

## FRANCHISE DISCLOSURE DOCUMENT



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DESTINATION ATHLETE® through our franchisees provides equipment, apparel, fundraising solutions and performance solutions, product, resources and services both on-line and off-line to youth, high school and small college teams and athletes, together with athletic organizations specific to the geographic/program/school in which the customer lives and/or attends school.

The total investment necessary to begin operation of a DESTINATION ATHLETE® franchised business is between \$12,050.00 and \$62,500.00 (assuming a home-based business) and an additional \$22,300.00 to \$57,610.00 if you open a retail brick and mortar store. This includes \$20,000.00 to \$50,000.00 that must be paid to the franchisor or its affiliate(s).

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 10 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 to you. To discuss the availability of disclosures in different formats, contact Douglas D. Dickison at Destination Athlete, 1225 Route 31, Building A, Lebanon, NJ 08833, (908) 200-7278, or [doug dickison@destinationathlete.com](mailto:doug dickison@destinationathlete.com).

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, such as 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](http://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.

Issuance Date – January 1, 2023

**STATE COVER PAGE**  
**How to Use This Franchise Disclosure Document**

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

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits [C] & [D].
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit [E] includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only DESTINATION ATHLETE® business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a DESTINATION ATHLETE® franchisee?</b>	Item 20 or Exhibit [C] & [D] lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## **What You Need To Know About Franchising *Generally***

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

## **Some States Require Registration**

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New Jersey. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New Jersey than in your own state/commonwealth.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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

In this franchise disclosure document, “Destination Athlete”, “we” or “us” means Destination Athlete, LLC, the franchisor. “You” means the person who buys the Destination Athlete franchise, and each equity owner of the franchisee entity. If you are a corporation, limited liability company (“LLC”) or other legal entity, “you” includes each of your owners, who will sign as a party and also sign a Guarantee of the Franchise Agreement (see Schedule G to the Franchise Agreement).

Destination Athlete, LLC is a New Jersey limited liability company, which was formed in 2008 and began doing business that same year. We have offered franchises for this business since 2008. We maintain our principal place of business at 104 Main Street, Lebanon, NJ 08833. We do not do business under any other name. We do not have any predecessors that we are required to disclose. We have no parent or any affiliates that offer franchises in any line of business, or provide products or services to our franchisees.

Our agent for service of process is Douglas D. Dickison, 104 Main Street, Lebanon, NJ 08833.

DESTINATION ATHLETE® through our franchisees provides athletes, teams and organizations with athletic apparel, sports equipment, support services and on-and-off-line merchandise specific to the geographic/program/school in which the customer lives and/or attends school. DESTINATION ATHLETE® has never offered franchises in any other lines of business. We are not involved in any other business activities. We do not presently operate any business of the type being franchised. This is a developing market and involves the sale of seasonal goods and services.

The franchisee will sell Products to families (meaning the parents or guardians) of athletes through little leagues, schools, charitable, educational or not-for-profit organizations. The franchisee will actively solicit families of athletes and their coaches for athletic apparel, equipment and accessory products available through the on-line store, or support services (i.e. trophies, events, photographs). The franchisee will also actively solicit businesses and other types of organizations to provide these same types of products.

DESTINATION ATHLETE® franchisees generally operate their franchises as home-based businesses. However, the franchisee may, at franchisee’s sole option and expense, opt to open a retail location or store as further discussed in Item 11 on page 22, and in Exhibit B (Franchise Agreement) in section I.D.4.

DESTINATION ATHLETE® is not aware of any regulations specific to the industry in which the franchise will operate.

DESTINATION ATHLETE® is not aware of any competition of the specific nature offered by this franchise. However, the franchisee can expect competition from established sporting goods retailers and sports-related vendors in their respective territories.

DESTINATION ATHLETE® has no predecessor or parent. We have one affiliate, Destination Recruit, LLC, a New Jersey limited liability company. This affiliate was established for the purpose of offering sports camps. This affiliate is not a franchise and does not own a DESTINATION ATHLETE® franchise territory.

## **ITEM 2 BUSINESS EXPERIENCE**

Douglas D. Dickison, is the creator and founder of the Destination Athlete business model and system, and has served as our Founder and Chairman since our inception in December 2008. Doug shall have the management responsibility for DESTINATION ATHLETE®.

There are no franchise brokers for DESTINATION ATHLETE®.

## **ITEM 3 LITIGATION**

There is no litigation pending or anticipated to be filed against DESTINATION ATHLETE® or Mr. Dickison. This statement includes administrative, civil or material criminal actions alleging a violation of a franchise, antitrust, or securities law, or alleging fraud, unfair or deceptive practices, or comparable allegations.

## **ITEM 4 BANKRUPTCY**

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

## **ITEM 5 INITIAL FEES**

A Platinum franchise level is a territory exceeding 1,000,000 or more residents with a fee of \$50,000.00. A Gold franchise level is a territory having more than 500,000 but no more than 999,999, with a fee of \$40,000.00. A Silver franchise level is charged for a territory having more than 250,000 but no more than 499,999 residents, with a fee of \$30,000.00. Finally, the Bronze franchise level is for a territory having up to 249,999 residents and the fee is \$20,000.00.

Population size shall be determined by the most recent U.S. Census, or mid-update, records for the territory in question.

The fee shall be refundable under the following conditions: a franchisee principal shareholder dies prior to completion of initial training.

The fee is payable in a lump sum. The purpose of the fee is to attain marketing rights of the franchise.

Be advised that DESTINATION ATHLETE® has provided discounts of up to 22% to franchisees on the above stated fees, which discounts are determined upon several factors, including, the franchisees' military service, "first-in-state" franchisees and multiple franchise purchases. These discounts apply to saleable market counties. Be further advised that DESTINATION ATHLETE® retains sole discretion in deciding whether to allow discounts to its fees.

**ITEM 6  
TABLE  
OTHER FEES**

Type of Fee (note 1)	Amount	Due Date	Remarks (note 2)
Royalties FA Exhibit C, if applicable (note 3)	A. 5% (for non- internet sales) or 8% (on all internet sales) for apparel, sales from Your Team Store.	The fifteenth (15 <sup>th</sup> ) day of the next month following the sale.	Sales are your gross customer billings. Gross sales means all revenue you derive from sales of products and services of the Franchise, whether from cash, check, credit card or credit transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority, and shipping and handling related to internet sales. A minimum quarterly royalty fee of \$500.00 is required beginning in Year Two of your first term.
Software updates See FA I.H.	Low \$10; high \$80; but no more than \$1,000 a year.	First day of each month	Software updates are expected throughout the year and term of agreement
Temporary Management See FA X.C	All expenses incurred by manager and reasonable management fee not to exceed 150% of	On demand.	For interim manager of your business provided by DESTINATION ATHLETE® in the

	the net earnings of the franchisee averaged over the preceding 12 months		event of your death or permanent incapacity.
Audits See FA IX.B.	DESTINATION ATHLETE®'s costs, expenses and overhead for examining your records	On demand	Payable if you under report amounts owed to DESTINATION ATHLETE® by 5% or more
Delinquent Interest See FA I.L.	1.5% per month or the highest contract rate of interest per month permitted by law, whichever is less	Beginning on date of delinquency	Payable on any delinquent amount you owe DESTINATION ATHLETE®
Indemnification FA I.G.4	The amount of DESTINATION ATHLETE®'s liabilities	As incurred	Covers claims and liabilities incurred by DESTINATION ATHLETE® relating to your business
Attorney's fees FA XVI	Amounts incurred by DESTINATION ATHLETE®	As incurred	Attorney's fees and costs for indemnification or enforcing the terms of the franchise agreement
Guaranty FA XXX	All your obligations under the FA	On demand	Your owners and their spouses must personally guaranty your obligations to DESTINATION ATHLETE® to the extent of their percentage ownership interests in the business of your franchise
Advertising Program Fund and Local Advertising FA VII (note 4)	Up to 2% of Gross Sales	Commencing 90 days following receipt of written notice by DESTINATION ATHLETE®	A total of 2% of your Gross Sales will go to either local advertising or the Program Fund
Administrative Fee FA XXXII	\$250.00	As incurred	A \$250 Administrative Fee charged for each enforcement effort that

			we undertake on account of your noncompliance with System Standards.
Renewal Fee FA XI	\$5,000.00	Due at the time second renewal, and upon execution of the then current Franchise Agreement	The first renewal period will be a term of 5 years at no charge.
Destination Imprint FA I.Q (optional)	\$480.00	Annual	Payable upon anniversary of exercise of option.

