to acquire franchisee's business	None Not applicable	

Provision	Section in Franchise or other Agreement	Summary
o. Franchisor's option to purchase franchisees business	None Not applicable	
p. Death or disability of franchisee	Section 19.6	Family member may apply for franchise, but must meet our conditions and be approved. Franchise must be transferred to an approved buyer under regular transfer rules within 90 days (or 180 days if interim Supervise+manager is requested). We might temporarily operate your franchise on your death or disability or pending a transfer.
q. Non-competition covenants during the term of the franchise	Section 14.3	No involvement in any competing business anywhere (but may own less than 5% of a publicly held company). Binding on all franchisees, their spouses, their owners (proprietor, partners, <u>members</u> , and shareholders) and the owners' spouses, the Supervise+manager and managerial and supervisory employees.
r. Non-competition covenants after the franchise is terminated or expires	Section 14.4	No involvement for 2 years in any pool league within your assigned territory and any adjacent county, or with a national or regional licensee or operator of pool leagues (but may own less than 5% of a publicly held company). Binding on all franchisees, their spouses, their owners (proprietor, partners, <u>members</u> , and shareholders) and the owners' spouses, the Supervise+manager and managerial and supervisory employees.
s. Modification of agreement	Section 22.2 and 24.7	No unwritten modifications generally, but Operations Manual subject to change.
t. Integration/merger clause	Section 24.7	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 23	Three step process of (1) negotiation, (2) non-binding mediation in the St. Louis, Missouri metropolitan area under AAA rules and (3) binding arbitration in St. Louis, Missouri metropolitan area, under AAA or IFA rules.
v. Choice of forum	Section 23.9	Mediation, arbitration and any permitted litigation must be in St. Louis, Missouri metropolitan area (subject to state law).

Provision	Section in Franchise or other Agreement	Summary
w. Choice of law	Section 23.8	U.S. Arbitration Act exclusively applies to arbitration provision, and Missouri law applies to all other provisions (unless prohibited by laws of state where your franchise is located).

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

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

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2012-20142013-2015

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	20123	291	291	0
	20134	291	2944	0+3
	20145	2944	2947	+3
Company Owned	20123	54	48	-1+4
	20134	48	89	+41
	20145	89	95	+1-4
	20123	2965	2959	-1+4
Total Outlets	20134	2959	299303	+4
	20145	299303	3032	+4-10

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For years 20123 to 20145**

State	Year	Number of Transfers
AL	20123	01
	20134	42
	20145	20
AR	20123	01
	20134	40
	20145	011
CA	20123	01
	20134	40
	20145	0
CO	20123	40
	20134	0
	20145	02

State	Year	Number of Transfers
FL	20123	01
	20134	14
	20145	43
GA	20123	0
	20134	01
	20145	10
IL	20123	23
	20134	32
	20145	221
IN	20123	03
	20134	31
	20145	1
KS	20123	30
	20134	01
	20145	1
KY	20123	12
	20134	20
	20145	0
LA	20123	10
	20134	0
	20145	01
MA	20123	01
	20134	10
	20145	012
MI	20123	02
	20134	2
	20145	20

State	Year	Number of Transfers
MN	20123	0
	20134	01
	20145	10
MO	20123	10
	20134	0
	20145	0313
NC	20123	01
	20134	1
	20145	12
NE	20123	10
	20134	01
	20145	1
NJ	20123	02
	20134	21
	20145	10
NY	20123	20
	20134	01
	20145	1
OH	20123	10
	20134	01
	20145	10
OK	20123	10
	20134	01
	20145	10
OR	20123	0
	20134	01

State	Year	Number of Transfers
	2014 5	1
PA	2012 3	4 0
	2013 4	0 1
	2014 5	1
SD	2012 3	0
	2013 4	0 1
	2014 5	4 0
TX	2012 3	2
	2013 4	2
	2014 5	2 3
VA	2012 3	4 0
	2013 4	0
	2014 5	0 1 ⁴
WA	2012 3	4 0
	2013 4	0
	2014 5	0
WV	2012 3	4 0
	2013 4	0
	2014 5	0
Total	2012 3	20
	2013 4	20 25
	2014 5	25 30

¹ Prior franchisees owned territory that included portions of AR, IL and MO. During 2015, the prior franchisees sold their Arkansas territory and a part of their Missouri territory to one new franchisee; sold the Illinois territory to a second new franchisee and the remainder of their Missouri territory to a third new franchisee.