Notes:

1. The fees and charges shown in this chart are all payments you must make to us. These fees and charges are not optional.
2. Unless otherwise noted, all fees in this table are imposed by and payable to us. All fees are non-refundable.
3. “FA” means the Franchise Agreement attached as Exhibit B to this Disclosure Agreement. The more detailed provisions of your FA on each of these subjects determine your obligations.
4. You will be required to pay the equivalent of up to 2% of gross sales to the Public Relations and Advertising Program Fund (“Advertising Fund”). You may credit up to 1% of gross sales against your obligation to the Advertising Fund to offset local advertising and promotion of the Franchise.
5. The formula for determining any increase in the stated fees is as follows: upon market-based evaluation and accepted industry standards.
6. The fees noted in this table are uniformly imposed.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

### Your Estimated Initial Investment

#### EXPENDITURE ITEMS ANTICIPATED ONLY WITH ESTABLISHMENT OF A HOME OFFICE

Expenses	Estimated dollars— Low	Estimated dollars— High	Method of Payment	When Due	To Whom Paid	Refundable or Not Refundable
Initial franchise fee	\$20,000	\$50,000	Lump sum + Promissory Note	Upon execution of FA	DESTINATION ATHLETE®	Refundable if franchisee principal shareholder

						dies prior to completion of initial training.
Travel Expenses (note 1)	\$100	\$400	Lump sum	As incurred	Fuel providers	Not refundable
Living Expenses while training	\$150	\$1,500	Lump sum	As incurred	Hotels and restaurants	Not refundable
Cell/Telephone	\$20	\$200	Lump sum	As incurred	Vendors	Not refundable
Fax/copier	\$150	\$400	Lump sum	As incurred	Vendors	Not refundable
Lap top computer	\$700	\$1,500	Lump sum	As incurred	Vendors	Not refundable
Invoices/proposals	\$100	\$160	Lump sum	As incurred	Vendors	Not refundable
Office supplies	\$100	\$400	Lump sum	As incurred	Vendors	Not refundable
File cabinet(s)	\$80	\$200	Lump sum	As incurred	Vendors	Not refundable
Legal fees	\$300	\$1,500	Lump sum	As incurred	Professional	Not refundable
Accounting software	\$200	\$250	Lump sum	As incurred	Vendor	Not refundable
Accounting services	\$100	\$300	Lump sum	As incurred	Professional	Not refundable
Insurance	\$300	\$800	Lump sum	As incurred, and annually	Vendor	Sometimes, depending upon the circumstances and contract terms
SUBTOTAL	\$22,300	\$57,610	X	X	X	X
Additional Operating Funds for 3 Months (note 5)	\$6,000	\$36,000	X	As incurred	Vendors, professionals, employees, payroll taxes	Not refundable
TOTAL (note 6)	\$28,300	\$93,610				

**EXPENDITURE ITEMS ANTICIPATED ONLY WITH ESTABLISHMENT  
OF RETAIL STORE**

Expenses	Estimated dollars— Low	Estimated dollars— High	Method of Payment	When Due	To Whom Paid	Refundable or Not Refundable
Retail/office rent	\$1,000	\$5,000	Lump sum	Upon signing lease	Landlord	Sometimes, depending upon the circumstances and lease terms
Rent security deposit (note 3)	Generally, one to one and a half months of rent		Lump sum	Due time of lease signing	Landlord	Sometimes, depending upon the circumstances and lease terms
Office furniture and fixtures	\$500	\$5,000	Lump sum	As incurred	Vendors	Not refundable
Signage (note 3)	\$1,550	\$5,000	Lump sum	As incurred	Vendors	Not refundable
Utility deposits (note 4)	\$500	\$1,500	Lump sum	As incurred	Utility companies	Sometimes depending upon the circumstances and contract terms
Office build-out/leasehold improvements	\$2,500	\$10,000	Lump sum	As incurred	Landlord/vendors	Not refundable
<b>TOTAL (note 6)</b>	<b>\$6,050</b>	<b>\$26,500</b>				

Notes:

- Food and lodging expenses are calculated for four people and for four days of training, provided all four attend the same training session.
- Franchisees are more likely to work out of their homes, in which case, these stated costs will be unnecessary. If you choose to lease or purchase retail space for your franchise, then you must obtain premises suitable for the operation of your business. Whether you lease for purchase the retail premises is solely your decision. DESTINATION ATHLETE® cannot estimate the cost of real estate in your territory suitable for your business. Many variables, including region, neighborhood, condition and size, affect the cost of a location, and zoning requirements and approvals process. These ranges include security deposits.

3. These price ranges assume that you will have a retail location.
4. These cost ranges assume that you will have a retail location.
5. The estimates for additional operating funds are based upon very general estimates of new retail spaces should you decide or need retail space in your territory. They include funds required to cover operating shortfalls and cash flow shortages during your first 3 months of operations. *NOTE: Your actual investment and expenses will vary according to region, the time of year, the number of customers being serviced, sales promotions, and other factors. Consult your accounting professional concerning additional funds you may require based on the rent, salaries of the employees you intend to hire and overhead costs.*
6. Unless otherwise stated, all expenses are applicable to each DESTINATION ATHLETE® retail establishment you open. This is only an estimate of the range of initial start-up expenses you may incur. The actual amount of additional funds you will need depends on a variety of factors, including the location of your business, the time of year you start your business, your management skills, economic conditions, competition in your area (see **ITEM 1**), and other factors. You should review these figures carefully with business, tax and legal advisors before making any decision to purchase the franchise.
7. DESTINATION ATHLETE®, at its discretion, may finance a portion of the franchise fee. See Item 10 (Financing) below.
8. Most of our franchisees operate as home businesses. Franchisees have the option to open a retail store, but are under no obligation to do so.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Concerning orders you receive, you are required to participate in DESTINATION ATHLETE®'s purchase program, under which you shall only purchase apparel, equipment, accessories or related durable goods or services (hereafter “products and services”) from vendors or suppliers we have pre-approved and with whom we have a supply or services agreement. We shall provide you with a list of approved products and services and shall from time-to-time issue revisions necessary to maintain both quality of goods and competitive pricing.

You shall not purchase apparel, equipment, accessories or related durable goods or services (again, “products and services”) from any non-approved vendor or supplier, directly or indirectly, without the written consent of DESTINATION ATHLETE®, regardless of whether you use the Marks in the transaction. The sale of any non-approved products and services to any buyers within the Territory, whether or not you use the Mark in the sale, shall be a breach of the Franchise Agreement.

If you wish to use any type or brand of product or service item, or wish to purchase products or services from a vendor that is not currently approved by us, you shall notify us of your desire to do so and submit to us specifications, photographs, samples and/or other information which we request. DESTINATION ATHLETE® shall, within its sole discretion, determine whether such products or services meet its specifications and standards, and negotiate a supply



agreement with the vendor. Once an agreement is signed, then you shall be permitted to order the products and/or services from this vendor.

The franchisor's criteria for approval of suppliers are proprietary, and therefore, not available to the franchisee. The criteria shall remain within the sole discretion of the franchisor, which may be changed from time to time without notice to the franchisee. The franchisor does not issue specifications and/or standards to franchisees or approved suppliers.

The franchisor may, at its sole discretion, permit franchisees to contract with alternate suppliers, whom first meet the franchisor's criteria through review and written approval. There are no fees charged to secure approval to purchase from alternative suppliers.

No member of DESTINATION ATHLETE® owns an interest in any supplier.

Applications for alternate suppliers shall be approved or disapproved in writing by DESTINATION ATHLETE® addressed to the franchisee. The franchisor shall notify the franchisee of its approval or disapproval of a proposed supplier within 60 days following the franchisee's submission of specifications, photographs, samples and/or other information we request. The franchisor is not a supplier of any product you will be required sell to the customer. DESTINATION ATHLETE® reserves the right to revoke an approval of a supplier in writing to the franchisee.

The franchisor may derive modest revenue or other material consideration as a result of purchases of apparel, equipment, accessories or related durable goods or services.

Less than 5% of vendors/brands may in the given year provide rebates to DESTINATION ATHLETE®. These may include samples, catalogs, marketing material or other financial credit to the Franchisor.

There are no purchasing or distributive cooperatives. DESTINATION ATHLETE® provides no material benefits to a franchisee based upon a franchisee's purchase of particular products or services or use of particular suppliers.

Your initial marketing kit, which may include brochures, business cards, event tents and exhibit table covers, is provided at no cost by DESTINATION ATHLETE®. Thereafter, the franchisee is required to purchase these materials directly from our print vendor. DESTINATION ATHLETE® will contract with the print vendor and obligate vendor to provide discount pricing to franchisee for marketing material. Understand that you are not required to purchase each of these available items from the print vendor, but any marketing material you do use must be approved by DESTINATION ATHLETE®. These materials are intended solely to assist you in marketing your franchise, and are not intended as revenue for DESTINATION ATHLETE®. DESTINATION ATHLETE® will make no profit on such purchases from the print vendor.

For on-going operation of your business, we estimate that you will purchase the following percentages of goods or service from DESTINATION ATHLETE® and approved vendors:

- 1) Computer software/ updates.....2.5% (capped at \$1,000/ year);
- 2) Purchases from approved suppliers/vendors.....92.5%  
(note, these purchases are for transactions from team sales and through the DESTINATION ATHLETE® web site, which is separate and distinct from sales through the Your Team Store, for which you are solely responsible);  
and
- 3) DESTINATION ATHLETE® branded marketing materials  
and advertising.....5%.

You will have no obligation to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer software, real estate, or comparable items related to establishing or operating the franchised business from either DESTINATION ATHLETE®, its designee, or suppliers approved by DESTINATION ATHLETE®, or under its specifications. You are required to purchase appropriate business accounting software (we strongly recommend QuickBooks), which you pay directly to the software company. You are not required to purchase any items until you have first received orders from customers. Therefore, there are no stocking requirements prior to opening the franchise. Further, the cost of the marketing kit is included in your franchise fee.

Ongoing, you will have no obligation to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer software, real estate, or comparable items related to establishing or operating the franchised business from either DESTINATION ATHLETE®, its designee, or suppliers approved by DESTINATION ATHLETE®, or under its specifications. You will purchase goods directly. Moreover, you are not required to purchase marketing material, and if you do so, DESTINATION ATHLETE® shall only charge you the manufacturer's cost for the material. DESTINATION ATHLETE® provides a full "pass through" of marketing material costs, and therefore, makes no profit on this material.

DESTINATION ATHLETE® is not a manufacturer or supplier of goods (except for marketing-related material, as set forth, above, and which is sold at cost).