² Existing franchisee in state of MA transferred a portion of territory to a new franchisee.

³ Existing franchisee in state of MO, different from the franchisee referenced in footnote 1 above, transferred a portion of territory to a new franchisee.

⁴ Existing franchisee in state of VA transferred a portion of territory to a new franchisee.

Table No. 3

**Status of Franchise Outlets
For years 2012-2014|2013-2015**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
AK	20123	1	0	0	0	0	0	1
	20134	1	0	0	0	0	0	1
	20145	1	0	0	0	0	0	1
AL	20123	5	0	0	0	0	0	5
	20134	5	01	0	0	01	0	5
	20145	5	10	0	0	10	0	5
AZ	20123	2	0	0	0	0	0	2
	20134	2	0	0	0	0	0	2
	20145	2	0	0	0	0	0	2
AR	20123	54	01	10	0	0	0	45
	20134	45	10	0	0	0	0	5
	20145	5	0	0	0	0	0	5
CA	20123	1213	13	0	0	0	0	1316
	20134	1316	3	01	0	0	0	1618
	20145	1618	30	10	0	0	0	18
CO	20123	98	0	0	0	0	10	8
	20134	8	0	0	0	0	01	87
	20145	87	0	0	0	0	10	7
CT	20123	2	0	0	0	0	0	2
	20134	2	0	0	0	0	0	2
	20145	2	0	0	0	0	0	2
DE	20123	1	0	0	0	0	0	1
	20134	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
DC	20145	1	0	0	0	0	0	1
	20123	1	0	0	0	0	0	1
	20134	1	0	0	0	0	0	1
FL	20145	1	0	0	0	0	0	1
	20123	20	01	0	0	0	0	2021
	20134	2021	10	0	0	0	0	21
GA	20145	21	0	0	0	0	0	21
	20123	11	0	0	0	0	0	11
	20134	11	0	0	0	0	01	1110
HI	20145	1110	0	01	0	01	10	102
	20123	2	0	0	0	0	0	2
	20134	2	0	0	0	01	0	21
ID	20145	21	0	0	0	10	0	1
	20123	01	10	0	0	0	0	1
	20134	1	0	0	0	0	0	1
IL	20145	1	0	0	0	0	0	1
	20123	22	0	0	0	0	0	22
	20134	22	01	0	0	0	0	2223
IN	20145	2223	10	0	0	0	0	23
	20123	1211	0	0	0	0	10	11
	20134	11	02	0	0	0	01	1112
IA	20145	1112	20	0	0	0	10	12
	20123	32	01	0	0	0	10	23
	20134	23	10	01	0	0	0	32
KS	20145	32	0	10	0	0	0	2
	20123	45	10	0	0	01	0	54

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	20134	54	0	0	0	10	0	4
	20145	4	0	01	0	0	0	43
KY	20123	5	0	0	0	0	0	5
	20134	5	0	0	0	0	0	5
	20145	5	0	0	0	0	0	5
LA	20123	7	0	0	0	0	0	7
	20134	7	0	0	0	0	01	76
	20145	76	0	0	0	0	10	6
ME	20123	1	0	0	0	0	0	1
	20134	1	0	0	0	0	0	1
	20145	1	0	0	0	0	0	1
MD	20123	2	0	0	0	0	0	2
	20134	2	0	0	0	0	0	2
	20145	2	0	0	0	0	0	2
MA	20123	5	0	0	0	0	0	5
	20134	5	0	0	0	0	0	5
	20145	5	0	0	0	0	0	541
MI	20123	110	0	10	0	0	0	10
	20134	10	0	0	0	01	0	109
	20145	109	0	0	0	10	0	9
MN	20123	2	0	0	0	0	0	2
	20134	2	01	0	0	0	0	23
	20145	23	1	01	0	0	0	3
MS	20123	4	0	0	0	0	01	43
	20134	43	0	0	0	0	10	3
	20145	3	01	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
								4
MO	20123	11	0	0	0	01	01	112
	20134	119	0	0	0	10	10	9
	20145	9	02	0	0	0	0	911
MT	20123	2	0	0	0	0	0	2
	20134	2	0	0	0	0	0	2
	20145	2	0	0	0	0	0	2
NE	20123	23	10	01	0	0	0	32
	20134	32	0	10	0	0	0	2
	20145	2	0	0	0	0	0	2
NV	20123	2	0	0	0	0	0	2
	20134	2	0	0	0	0	0	2
	20145	2	0	0	0	0	0	2
NH	20123	3	0	0	0	0	0	3
	20134	3	0	0	0	0	0	3
	20145	3	0	0	0	0	0	3
NJ	20123	102	0	10	0	0	0	9
	20134	9	01	0	0	0	0	910
	20145	910	10	0	0	0	0	10
NM	20123	1	0	0	0	0	0	1
	20134	1	0	0	0	0	0	1
	20145	1	0	0	0	0	0	1
NY	20123	1514	0	10	0	0	0	14
	20134	14	0	0	0	0	0	14
	20145	14	0	0	0	0	0	14
NC	20123	82	0	10	0	0	0	7

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	20134	7	0	0	0	0	0	7
	20145	7	01	0	0	0	0	78
OH	20123	11	01	0	0	01	0	11
	20134	11	43	01	0	1	0	1112
	20145	11	30	10	0	10	01	1210
OK	20123	34	10	0	0	0	0	4
	20134	4	0	0	0	0	0	4
	20145	4	0	0	0	0	0	4
OR	20123	3	1	10	0	0	0	34
	20134	34	10	0	0	0	0	4
	20145	4	0	0	0	0	0	4
PA	20123	16	10	10	0	0	0	16
	20134	16	0	0	0	0	0	16
	20145	16	01	01	0	0	0	162
PR	20123	0	0	0	0	0	0	0
	20134	0	0	0	0	0	0	0
	20145	0	0	0	0	0	0	0
RI	20123	1	0	0	0	0	0	1
	20134	1	0	0	0	0	0	1
	20145	1	0	0	0	0	0	1
SC	20123	6	0	0	0	0	0	6
	20134	6	0	0	0	0	0	6
	20145	6	0	0	0	0	0	6
SD	20123	1	0	0	0	0	0	1
	20134	1	01	0	0	0	0	12
	20145	12	10	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
TN	20123	5	0	0	0	0	0	5
	20134	5	0	0	0	0	0	5
	20145	5	0	0	0	0	0	5
TX	20123	2225	31	0	0	01	0	25
	20134	25	14	01	0	1	0	2527
	20145	2527	41	10	0	10	0	2728
UT	20123	0	0	0	0	0	0	0
	20134	0	0	0	0	0	0	0
	20145	0	0	0	0	0	0	0
VT	20123	2	0	0	0	0	0	2
	20134	2	0	0	0	0	0	2
	20145	2	0	0	0	0	0	2
VA	20123	8	0	0	0	0	0	8
	20134	8	0	0	0	0	01	87
	20145	87	01	0	0	0	10	78
WA	20123	5	0	0	0	01	0	54
	20134	54	01	0	0	10	0	45
	20145	45	10	0	0	0	0	5
WI	20123	2	1	10	0	0	01	2
	20134	2	10	01	0	0	10	21
	20145	21	01	10	0	0	0	12
WV	20123	2	0	0	0	0	0	2
	20134	2	0	0	0	0	0	2
	20145	2	0	0	0	0	0	2
WY	20123	1	0	0	0	01	0	10

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2013 ⁴	40	0	0	0	40	0	0
	2014 ⁵	0	0 ¹	0	0	0	0	0 ¹
Total	2012 ³	291	44 ¹⁰	81	0	0 ⁶	3	291
	2013 ⁴	291	40 ¹⁸	45	0	65	35	291 ⁴
	2014 ⁵	291 ³	48 ⁹	53	0	51	51	294 ⁷

1 - The difference between the number of outlets in MA at the start of 2015 and at the end of 2015 is the result of a prior franchisee selling his two franchisees to a new franchisee who combined them into a single franchise. Therefore the number of franchisees decreased by one even though no franchise was terminated, closed, reacquired or not renewed.

2 - In 2015, APA terminated one outlet in Pennsylvania. That termination is noted in Column 3. Before the end of the year, the terminated outlet's territory was sold to a new franchisee. As a result of that sale, the number of outlets in Pennsylvania remained at 16 as of December 31, 2015 despite the termination.