DESTINATION ATHLETE® shall negotiate purchase arrangements with suppliers and vendors, including price terms, for the benefit of the franchisees.

DESTINATION ATHLETE® does not provide material benefits to franchisees based on a franchisee's purchase of particular products or services or use of particular suppliers.

DESTINATION ATHLETE® does not require the franchisee to make any purchase or lease of apparel, equipment, accessories or related durable goods or services while establishing the business; and likewise, it does not require the franchisee to make any purchase or lease of apparel, equipment, accessories or related durable goods or services while operating the business. The franchisee orders only those items or services for which they have received customer purchase orders.

## 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	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	I, Schedule E	7 (note 2)
b. Pre-opening purchases/leases	Schedule E	7
c. Site development and other pre-opening requirements	I.D.4.	11
d. Initial and ongoing training	II	11
e. Opening	Schedule G	8
f. Fees	I, Schedule C	5,6
g. Compliance with standards and policies/operating Manual	I, VI and IV	8
h. Trademarks and proprietary information	III	13,14
i. Restrictions on products/services offered	I	8,16
j. Warranty and Customer Services requirements	IX,A,2	12
k. Territorial development and sales quotas	Schedules B,D	12
l. Ongoing product/services purchases	I	8
m. Maintenance, appearance and remodeling requirements	Schedule E	11
n. Insurance	XXXI, Schedule E	7
o. Advertising	VII	6,8,11
p. Indemnification	I,III,XIV	6,13
q. Owner's participation/management/staffing	I,D;II,A;XII,B; Schedule F	15
r. Records and reports	VIII,XXIX	11
s. Inspections and audits	IX	11
t. Transfer	X	12
u. Renewal	XI	12
v. Post-termination obligations	XII,XIII	17
w. Non-competition covenants	V,XIII	12
x. Dispute resolution	XX, XXI	17

y. Other (describe)	VI (system standards); XVIII (obligation to pay); XXIII (consent to jurisdiction); XXV (waiver of jury trial); XXVI (limitations of claims); XXIX (notices and payments); XXX (innovations); XXXII (Administrative Fees)	5, 8,16,17
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## ITEM 10 FINANCING

DESTINATION ATHLETE®, at its discretion, may finance the franchise fee. Depending upon the amount financed, the franchisee can expect to make payments based on from zero (0%) to ten percent (10%) of accrued interest from the date of the franchise agreement continuing until up to four (4) years and the principal and the accrued interest due are paid in full.

Such a financing arrangement shall be for the establishment of the franchised business, which may include the following: initial franchise fee. The financing option is transacted using the issuance of a note signed between DESTINATION ATHLETE® and franchisee. The note will be for a time frame ranging between two and seven years at an annual interest rate as defined under the Agreement.

DESTINATION ATHLETE® lends directly and does not rely upon a third-party financier/lender. However, DESTINATION ATHLETE® reserves the right to utilize a third-party lender, and if it does so, you will be notified of the identity of the lender within 60 days of signing the receipt for this Disclosure Agreement. The amount of financing offered will depend upon actual or reasonably anticipated costs, which may vary from one franchisee to another. The interest will accumulate on the portion of the principal outstanding from time to time at the prime rate of interest reported by Chase Manhattan Bank, N.A plus two adjusted annually at the anniversary date. The Debtor shall make payments of TEN percent (10%), of accrued interest beginning the first of the month following receipt of the balance of the franchise fee, and continuing thereafter until the principal and the interest due are paid in full. However, DESTINATION ATHLETE® reserves the right to charge simple interest.

If you have requested a financing arrangement, DESTINATION ATHLETE® shall first determine that you have the financial strength, in the form of liquid assets as well as net worth, to assure the franchisor that you are credit safe; in which event, you will be offered the following terms:

- 1) Amount: To be determined. Standard is 25%. At Franchisor's sole discretion.
- 2) Finance charge for Franchisor's finance (if applicable): 0% – 10% *per annum*.
- 3) Period of repayment: To be determined.

- 4) Security required: UCC-1 Financing Statement to be filed in your State.
- 5) Guarantee required of the following: The personal guaranty of you and each member or shareholder of your company, together with your spouses.
- 6) The financing debt may be prepaid ***without penalty***.
- 7) In the event of default on the terms of this financing arrangement, franchisee shall be responsible for the following: acceleration of obligation to pay the entire amount due, court costs and reasonable attorneys' fees for collection and termination of the franchise. Further, if you own any other DESTINATION ATHLETE® franchises for which there are unpaid obligations arising out of additional financing arrangements, a default of one Promissory Note shall trigger a default of all franchisees financing obligations to DESTINATION ATHLETE® (referred to as a "cross default").
- 8) See the *pro forma* Promissory Note attached to the Franchise Agreement at Schedule H.
- 9) The following are terms of waivers of legal rights under the terms of the financing arrangement:
  - a. The Promissory Note will be delivered to and accepted by the franchisee, and it will be deemed to have been made in the State of New Jersey.
  - b. The franchisee irrevocably submits to the jurisdiction of the State and Federal Courts located in the State of New Jersey, and agrees that all actions and proceedings relating directly or indirectly to this note may be litigated only in such courts, and that such courts are convenient forums.
  - c. The franchisee hereby waives personal service upon the franchisee and consents to service of process by mailing a copy thereof to the franchisee by registered or certified mail.
  - d. Franchisee waives the right to trial by jury in any action or proceeding based upon, arising out of or in any way connected to the Promissory Note.
  - e. The financing agreement does not prohibit the franchisee from asserting a defense against the franchiser, or, if the lender is not DESTINATION ATHLETE®, then the lender.

Note that DESTINATION ATHLETE® does not intend to sell, assign or discount any portion of the franchisee's loan to a third party.

DESTINATION ATHLETE® does not, at this time, offer financing for construction or outfitting of brick-and-mortar retail stores. This franchise is "home based" by design. Further, no

equipment leasing is contemplated or required. The required equipment is detailed in the Item 7 table.

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

**Except as listed below, DESTINATION ATHLETE® is not required to provide you with any assistance.**

Before you open your business, DESTINATION ATHLETE® will:

- 1) Train and approve up to four franchisee members/employees for active training in the System (**see Franchise Agreement ("FA"), Section II, A.**);
- 2) Assist franchisee with any DESTINATION ATHLETE® software installation issues from a remote location; however, it is the franchisee's responsibility to purchase and install proper hardware, cables and internet connections (**see FA, Section I, H.**);
- 3) Provide the names and contact information for approved suppliers (**see FA, Section I, G.**);
- 4) Provide two (2) DESTINATION ATHLETE® email addresses ([namelastname@destinationathlete.com](mailto:namelastname@destinationathlete.com)) as dedicated e-mail addresses per franchisee (**See FA, Section I, H, 5**);
- 5) Provide user rights and access to DESTINATION ATHLETE® intranet; (**See FA, Section I, H, 3**)
- 6) Provide a place on the website for "Your Team Store" home page on DESTINATION ATHLETE® website; (**See FA, Section I, H, 4**) and
- 7) Provide you with a marketing kit. (**See FA, Section I, I**)

DESTINATION ATHLETE® will assist the franchisee during operation of the franchise, as follows:

Development of suppliers or services the franchisee may offer to customers (**see FA, Section I, G.**);

Assist with web hosting company e-commerce designed/developed web site for URL destinationathlete.com (as well as URL's; destinationathlete.net destinationathlete.mobi, destinationathletes.com, athletesdestination.com, destinationforathletes.com, destination4athletes.com), which will include e-commerce areas for sports equipment, training accessories, supplements, performance wear, performance protection (**see FA, Section I, H.**);

Provide a web site to have online team wear store (“Your Team Store”) which shall have franchisee administration capabilities (see FA, Section I, G.);

Provide back-end web site reporting tools to track traffic and web sales by segment and tracking of sales including type of sale and the territory from which the customer ordered from (see FA, Section I, G.);

Assist with web site hosting and payment of all associated fees for web site including web maintenance (see FA, Section I, N.);

Protect the dedicated county territory (see FA, Section I, E.);

Secure national supplier agreements that include athletic brands (**note: some vendors may require prior approval before potential usage in certain markets**) for the following: logo and spirit wear, team uniforms, training accessories, and sporting equipment (see FA, Section I, G.);

Provide and pay for merchant and gateway accounts (see FA, Section I, G.);

Provide reconciliation payments when franchisee’s customers use DESTINATION ATHLETE® web site and e-commerce package (see FA, Section I, G.);

Provide DESTINATION ATHLETE® logos in 3 versions and each in 1 file format (see FA, Section III, A.);

Assist with web site enhancements and search capabilities (see FA, Section I, G.);

Provide periodic training and development (see FA, Section II, A.);

DESTINATION ATHLETE® to negotiate best price consideration from contracted suppliers with all price breaks passed on to franchisees (see FA, Section I, G.);

Provide templates for business cards, hardcopy and electronic invoices, and electronic proposals (see FA, Section I, O.); and

DESTINATION ATHLETE® will provide an annual conference, in person or virtual, to new Franchisees to discuss sales techniques, advertising programs, merchandizing, and will present manufacturers’ representatives to teach franchisees about the products they will be selling. Note that the franchisee will be responsible for travel costs to the annual conferences. All franchisees who have executed their Franchise Agreement by December 31, 2022 are invited to the first Chairman's Summit in 2023 provided they are compliant with the Franchise Agreement. Franchisees who have executed their agreement on January 1, 2023 or later are invited to the next Chairman's Summit (the next Summit after January 1, 2024) which takes place after their effective date under the Franchise Agreement, and provided they are compliant with the Agreement. Subsequent invites shall be guided by the policy found in the manual or the Chairman’s Circle documentation. Throughout the year, DESTINATION ATHLETE® will hold online seminars to discuss sales techniques, advertising programs, and merchandise.