The actual number of Franchisees as of the date of this disclosure document is 254⁹. The number of franchisees, in each state, as shown in the Franchise Status Summary table, totals more than 254⁹ because some franchisees operate more than one franchise. Numbers for 2012 are as of December 31, 2012, numbers for 2013 are as of December 31, 2013 and, numbers for 2014 are as of December 31, 2014 and numbers for 2015 are as of December 31, 2015.

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

Table No. 4

**Status of Company-Owned Outlets
For years 2012-20142013-2015**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets to Franchisees	Outlets at End of the Year
AL	2012 ³	0	0	0	0	0	0
	2013 ⁴	0	0	0 ¹	0	0	0 ¹
	2014 ⁵	0 ¹	0	4 ⁰	0 ¹	0	4 ⁰
AR	2012 ³	0 ¹	0	4 ⁰	0	0 ¹	4 ⁰
	2013 ⁴	0	0	0	0	0	0
	2014	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2015	0	0	0	0	0	0
GA	2013	±0	0	0	0	±0	0
	2014	0	0	0	0	0	0
	2012 ²⁵	0	0	0 ¹	0	0	0 ¹
HI	2013	0	0	0	0	0	0
	2014	0	0	1	0	0	1
	2012 ²⁵	1	0	0	0	±0	0 ¹
KS	2013	0	0	1	0	0	1
	2014	1	0	0	1	0	0
	2012 ²⁵	0	0	0	0	0	0
MI	2013	0	0	0	0	0	0
	2014	0	0	1	0	0	1
	2012 ²⁵	1	0	0	0	0	1
MO	2013	1	0	0	0	0	1
	2014	1	0	0	0	0	1
	2012 ²⁵	0 ¹	0	±0	0	0	1
NC	2013	1	0	0	0	0	1
	2014	1	0	0	0	0	1
	2012 ²⁵	1	0	0	±0	0 ¹	0
OH	2013	0	0	2	0	0	2
	2014	2	0	1	0	2	1
	2012 ²⁵	1	0	0	0 ¹	±0	0
PA	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2012 ⁵	0	0	0 ¹	0	0 ¹	0
TX	2013	0	0	1	0	0	1
	2014	1	0	1	0	0	2
	2012 ⁵	4 ²	0	0	0	0 ¹	1
UT	2013	1	0	0	1	0	0
	2014	0	0	0	0	0	0
	2012 ⁵	0	0	0	0	0	0
WA	2013	0	0	1	0	0	1
	2014	1	0	0	0	1	0
	2012 ⁵	0	0	0	0	0	0
WI	2013	0	0	1	0	1	0
	2014	0	0	0	0	0	0
	2012 ⁵	0	0	0	0	0	0
WY	2013	0	0	1	0	0	1
	2014	1	0	0	0	0	1
	2012 ⁵	5 ¹	0	2 ⁰	4 ⁰	2 ¹	4 ⁰
Totals	2013	4	0	6	1	1	8
	2014	8	0	5	0	4	9
	2015	9	0	3	3	4	5

Table No. 5

**Projected New Franchised Outlets
As of December 31, 2014⁵**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
California	0	2 ¹	0
Arizona			

Minnesota	Florida	0	1	0
New York	Georgia	0	1	0
North Carolina	Idaho	0	1	0
North Dakota	Missouri	0	1	0
Ohio		0	2	0
Texas		0	21	0
Utah		0	4	0
Washington		0	4	0
Wisconsin		0	4	0
Totals		0	438	0

We estimate that we will grant approximately 438 franchises nationwide during the one (1) year period following the date of this disclosure document. Because we do not target any particular states or regions and because franchise inquiries are received randomly, we cannot predict the placement by state of future franchises by state.

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

Franchise Organizations

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

League Operators Advisory Board (LOAB)				
Region	League Operator	Term Ends	Telephone No.	Email
Great Lakes	Jim Cavender	Fall 2017	517-416-0745	jlcavpayr@eqlcapi@yahoo.com

Mid Atlantic	Michelle Arriago	Fall 2016	757-479-2774	play@southsideapa@gmail.com
Mid South	Roger SchuettPreston Granger	Fall 2015 8	281-682-2144337-407-2267	roger@apahelgranger@apaleagues.com
Midwest	Meghan Howell	Fall 2016	563-320-4527	quadcitiesapa@apaleagues.com
Mountain	Kevin Leivonen	Fall 2015 8	303-862-0466	northerncolorado@apaleagues.com
Northeast	Ryan McAleer	Fall 2016	845-883-5557	rmcaleer@hudsonvalleyapa.com
Southeast	Denise HurstGene Weaver	Fall 2017 8	352-556-1665954-530-1491	matfreecastgene@apaleagues.com
Western	Taz Brooker	Fall 2017	805-388-2036	Taz@SouthCoastAPA.com
Canada	Gord Fessenden	Fall 2015 8	226-218-4555	guelphcpa@rogers.com

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

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

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

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit N are our audited fiscal year-end financial statements for ~~2015, 2014, 2013, 2012.~~

ITEM 22

CONTRACTS

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

<u>Exhibit</u>	<u>Document</u>
C	Franchise Agreement
D	State Addendum (if applicable)
E	APA Addendum
F	Franchisee Ownership Schedule
G	Guaranty & Assumption Agreement of Franchisee's Owners/Spouses
H	Confidentiality and Non-Competition Agreement

- I Software License Agreement
- J Authorization Agreement for Direct Payments
- K Confidentiality Agreement
- M Franchisee Release upon Renewal or Transfer

ITEM 23

RECEIPTS

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

List of State Agencies

CALIFORNIA

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

MARYLAND

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

FLORIDA

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

MICHIGAN

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

HAWAII

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

MINNESOTA

Commerce Analyst Supervisor
Minnesota Department of Commerce
133 East 7th Street
St. Paul, MN 55101
(651) 296-6328

ILLINOIS

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

NEW YORK

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

INDIANA

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

NORTH DAKOTA

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

RHODE ISLAND

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

SOUTH DAKOTA

SD Department of Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-4823

TEXAS

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

VIRGINIA

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

WASHINGTON

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

WISCONSIN

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

Agents for Service of Process

CALIFORNIA

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

MINNESOTA

Minnesota Department of Commerce
133 East 7th Street
St. Paul, MN 55101

FLORIDA

CT Corporation
1200 South Pine Island Road
Plantation, FL 33324

NEW YORK

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

HAWAII

State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813

NORTH DAKOTA

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

ILLINOIS

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

RHODE ISLAND

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

INDIANA

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

SOUTH DAKOTA

SD Department of Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, SD 57501

MARYLAND

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

TEXAS

CT Corporation
1999 Bryan Street
Suite 900
Dallas, TX 75201

MICHIGAN

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

VIRGINIA

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

WASHINGTON

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

WISCONSIN

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

Exhibit C



AMERICAN POOLPLAYERS ASSOCIATION, INC.

FRANCHISE AGREEMENT

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EXHIBITS REFERENCED IN FRANCHISE AGREEMENT

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

AMERICAN POOLPLAYERS ASSOCIATION, INC.

FRANCHISE AGREEMENT

This Franchise Agreement is entered into between the AMERICAN POOLPLAYERS ASSOCIATION, INC., a Missouri corporation (referred to as "we", "us" or "APA"), and _____ (referred to as "you" or "franchisee") and is effective on the date it is accepted and signed by APA. An "Index of Defined Words and Phrases" is included as Section 24.11 of this Agreement.

One of the following boxes must be initialed by you and APA, but if neither box is so initialed, both are initialed, or if it is not clear which box is initialed, then we will consider that the first box is applicable:	
	This is a franchise agreement for a Conditional Term between us and you as more fully described in the Addendum to this Agreement.
	This is Initial Regular Term franchise agreement between us and you for a term more fully described in the Addendum to this Agreement.
	This is a Successor Regular Franchise Agreement between us and you for a term of 10 years entered into after you have exercised your option to renew a previously existing Regular Term Franchise Agreement.

ARTICLE 1

ACKNOWLEDGMENTS

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

1.2 Review of Document: You acknowledge that you (a) have read this Agreement and APA's Franchise Disclosure Document, (b) have conducted your own independent review, analysis and investigation of this business opportunity and have made your own decision to make this investment, (c) understand your investment in the APA franchise involves business risk, (d) accept the terms and conditions of this Agreement as reasonable and necessary to maintain the uniform, high standards of APA's System and to protect and preserve the goodwill of the Marks, (e) recognize that, like any other business, the nature of the System may evolve and change over time, and (f) understand and agree to all of the terms and conditions of this Agreement. You

acknowledge that APA (including our officers, employees, agents and representatives) has not made any claims, statements, estimates or representations of earnings, sales, profits or the prospects or chances of success, and that you are not relying on any representation or information of earnings, sales, profits or the prospects or chances of success in making this investment.