The Franchisor shall not be obligated to the Franchisee for the following:

Developing products, the Franchisee will offer to its customers;

Hiring and training franchisee's employees other than the initial training for up to four people, which may include employees together with the principals;

Improving and developing the franchised business, except as specifically set forth in the Franchise Agreement;

Establishing prices for products;

Establishing and using administrative, bookkeeping, accounting, and inventory control procedures; and

Resolving operating problems encountered by the Franchisee.

The following is a description of DESTINATION ATHLETE®'s advertising program for the franchise system (**see FA, Section VII**):

DESTINATION ATHLETE® is legally required under the Franchise Agreement to provide advertising, which it provides through its web site and social media outlets. (**See FA Section VII, A.1.**) Per the terms of FA Section VII, A.1., if DESTINATION ATHLETE® believes it prudent to commence a national advertising program (other than as already disclosed herein), it will institute the program upon written notice to you. DESTINATION ATHLETE® shall use both internet and non-internet channels of media, including its web site, digital and social media. The media shall be national, only. The source of the advertising shall be in-house and may include national agencies. The franchisor shall not be responsible for spending any amount on local advertising. The franchisee must obtain DESTINATION ATHLETE®'s approval for any advertising copy, brochures, fliers intended by franchisee for local marketing purposes. There exist no advertising councils of franchisees, or local or regional advertising cooperatives.

Be advised that no advertising fund currently exists. DESTINATION ATHLETE® reserves the right to implement an advertising fund at any time in its sole discretion and upon written notice to you.

Upon written notice, the franchisee must participate in the DESTINATION ATHLETE® Public Relations and Advertising Program Fund; whereby,

- 1) Each franchisee contributes to the Fund;
- 2) The franchisee must contribute the equivalent of 2% of its annual gross sales (or based upon an average monthly gross sales if the franchise has existed less than one year); however, this amount shall be discounted up to 1% for local advertising spent by the franchisee in the same period;
- 3) DESTINATION ATHLETE® shall administer the Fund;
- 4) The fund shall not be audited;



- 5) The Advertising Fund will be accounted for separately from DESTINATION ATHLETE®'s other funds; and
- 6) DESTINATION ATHLETE® shall prepare, annually, a statement of monies collected and costs incurred by the Advertising Fund, which shall be made available to you upon written request; and
- 7) There have been no funds yet collected.

All Advertising Fund deposits not used in a fiscal year shall be carried over to the following year, and the franchisee may receive a statement, upon written request, of how the Fund fees have been spent.

To date, DESTINATION ATHLETE® has not required franchisees to contribute to this Fund. In 2022, no advertising funds were spent. However, DESTINATION ATHLETE® reserves the right to implement this Fund at any time during the term of this Agreement and require contributions from franchisees as set forth in the Agreement.

The Franchisee is not required to participate in any other Advertising Fund.

It is DESTINATION ATHLETE®'s obligation to upgrade or update the Computer System during the term of the franchise, which, in its sole discretion, is reasonably necessary to maintain the said system. You, the franchisee shall not be required to pay more than \$1,000.00 per calendar year for your share of the cost of this maintenance, and prorated for the first year in which this agreement commenced.

For additional information, see Items 6, 8 and 9.

The Franchise Manual ("the Manual"), and any part of the Manual, may be in any form or media determined by DESTINATION ATHLETE®. Franchisor may supplement, revise, or modify the Manual, and DESTINATION ATHLETE® may change, add or delete System Standards at any time during the term in its sole discretion. DESTINATION ATHLETE® may inform Franchisee thereof by any method that it deems appropriate (which need not qualify as "notice" under Section XXIX). In the event of any dispute as to the contents of the Manual, Destination Athlete's master copy will control.

You must operate your Franchised Business according to the strict standards, methods, policies and procedures specified in the Manual. One copy of the Manual is loaned to you by us for the term of the Franchise Agreement after you complete our initial training program to DESTINATION ATHLETE®'s satisfaction. We may make the Manual available electronically.

Three offenses of this policy involving any number of vendors and within any five-year period shall result in an immediate default and termination of the Franchise Agreement with no further right to cure.

You must treat the Manual, any other of our manuals which are used in the operation of your Franchised Business, and the information in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate,

record, or otherwise reproduce these materials, in whole or in part, or otherwise give them to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place at the Franchised Business.

We may revise the contents of the Manual, and you must comply with each new or changed standard. You must make sure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our corporate office will be controlling.

The following is a Table of contents for DESTINATION ATHLETE®'s Manual:

Section 1 – Active .....	page 1
Section 2 – Complete Athlete .....	page 27
Section 3 – Marketing .....	page 40
Section 4 – Vendors .....	page 75
Section 5 – Your Team Store .....	page 104
Section 6 – Decorations .....	page 158
Section 7 – Pricing .....	page 176
Section 8 – Website .....	page 183
Section 9 – CMS .....	page 203
Section 10 – Team Manager .....	page 228

The DESTINATION ATHLETE® Manual is 245 pages, is available online, and is employed for instructional purposes during the training session. Further, the franchisor will use hard copy handouts and discuss franchise practices and policies during the training.

DESTINATION ATHLETE® advises purchasing a computer, whether personal computer or laptop, dedicated to the franchise business. DESTINATION ATHLETE® requires and advises as follows:

- 1) The franchisee is to maintain all sales data and customer data;
- 2) The franchisor cannot state the cost of purchasing or leasing a computer system, but estimates the cost to purchase to be approximately \$1,500.00;
- 3) DESTINATION ATHLETE®'s only obligation concerning your computer system is to provide updates for the DESTINATION ATHLETE® System (**see FA, Section I, H**);
- 4) DESTINATION ATHLETE® does not provide any maintenance, repairs or upgrades to your computer or provide updates for any software not related to DESTINATION ATHLETE®'s System;
- 5) The annual cost to maintain the DESTINATION ATHLETE® System software updates is up to, but no more than \$1,000.00;
- 6) The franchisor shall have independent access to the information that will be generated or stored in any computer system dedicated for use of the franchise business by the franchisee (**see FA, Section I, H**); further,

- a. DESTINATION ATHLETE® shall have access to all sales transactions, charges, customer data, and any information required to determine the franchisee's gross and net sales; and
- b. There are no contractual limitations on the franchisor's right to access the information on your dedicated computer.

DESTINATION ATHLETE® provides you with the opportunity to open a retail, physical store, if you wish, whether through lease or construction. However, the agreement shall not be contingent upon the opening of a store. Therefore, if you execute the Franchise Agreement you will remain obligated under its terms whether or not you open a retail, physical store.

If you elect to open a retail, physical store, DESTINATION ATHLETE® requires that the franchisee select the site. DESTINATION ATHLETE® may assist in this selection, but must approve the site selection. (See Schedule E to the Franchise Agreement.) Franchisee must also cause to be prepared and submit for approval by DESTINATION ATHLETE® a site plan and any modifications to DESTINATION ATHLETE®'s basic architectural plans and specifications for the Store, including requirements for dimensions, exterior design, materials, interior layout, equipment, fixtures, furniture, signs and decorating. You understand that you may modify DESTINATION ATHLETE®'s basic plans and specifications only to the extent required to comply with applicable ordinances, building codes and permit requirements, and only with our prior written approval.

Factors that DESTINATION ATHLETE® will consider when approving a site, shall include general location, neighborhood, traffic patterns, parking, size, physical characteristics of the existing building(s) and lease terms.

Upon submission of the items identified above, DESTINATION ATHLETE® shall have thirty (30) days in which to approve or disapprove the site. In the event DESTINATION ATHLETE® disapproves the site, the parties may then decide whether to extend the search for a new site or cancel the agreement in writing. In no event shall the search and approval process exceed six (6) months from submission of the required items by you, unless extended by the franchisor in writing.

You will be furnished with mandatory and suggested specifications and layouts for a DESTINATION ATHLETE® store, including requirements for dimensions, designs, image, interior layout, décor, equipment, fixtures, furnishings, buildings of modular construction and signs. DESTINATION ATHLETE® will provide written specifications for the store. However, DESTINATION ATHLETE® does not deliver or install the items, including equipment or signs.

DESTINATION ATHLETE® will provide assistance in locating and approving qualified vendors for store equipment, signs, fixtures, and inventory.

You are not required to open a retail, physical store. If you do not intend upon opening a physical store, then DESTINATION ATHLETE® estimates that between the earlier of the execution of the franchise agreement and the opening of your business, a length of two (2) months should be expected.

If you choose to open a store, DESTINATION ATHLETE® estimates that between the earlier of the execution of the franchise agreement and the opening of your store, a length of six (6) months should be expected. This time period may vary depending upon when you complete training, and whether you successfully complete training; your ability to obtain a lease; the financing of your business or construction; obtaining zoning or approvals for building a retail site and satisfaction of local building/fire ordinances; weather conditions and other Acts of God; shortages in equipment, apparel or supplies; and/or delayed installation of equipment, fixtures or signs.

Each year DESTINATION ATHLETE® hosts an in person and/or virtual conference for all franchisees in good standing, which you are not required to attend, and provided you are in compliance with the Franchise Agreement and have met the requirements in the Manual following your second year (for more detail, see page 22). DESTINATION ATHLETE® will not charge you any fees or costs to attend; however, you will be responsible to cover your traveling expenses to and from the conference. Franchisor’s hospitality will include overnight accommodations and meals.

“Destination Imprint”. Provided you are a Franchisee in good standing by satisfying all condition of this Agreement, including the minimum annual royalty payment (see Sec. J.3.(d)), you shall have the option to sell DESTINATION ATHLETE® approved uniforms, and possibly other products, to commercial establishments. If you opt to participate in this program, you shall pay DESTINATION ATHLETE® an annual fee of \$480.00. Further, you shall pay the Franchisor royalties (8% or 5%, respectively, depending upon the category of royalty – Your Team or non-internet) per Schedule C, attached to the Franchise Agreement.

## TRAINING PROGRAM

NOTE: Training shall be satisfactorily completed before you begin representing DESTINATION ATHLETE® and selling products to customers.

The DESTINATION ATHLETE® training program is described in the following table:

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Overview	28 (over 4 days)		DESTINATION ATHLETE®
Apparel/Uniforms	8		Apparel Supplier—NJ
Manual/Case Studies/Role Play	4		DESTINATION ATHLETE®
Set Up		40	Franchisee
Feedback		40	Franchisee

Notes:

1. Training classes are held as needed, but no fewer than four times a year in the franchisor's corporate offices, located in Lebanon Township, Hunterdon County, New Jersey;
2. The training will be conducted by the franchisor and by the supplier of apparel. The instructors have three (3) years' experience with the franchisor.
3. You will not be charged for the initial training of up to four people;
4. You shall pay for all travel-related and living expenses relative to the training program enrollees;
5. The principal owners of the franchisee must attend training;
6. Preparatory and active training to be completed within 3 months following execution of the FA; and
7. Additional training programs or refresher courses shall be required and you will be notified in writing at least 90 days prior to the program/course;
8. The Franchisee and all attendees must complete the program to DESTINATION ATHLETE®'s satisfaction;
9. See Item 15 (2) concerning the training of Franchisee's supervisor of retail stores.
10. These are our instructors together with their years of training experience: Deb Gurski training 10 years; Doug Dickison training 13 years; Drew Dickison training 5 years; and Tracey Gomez, Tricia Charbonneau, and Gwen Keith each have been training 4 years.

All franchisees, and employees and contractors of franchisees, are required to have and deploy VPN on all electronic devices at all times for any franchise-related business activity (ex: Norton, Express VPN, Nord VPN).

## **ITEM 12 TERRITORY**

This franchise is exclusive for the territories as defined by the corporate limits of the County or Counties of your approved territory in the State of California.

The territory is determined by the county's borders (in other words, the territory as defined by an incorporated county's defined borders).

The franchisor will consider the franchisee's establishment of additional territories based upon availability of the territory and the franchisee's fulfillment of all obligations under the FA; however, the grant of additional franchise territories to an existing franchisor is in the sole discretion of DESTINATION ATHLETE®, and may be denied for any reason or no reason.

The franchisor will consider the franchisee's establishment of additional retail outlets based upon market conditions in the territory and the franchisee's fulfillment of all obligations under the FA; however, the grant of an additional retail outlet(s) in an established territory remains in the sole discretion of DESTINATION ATHLETE®, and may be denied for any reason or no reason.

In the event a franchisee wishes to relocate its franchise business, written notice of this intent must be received by DESTINATION ATHLETE®. The notice must identify the requested

territory by county and state. Upon receipt of this notice, DESTINATION ATHLETE® shall have sixty (60) days in which to respond. The decision whether to permit a relocation shall be within DESTINATION ATHLETE®'s sole discretion. Franchisor will consider the following factors in reaching a determination whether to consent to a relocation request: (1) whether the franchisee is then in good standing under the Franchise Agreement; specifically, whether all of the franchisee's obligations have been satisfied and royalties current; (2) whether the requested territory is available (note that "availability" shall be defined as covering circumstances where the territory is under contract negotiation with another party, or a third-party has expressed to franchisor a good faith interest in the territory); and (3) the requested territory contains the same population as the current territory. In the event of DESTINATION ATHLETE®'s consent to the relocation, the franchisee shall remain fully obligated to the terms of the Franchise Agreement. The franchisor shall not be subjected to losses of any kind, including royalties, due to its consent. Therefore, the franchisee shall accept all responsibility, contractual and/or financial, of the relocation to ensure a smooth transition to the new territory, including the continued, satisfactory servicing of all existing customer accounts in the original territory. DESTINATION ATHLETE® shall consider request for a relocation to a territory having a larger population on the condition that the franchisee agree to pay the fee difference between the levels of the territory then under agreement and the requested territory. Further, the fee differential shall be determined by the fee schedule in effect at the time of the notice.

Continuation of the exclusivity of this territory depends upon achieving a sales volume of \$15,000 within the first year, with increases of 10% each year thereafter during the term of the agreement.

In the event the franchisee is unable to meet the minimum sales volume as set out in the previous paragraph hereof, then DESTINATION ATHLETE® shall have the right to cancel the franchise on thirty (30) days written notice, and thereafter enter into a new agreement with a new franchisee, or existing franchisee, and grant same party exclusivity for the territory.

DESTINATION ATHLETE® will not approve the transfer of a franchise from one territory to another, unless agreed to in a separate writing; further, the grant of such as transfer shall be in the sole discretion of DESTINATION ATHLETE®, and may be denied for any reason or no reason.

The franchisor shall not solicit or accept orders through its web site from customers inside the franchisee's territory and shall not use any other channels of distribution, such as the internet (except through Your Team Store), catalog sales, telemarketing or other direct sales within the franchisee's territory or make such solicitations or accept orders under different trademarks from the one's the franchisee shall use under the FA.

You are prohibited from making any sales or solicitations from customers in other territories in which another franchisee has made sales continuously over the prior 12-month period, or who has been granted an exclusive franchise, therein.

So long as you are not otherwise prohibited above, you may use any channel of distribution, such as internet catalog sales, telemarketing or other direct sales, to make sales outside your territory, provided you receive written permission to do so from DESTINATION ATHLETE®.

The franchisor shall not establish a company-owned store or another channel of distribution, selling or leasing similar products or services under a different trademark.

Regardless of population increase, DESTINATION ATHLETE® shall not grant to another party marketing rights to your exclusive territory. Therefore, should you purchase an exclusive territory at the Platinum level, and subsequently the population in that territory exceeds 1,000,000 people, DESTINATION ATHLETE® will not modify your territory by granting an additional franchise within your territory.

DESTINATION ATHLETE® will compensate the Franchisee for any inadvertent orders it accepts from inside the Franchisee's territory. DESTINATION ATHLETE® shall reimburse a franchisee for any orders received as a result of direct solicitations, if any. DESTINATION ATHLETE®'s web site, and the ability of individuals within the territory to view the web site, shall not be considered direct solicitation.

The franchisee shall not solicit or accept orders from consumers outside of his, her or its territory, unless specifically authorized in writing by DESTINATION ATHLETE®. Further, no orders shall be solicited or accepted from consumers in other established DESTINATION ATHLETE® or DESTINATION ATHLETE® franchisee territories.

### ITEM 13 TRADEMARKS

The principal and relevant trademarks owned by the franchisor and registered with the United States patent and trademark office, are as follows:

A. "Destination Athlete"® Registration No. 4,149,750 Registered May 29, 2012 Principal Register	
B. "Getting you there" ® Registration No. 4,153,476 Registered June 5, 2012 Principal Register	<i>No image created</i>
C. "4Star Foundation" ® Registration No. 4,149,911 Registered May 29, 2012 Principal Register	<i>No image created</i>
D. "Everything Team, Everything Better" ® Registration No. 6,373,902 Registered June 1, 2021 Principal Register	<i>No image created</i>

E.	“Building Better Communities Through Athletes” ® Registration No.. 6,570, 916 Registered November 23, 2021 Principal Register	<i>No image created</i>
F.	“Training to Trophies” ® Registration No. 6,842,494 Registered September 13, 2022 Principal Register	<i>No image created</i>

The franchisee is permitted the use of “Destination Athlete”® and “Getting you there”®

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; and any pending infringement, opposition, or cancellation proceeding. No registration requires renewal. These are registered on the Principal Register of the United States Patent and Trademark Office. The franchisor has filed all required affidavits.

There is no pending material federal or state court litigation regarding the franchisor’s use or ownership rights in a trademark or intended trademark.

There are no currently effective agreements that significantly limit the franchisor’s rights to use or license the use of trademarks listed in this section in a manner material to the franchise.

You agree to ***notify us immediately*** of any apparent infringement (for example, a trademark identical to or confusingly similar to a trademark licensed to the franchisee), or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

DESTINATION ATHLETE® shall protect the franchisee against claims of infringement or unfair competition arising out of the franchisee’s authorized use of the trademarks.

We agree to defend and indemnify you against and to reimburse you for all damages for which you are held liable in any proceeding, including administrative or judicial, arising out of your authorized use of any Mark, pursuant to and in compliance with this Agreement, and for all costs reasonably incurred by you in the defense of any such claim brought against you, or in any such proceeding in which you are named as a party, provided that you have timely notified us of



such claim or proceeding, have given us sole control of the defense and settlement of any such claim, and have otherwise complied with this Agreement.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice thereof. We will reimburse you for your reasonable direct expenses of changing the franchise's signs. However, we will not be obligated to reimburse you for any loss of revenue or expenses caused by any modification or discontinuance.

The franchisor knows of no superior prior rights or infringing uses that could materially affect the franchisee's use of the principal trademarks in the state where the franchised business will be located.

#### **ITEM 14**

### **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

The franchisor owns no rights in, or licenses to, patents or copyrights that are material to the franchise. Further, the franchisor has no pending patent applications that are material to the franchise.