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

ARTICLE 2

GRANT OF FRANCHISE AND LICENSE

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

ARTICLE 3

TERRITORY

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

3.2 Coverage of Territory: You acknowledge to APA that you have made an independent investigation of your Territory, that you believe the Territory presents opportunity for development of pool league play, and that you are capable of fully and effectively serving the Territory. You understand your income is derived from developing and increasing active league play in your Territory and, therefore, the success of the Franchised League you operate is largely dependent on your efforts in promoting and marketing league play and maintaining player satisfaction with your management of the Franchised League throughout your Territory. You

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

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

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

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

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

are not relying on the continuation of any National Account Program in purchasing an APA franchise. Loss of any National Account Program will not excuse you from performing your obligations under this Agreement.

3.4 Marketing, Other League Activity and Local APA Specialty Tournaments Outside

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

- (a) If the contiguous area is unassigned territory (i.e. an area not within the territory of another franchisee), you must obtain the prior written approval of APA in an "Out of Area Agreement". APA may withhold approval or grant approval on such conditions, limitations, and terms as APA considers appropriate.
- (b) If the contiguous area is within the territory of another franchisee, you must reach a written "Out of Area Agreement" with the neighboring franchisee, which written agreement is subject to APA's approval. APA may withhold approval or grant approval on such conditions, limitations, and terms as APA considers appropriate.
- (c) Your right to solicit players or conduct league play in a contiguous area shall terminate immediately: (i) in an assigned or unassigned contiguous area if you or your owners transfer an Interest in this franchise (except for assignment to a wholly-owned corporation or limited liability company as provided in Section 19.8 hereof) or this Agreement expires or is terminated; (ii) in an unassigned contiguous area, if the territory containing your out of area activity becomes assigned to another franchisee; or (iii) in an assigned territory, the other franchisee transfers their franchise (except for assignment to a wholly-owned corporation or limited liability company as provided in Section 19.8 hereof) or their franchise agreement expires or is terminated

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

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

circulation area, and your use of such normal channels of media advertising serving your Territory will not violate this provision, provided your advertising is targeted to players within and not outside your Territory.

3.5 Territory Subject to Pre Existing Out of Area Agreement: The Territory granted to you is subject to any pre-existing existing Out of Area Agreement allowing a neighboring League Operator the right to develop and operate teams within one or more host locations or geographic area. If the Territory is granted to you during an ongoing League Year, the teams being operated by the neighboring League Operator within the Territory might continue to play in the neighboring League Operator's League until the conclusion of the Spring Session and the neighboring League Operator's League Championship Tournament, and might not be transferred to you until the start of the next League Year, in APA's judgment and discretion. Any Out of Area Agreement applicable to the Territory granted to you will be disclosed to you in the Addendum to the Franchise Agreement.

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

ARTICLE 4

TERM

4.1 Term of Your Franchise Agreement: The "Term" of this Agreement is the length of time this Agreement is in effect (unless earlier terminated by us or you, as provided in the Agreement). The Term applicable to your Agreement is identified on page 1 of this Agreement and the Addendum to this Agreement. This Agreement may be for (a) a Conditional Term of two (2) years, subject to the terms and conditions of Section 4.2, (b) a Initial Regular Term of five (5) years or as provided in the Addendum to this Agreement, or (c) a Successor Regular Term of ten (10) years as a result of timely renewal of a previously existing Initial or Successor Regular Term Agreement. Section 4.2 do not apply to an Initial Regular Term or Successor Regular Term Franchise Agreement.

4.2 The Conditional Term: If this is identified as a Conditional Term Franchise Agreement on page 1 and in the Addendum, the franchise is granted to you for an initial term of two (2) years (the "Conditional Term from the date APA accepts and signs this Agreement. In addition to the other terms and conditions of this Agreement, the following terms are applicable to a Conditional Term Franchise Agreement:

- a. Obligation to Begin Marketing and Start APA League Play: Upon APA granting this franchise by accepting and signing this Agreement, you must promptly begin