#### **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You agree that you will at all times faithfully, honestly and diligently perform your obligations hereunder, operate the Franchise in full compliance with this Agreement and not engage in any other business or activity that conflicts with your obligations to operate the Franchise in compliance with this Agreement.

The principal members of the Franchisee are required to participate personally in the direct operations of the Franchisee's business.

The principal members of the Franchise must all complete DESTINATION ATHLETE®'s training.

If the Franchisee opens one or more retail stores, then DESTINATION ATHLETE® strongly recommends that "on premises" supervision of the store be by an owner or a member of the Franchise company; however, DESTINATION ATHLETE® shall allow on-site supervision by a non-member of the Franchisee provided the following terms are satisfied:

- 1) The supervisor must be at least 18 years of age;
- 2) The on-site supervisor must complete DESTINATION ATHLETE®'s training and be deemed satisfactory by the Franchisor;
- 3) The on-site supervisor need not have an equity interest in the Franchisee's company; and

- 4) The on-site supervisor must sign a confidentiality and non-compete agreement (see Schedule “cc” to SCHEDULE “H” of the Franchise Agreement), agreeing to protect the confidentiality of trade secrets, the covenants not to compete, as well as any other covenants in the agreement to which the members of the Franchisee are subject. Prior to the commencement of on-site supervisor’s employment, a copy of this executed agreement is to be provided to DESTINATION ATHLETE®.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must participate in our supply purchase program, under which you shall only purchase apparel, equipment, accessories or related durable goods or services (hereafter “products and services”) from vendors we have pre-approved, and with whom we have a supply agreement. We shall provide you with a list of approved products and services and shall from time-to-time issue revisions thereto.

You are prohibited from purchasing apparel, equipment, accessories or related durable goods or services (again, “products and services”) from any non-approved vendor, directly or indirectly, without the knowledge of DESTINATION ATHLETE®, regardless of whether you use the Marks in the transaction. The sale of any products and services to any buyers within the Territory, whether or not approved or offered by DESTINATION ATHLETE®, or whether or not you use the Mark in the sale, shall be a material breach of this Agreement. This is a material condition to the terms of the franchise Agreement, and any violation of this term may, at the sole discretion of DESTINATION ATHLETE®, result in the immediate termination of this Agreement.

DESTINATION ATHLETE® has the right to change the types of authorized goods or services and there shall be no limits upon DESTINATION ATHLETE®’s right to make such changes. DESTINATION ATHLETE® shall notify you in writing of any material changes to the types of authorized goods or services DESTINATION ATHLETE® provides to you.

The franchisee shall commonly sell Products to families (meaning the parents or guardians) of athletes through little leagues, schools, charitable, educational or not-for-profit organizations within its designated territory(ies). The franchisee will actively solicit families of athletes and their coaches for athletic apparel, equipment and accessory products available through the on-line store, or support services (i.e. trophies, events, photographs) as well as businesses and other types of organizations (such as colleges) to provide these same types of products within its designated territory(ies). The franchisee is not authorized to actively solicit sales outside of its designated territory(ies).

## **ITEM 17**

### **RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

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

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

### **THE FRANCHISE RELATIONSHIP**

Provision	Section in franchise or other agreement	Summary
a. Length of franchise term	I	The initial term is 10 years
b. Personal Involvement by Principal Owners	VI	Principal owners are required to devote substantial time, effort and attention to the operations, management and supervision of the Franchise business.
c. Successor Franchise (5 year extension terms)	XI	Written notice required (180 days prior to end of term). Franchisor shall have 180 days to respond with either a renewal notice or notice of deficiencies requiring curing. New agreement and releases to be executed within 60 days of delivery of documents by franchisor.
d. Requirements for Successor Franchise	XI	Franchisee must be in full compliance with the terms and conditions of the franchise agreement. Franchisor shall give written notice of non-renewal within 90 days of expiration of term of current agreement. <sup>1</sup> Note that you must sign a contract at such renewal time bearing materially different terms and conditions than found in the preceding agreement(s). Beginning with the second

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<sup>1</sup> “Renewal” means that upon expiration of the initial term, and any successive five (5) year terms, you may have the right to acquire a successor franchise, per the terms set forth in Art. XI.B of the Franchise Agreement attached hereto.

		Successor Franchise (third term), the Franchisee shall be charged a renewal fee of \$5,000.00.
e. Termination by Franchisee	XII	Upon written notice of breach of material terms and 90 days permitted to cure, the Franchisee may terminate agreement on 30 day's written notice.
f. Termination by Franchisor without cause	N/A	N/A
g. Termination by Franchisor with cause	XII	See (a) through (p). Franchisor may agree to a period of probation if Franchisee cures cause(s) for termination.
h. "Cause" defined—curable defaults	XII	(b) abandon or fail actively to operate franchise 2 or more consecutive months during an athletic season; (h) you lose possession of retail store; (k) you violate any law and fail to correct the non-compliance within 72 hours; (l) you fail to make correct payments to us; (m) you fail to pay taxes; (n) you fail to comply with other provisions or System Standard; or (o) you fail to submit reports.
i. "Cause" defined - non-curable defaults	XII	(a) material misrepresentations or omissions; (c) you surrender or transfer control of your franchise without consent; (d) any owners of the franchise are found guilty or plead guilty to a felony offense; (e) any owners of the franchise engage in dishonest or unethical conduct; (f) any owners of the franchise

		<p>make an unauthorized assignment of the franchise agreement or ownership interest in the franchise;(g) failure to assign the controlling interest upon your death or disability;(i) any owners disclosed Confidential Information;(j) any owners make an unauthorized use of the franchisor's Marks or challenge the Marks;(k) you make an assignment for the benefit of creditors or admit your insolvency (note that the provision in the franchise agreement providing for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 <i>et seq.</i>); (l) three offenses of the Manual involving any number of vendors and within any five year period; or, (q) you violate the quarterly Minimum Performance Requirement .</p>
j. Franchisee's obligations on termination/non-renewal	XIII	<p>Payment by you of all royalties, marketing and promotion fund contributions, amounts owed to us for purchases, and interest due. Cease all marketing as a DESTINATION ATHLETE® franchisee. Return marked items. Provide written confirmation of compliance within 30 days of expiration of agreement.</p>

k. Assignment of contract by Franchisor	XXXII	There shall be no assignment unless agreed to by the parties in writing.
l. "Transfer" by Franchisee - defined	X	The agreement and your ownership interest in your company cannot be transferred to another party without the written consent of DESTINATION ATHLETE®.
m. Franchisor approval of transfer by Franchisee	X	A transfer may be approved upon full disclosure to DESTINATION ATHLETE® of the intended transferees.
n. Conditions for Franchisor approval of transfer	X	DESTINATION ATHLETE® must be satisfied with transferee's character, business experience, aptitude and financial resources. Further, you must be in full compliance with the terms of the agreement at the time of the transfer request. Payment of transfer fee of \$15,000.
o. Franchisor's right of first refusal to acquire franchisee's business	X	Upon proof of a written, bona fide offer, DESTINATION ATHLETE® may present a written offer to purchase the franchise on the same terms. You may make an offer to sell directly to DESTINATION ATHLETE®.
p. Franchisor's option to purchase Franchisee's business	XIII	Upon termination of agreement, DESTINATION ATHLETE® may exercise an option to purchase the franchise. The purchase price for the assets of the franchise will be the equivalent of 65% of the

		rolling current annual royalty.
q. Death or disability of Franchisee	X	Death or disability of you, or a member/shareholder having a controlling interest in you, triggers the transfer provisions in the agreement. The transfer must be completed within 9 months of death or disability.
r. Non-competition covenants during the term of the franchise	I, XV	You shall not make sales outside your Territory unless given written permission to do so by DESTINATION ATHLETE®. Further, neither DESTINATION ATHLETE® or its franchisees shall make any sales within your Territory, so long as you are in compliance with the agreement and have made sales continuously over the prior 12 months.
s. Non-competition covenants after the franchise is terminated or expires	XIII, XV, XI	You shall not compete for a period of 2 years following the date of termination. The geographic area of restriction is 100 miles from your franchise territory or 50 miles from any other DESTINATION ATHLETE® franchise. (This provision may not be enforceable under California law.)
t. Modification of the agreement	XXXI	Any modification to the agreement must be in writing which is signed by both parties.
u. Integration/merger clause	XXXI	Only the terms of the franchise agreement are binding (subject to state law). Any representations

		or promises made outside the disclosure document and franchise agreement may not be enforceable.
v. Dispute resolution by arbitration or mediation	XX, XXI	Any disputes by the parties must be resolved by alternative dispute resolution, beginning with mediation. The arbitrator may award attorneys fees and costs to the prevailing party.
w. Choice of forum	XXIII	(Subject to applicable State law.)
x. Choice of law	XXII	(Subject to applicable State law.) This provision may not be enforceable under California law.
y. Liquidated damages	XII	In the event of your default, which causes the early termination of the term, you agree to pay DESTINATION ATHLETE® damages equal to the average monthly fees paid to us over the past 12 months multiplied by the number of months remaining in the then-current term. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.
z. Innovations	XXX	DESTINATION ATHLETE® shall have a right to your ideas, plans, improvements, concepts, methods and techniques relating to the development or operation (including marketing, advertising and promotions) of the franchise unit or any similar aspect of the business conceived or



		developed by you, any Owner, or your employees during the term of this Agreement.
aa. Administrative Fee	XXXII	If at any time you fail to conform to System Standards, we have the right to impose and collect from you an administrative fee equal to \$250.00 for each enforcement effort.

## ITEM 18 PUBLIC FIGURES

DESTINATION ATHLETE® does not use any public figure to promote its franchise.

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Douglas D. Dickison at Destination Athlete, 104 Main Street, Lebanon, NJ 08833, (908) 200-7278, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 OUTLETS AND FRANCHISE INFORMATION

### TABLE 1

#### SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2020 - 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	128	151	+23
	2021	151	203	+52
	2022	203	229	+26
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	128	151	+23
	2021	151	203	+52
	2022	203	229	+26

**TABLE 2**

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (other than the franchisor) FOR YEARS 2020 to 2022**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
CA	2020	1
	2021	0
	2022	1
FL	2020	0
	2021	1
	2022	0
NJ	2020	1
	2021	0
	2022	1
NC	2020	0

	2021	0
	2022	1
<u>NY</u>	2020	0
	2021	1
	2022	0
<u>PA</u>	2020	0
	2021	0
	2022	0
Total	2020	2
	2021	2
	2022	3

**TABLE 3**

**STATUS OF FRANCHISE OUTLETS  
FOR YEARS 2020 - 2022**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired By Franchisor	Ceased Operations- Other Reasons	Outlets At End of Year
AL	2020	1	0	0	0	0	0	1
	2021	1	4	0	0	0	0	5
	2022	5	0	0	0	0	0	5
AZ	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
CA	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	1	3
CO	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
CT	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
FL	2020	8	0	0	0	0	0	8

	2021	8	4	0	0	0	0	12
	2022	12	0	0	0	0	0	12
ID	2020	0	6	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
IL	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
IN	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	0	10
KS	2020	0	0	0	0	0	0	0
	2021	0	7	0	0	0	0	7
	2022	7	0	0	0	0	0	7
KY	2020	0	0	0	0	0	0	0
	2021	0	11	0	0	0	0	11
	2022	11	7	0	0	0	0	18
LA	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
MA	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
MD	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MI	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
MO	2020	0	0	0	0	0	0	0
	2021	0	13	0	0	0	0	13
	2022	13	2	0	0	0	0	15
MS	2020	0	0	0	0	0	0	0
	2021	0	14	0	0	0	0	14
	2022	14	0	0	0	0	0	14
NC	2020	5	4	0	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	4	0	0	0	0	13
NJ	2020	18	2	0	0	0	0	20
	2021	20	0	0	0	0	0	20
	2022	20	0	0	0	0	0	20
NY	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	5	0	0	0	0	7
OH	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
	2022	3	5	0	0	0	0	8
OR	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
PA	2020	5	2	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7

SC	2020	3	3	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
TN	2020	35	0	0	0	0	0	35
	2021	35	0	5	0	0	0	30
	2022	30	0	0	0	0	0	30
TX	2020	8	4	0	0	0	0	12
	2021	12	0	0	0	0	0	12
	2022	12	0	0	0	0	0	12
VA	2020	5	0	0	0	0	0	5
	2021	5	5	5	0	0	0	5
	2022	5	0	0	0	0	0	5
Total	2020	128	23	0	0	0	0	151
Total	2021	151	62	10	0	0	0	203
Total	2022	203	27	0	0	0	1	229

**TABLE 4**

**STATUS OF COMPANY OWNED OUTLETS**

**FOR YEARS 2020-2022**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets At End of the Year
AL	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
AZ	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
CA	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
CO	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
CT	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
FL	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
ID	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

	2022	0	0	0	0	0	0
IL	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
IN	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
KS	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
KY	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
LA	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
MA	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
MD	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
MI	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
MO	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
MS	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
NC	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
NJ	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
NY	2020	0	0	2	0	2	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
OH	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

OR	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
PA	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
SC	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
TN	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
<u>TX</u>	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
<u>VA</u>	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
<u>TOTALS</u>	2020	0	0	2	0	2	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

**TABLE 5**

**PROJECTED OPENINGS AS OF DECEMBER 31, 2022**

Col. 1	Column 2	Column 3	Column 4
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
<u>TOTAL</u>	0	0	0

For names and contact information for all current franchisees, please see Exhibit “F”.

There have been ten (10) outlets terminated in the most recently concluded fiscal year. No franchisees failed to communicate with the franchisor within 10 weeks of the Issuance date of the FDD in the most recently concluded fiscal year.

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

The franchisor is not selling a previously-owned franchised outlet now under its control.

No franchisees have signed confidentiality clauses during the past three (3) fiscal years.

There are no trademark-specific franchisee organizations in the DESTINATION ATHLETE® franchise.

## **ITEM 21 FINANCIAL STATEMENTS**

Audited financial statements prepared in accordance with United States generally accepted accounting principles as required by the Securities and Exchange Commission for the Company for the periods ended December 31, 2020, December 31, 2021, and December 31, 2022.	See Exhibit E, which includes the audited Financial Statements for years 2020, 2021 and 2022, by BKC Certified Public Accountants, PC, dated March 7, 2023. Further, said report includes balance sheets and statements of operation, changes in shareholder's equity and cash flows.
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## **ITEM 22 CONTRACTS**

See attached as Exhibit A, the proposed Agreement regarding this franchise offering.

## **ITEM 23 RECEIPTS**

See receipts at end of Franchise Disclosure Document. Please sign both and return one original to Mr. Douglas D. Dickison at DESTINATION ATHLETE®, 104 Main Street, Lebanon, NJ 08833.



# **EXHIBIT A**

## **STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

## **EXHIBIT A**

### **STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

Note that the State of California does require pre-registration of franchise disclosure documents.

CALIFORNIA Administrator -	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 1-866-275-2677
Agent	California Commissioner of Corporations Department of Corporations 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-1105 1-866-275-2677
CONNECTICUT Banking Commissioner -	Department of Banking Securities and Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299
FLORIDA Administrator -	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800
Agent -	Corporate Creations Inc. 941 Fourth Street Miami Beach, FL 33139
HAWAII	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 Telephone: 808-586-2722
ILLINOIS	State of Illinois - Franchise Bureau Office of Attorney General 500 S. Second Street Springfield, IL 62706 (217) 782-4465

INDIANA Administrator -	Indiana Securities Division 302 W. Washington St., Rm. E-111 Indianapolis, IN 46204 Telephone: 317-232-6681
Agent -	Indiana Secretary of State 201 State House 200 W. Washington Street Indianapolis, IN 46204 Telephone: 317-232-6531
MARYLAND Administrator -	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202
Agent -	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202
MICHIGAN	Michigan Department of Attorney General Corporations and Securities Bureau PO Box 30054 6546 Mercantile Way Lansing, MI 48909
MINNESOTA	Minnesota Department of Commerce 85 -7th Place East, Suite 500 St. Paul, MN 55101-3165
NEW YORK Administrator -	New York State Dept. of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8285
Agent -	New York Secretary of State 99 Washington Street Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Department 414

Bismarck, ND 58505-0510  
Phone: 701-328-4712

RHODE ISLAND

State of Rhode Island  
Dept. of Business Regulation  
Securities Division  
1511 Pontiac Avenue  
John O. Pastore Complex, Building 69-1  
Cranston, RI 02910

SOUTH DAKOTA

South Dakota Department of Revenue and  
Regulation  
Division of Securities  
445 E. Capitol Ave.  
Pierre, SD 57501

TEXAS

Secretary of State  
P.O. Box 12887  
Austin, TX 78711

VIRGINIA - Registered Agent -

Clerk of the State Corporation Commission  
1300 E. Main Street, 1st Floor  
Richmond, VA 23219  
Telephone: 804-371-9733

State Administrator -

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9th Floor  
Richmond, VA 23219  
Telephone: 804- 371-9051

WASHINGTON

Department of Financial Institutions  
Securities Division  
P.O. Box 9033  
Olympia, WA 98507-9033

WISCONSIN

Wisconsin Securities Commission  
345 W. Washington Ave., Fourth Floor  
Madison, WI 53703  
Telephone: 608-266-1064

# **EXHIBIT B**

## **FRANCHISE AGREEMENT**

# FRANCHISE AGREEMENT



## DESTINATION ATHLETE LLC FRANCHISE AGREEMENT

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DESTINATION ATHLETE LLC  
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2023, by and between Destination Athlete LLC (hereafter "DESTINATION ATHLETE®"), a New Jersey Limited Liability Company, with its principal business address at 104 Main Street, Lebanon, NJ 08833 (referred to in this Agreement as "we," "us" or "our"), and John Sample, whose address is \_\_\_\_\_ (referred to in this Agreement as "you," "your" or "Owner") (further, note that "you," "your" or "Owner" refer to all members or shareholders of the franchisee). The Franchise Fee is \$\_\_\_\_,000.00 for this \_\_\_\_\_ Level County (\_\_\_\_\_ Co, California), provided the Agreement is fully executed and fee paid by close of business, \_\_\_\_\_, 2023.

I. RECITALS, ACKNOWLEDGMENTS AND GRANT OF FRANCHISE.

A. RECITALS

1. We have expended time, skill, money and effort to develop a business model, an e-commerce design/developed web site, supply agreements, merchant and gateway accounts, and a system (hereafter "the System") to provide athletes with athletic apparel, equipment, support services and on-line merchandise specific to the geographic/program/school in which the customer lives and/or attends school. The System incorporates certain forms, advertising formats, computer software, service methods, processes, back-end web site reporting tools, web hosting and maintenance, training, best practices support, rewards and a recognition program.
2. We have also expended time, skill, money and effort in publicizing the System and the services offered under the System. We have developed and will continue to develop valuable good will in the service marks and trade names used in the System, and may develop or acquire other service marks, trademarks, trade names, logos, signs, symbols, emblems, designs, trade dresses, color schemes and slogans (hereafter "the Marks") for use under the System, all of which are and shall be our sole property.
3. We franchise others to use the System and its service marks, and you desire to establish and operate a business under the System and our service marks.
4. We grant to persons whom meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a franchise offering the products and services we authorize and approve and utilizing our business formats, methods, procedures, signs, designs, layouts, standards and specifications, and the Marks, and any other aspect of the System specifically granted to you in this agreement. You have applied for a franchise to own and operate a Destination Athlete LLC franchise.
5. You agree to pay the Franchise Fee as follows: Upon the expiration of the fourteenth day following issuance of the Franchise Disclosure, you must execute the franchise agreement and pay \$\_\_\_\_\_ of the required franchise fees no later than \_\_\_\_\_ 2023. The

balance of the franchise fee to be paid according to the terms of a Note entered contemporaneously; and hereby, incorporated into this agreement.

## B. ACKNOWLEDGMENTS

1. You acknowledge that you have read this Agreement and understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service, and the uniformity of those standards; and thereby, to protect and preserve the goodwill of the Marks. You acknowledge that you have conducted an independent investigation of the business contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by DESTINATION ATHLETE® may evolve and change over time; that an investment in a DESTINATION ATHLETE® franchise involves business risks; and that your business abilities and efforts are vital to the success of the franchise. Any information you acquire from other franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information. You acknowledge that, in all of their dealings with you, our members, officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us. You further acknowledge that we have advised you to have this Agreement reviewed and explained to you by an attorney.

2. You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your application for and purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved your application for a franchise for a DESTINATION ATHLETE® franchise in reliance upon all of your representations to us.

## C. CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

If you are at any time a corporation, limited liability company or partnership, you agree and represent that:

1. You will have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

2. Your organizational documents or partnership agreement will recite that the issuance and transfer of your ownership interests are restricted by the terms of this Agreement, and all certificates and other documents representing your ownership interests will bear a legend referring to the restrictions of this Agreement;

3. Exhibit A to this Agreement will completely and accurately describe all of your owners and their interests in you; and

4. Each of your owners at any time during the term of this Agreement will sign an agreement in the form that we prescribe undertaking to be bound jointly and severally by all provisions of this Agreement and any ancillary agreements between you and us. You and your owners agree to sign and deliver to us such revised Exhibits A as may be necessary to reflect any changes in the information contained therein and to furnish such other information about your organization or formation as we may request.

#### D. GRANT OF FRANCHISE

1. You have applied for a franchise to own and operate a DESTINATION ATHLETE® franchise within \_\_\_\_\_ County, in the State of California (the "County" or "the Territory"). Subject to the terms of and upon the conditions contained in this Agreement, we hereby grant you a franchise (the "Franchise") to operate a DESTINATION ATHLETE® franchise in the said Counties, and to use the System in the operation thereof, for a term commencing on the date of this Agreement and expiring TEN (10) years from such date, unless sooner terminated in accordance with Section XI, herein.

2. You agree that you will at all times faithfully, honestly and diligently perform your obligations hereunder, operate the Franchise in full compliance with this Agreement and not engage in any other business or activity that conflicts with your obligations to operate the Franchise in compliance with this Agreement. You may not operate the Franchise in any area other than in the County listed herein without our prior written consent. If we consent to the relocation or assignment of the Franchise to another party, we have the right to charge you for the expenses we incur in connection therewith.

3. You agree that the Franchise will sell Products only as follows: to families (meaning the parents or guardians) of athletes through little leagues, schools, charitable, educational or for not-for-profit organizations, as well as businesses and other types of organizations. You will use your best efforts actively to solicit families of athletes for athletic apparel, equipment and accessory products available through the on-line store, or support services (i.e. trophies, events, photographs). You will also be required to successfully complete our training program. Excepting families of athletes, little leagues, schools, coaches, and athletic directors, you agree that neither you nor any agent acting on your behalf will sell Products to any other buyer. As long as you are in full compliance with this Agreement, any Development Agreement and all other agreements with us, you may make sales within locations outside of the Territory as set forth in Exhibit B, provided that such locations are not outside of any Development Area previously granted to you or within the territory or development area of any current or future franchisee or DESTINATION ATHLETE®. If at any time you are no longer in compliance with any agreement with us, you must, among other things, cease all sales upon our written request.

4. Provided you are in compliance with all terms herein, you shall have the right to, at your sole cost, lease and build-out or construct a DESTINATION ATHLETE® franchised retail establishment subject to DESTINATION ATHLETE®'s basic architectural plans and specifications for the retail store, including requirements for dimensions, exterior design, materials, interior layout, equipment, fixtures, furniture, signs and decorating. Such terms shall be set out in a separate agreement and, when signed, shall become part and parcel of this agreement

as an additional exhibit. Further, the agreement shall require that upon termination of the franchise agreement, DESTINATION ATHLETE® shall have the option, but not the obligation, to assume the unexpired term of the lease or purchase the real property from you at fair market value and sell same, or continue the business in whatever form or manner as DESTINATION ATHLETE® decides.

5. You agree to have each employee you hire to sign the Employment Agreement attached hereto as SCHEDULE F. Further, you agree to maintain a copy of the executed employee agreement at your place of business, and if requested by DESTINATION ATHLETE®, provide a copy of the executed employment agreement. If you hire any subcontractors, you are to have them execute a contract consistent with the Confidentiality and Non-Compete Agreement (Schedule “cc” to Schedule “F”), and in a form that is acceptable to DESTINATION ATHLETE®. Again, you agree to maintain a copy of the executed sub-contractor agreement at your place of business, and if requested by DESTINATION ATHLETE®, provide a copy of the executed agreement.

#### E. TERRITORIAL RIGHTS.

1. Provided you are in full compliance with this Agreement, neither we nor any of our affiliates or franchisees will, during the term of the Agreement, own, operate or grant franchises for the operation of a DESTINATION ATHLETE® franchise or sell any products identified by the Marks within the Territory described in Exhibit B. As long as you are in full compliance with this Agreement, any Development Agreement and all other agreements with us during the term of this Agreement, we will not solicit or make, and we will contractually prohibit other franchisees from soliciting or making sales to any customers to which you have made sales continuously over the prior 12-month period (subject to the provisions of Section I.D. hereof). You shall not make any sales outside of your Territory unless first given written permission to do so by DESTINATION ATHLETE®.

2. You are absolutely prohibited from soliciting (“poaching”) customers from another territory that is not owned by you. Violation of this prohibition may result in the termination of your Franchise Agreement; which decision will be at the sole discretion of the Franchisor. If you and another DESTINATION ATHLETE® franchisee wish to collaborate, which involves one franchisee soliciting or servicing franchise customers residing or doing business in the territory of the other franchisee, then you must first obtain the DESTINATION ATHLETE® Managing Member’s written approval. NOTE; It is of great material importance that DESTINATION ATHLETE® be advised and approve of all such inter-territory agreements whether in oral or written form.

#### F. RIGHTS WE RESERVE.

We retain the right in our sole discretion:

(a) to establish DESTINATION ATHLETE® franchises, and grant to other persons and legal entities the right to establish DESTINATION ATHLETE® franchises in any other Territory without regard to proximity to your DESTINATION ATHLETE® franchise, and on such terms and conditions as we deem appropriate provided, however, that we will not own, operate or grant

franchises for the operation of a DESTINATION ATHLETE® franchise or sell any products identified by the Marks within the Territory or through the on-line store dedicated to the Territory, so long as you are in compliance with this Agreement;

(b) to acquire and operate, or be acquired by any company; and

(c) any and all other rights not specifically granted to you in this Agreement.

#### G. SUPPLY PURCHASE PROGRAM AND INDEMNIFICATION.

1. You must participate in our supply purchase program, under which you shall only purchase apparel, equipment, accessories or related durable goods or services (hereafter “products and services”) from us, or vendors we have pre-approved and with whom we have a supply agreement. We shall provide you with a list of approved products and services and shall from time-to-time issue revisions thereto. If you wish to use any type or brand of product or service item, or wish to purchase products or services from a vendor that is not currently approved by us, you shall notify us of your desire to do so and submit to us whatever specifications, photographs, samples and/or other information we request. We shall, within our sole discretion, determine whether such products or services meet our specifications and standards and enter into a supply agreement with the vendor. Once the agreement is signed, then you shall be permitted to order the products and/or services from this vendor.

2. You are prohibited from purchasing apparel, equipment, accessories or related durable goods or services (again, “products and services”) from any non-approved vendor, directly or indirectly, without the knowledge of DESTINATION ATHLETE®, regardless of whether you use the Marks in the transaction. The sale of any such products and services to any buyers, whether or not approved or offered by DESTINATION ATHLETE®, or whether or not you use the Mark in the sale, shall be a breach of this Agreement. This is a material condition to the terms of the franchise Agreement, and any violation of this term may, at the sole discretion of DESTINATION ATHLETE®, result in the immediate termination of this Agreement.

3. “Your Team Store” is a DESTINATION ATHLETE® System site through which you will have the opportunity to establish an on-line store for the purpose of selling spirit wear specific to your Franchise customers. Further, you will have the ability to sell advertising for local businesses. You shall be responsible for the administration of this site. Further, you shall be responsible to pay suppliers or vendors for all products and services purchased through the on-line Your Team Store, as well as your non-internet orders (“direct orders”). DESTINATION ATHLETE® will not be responsible for payments to any suppliers or vendors other than for those sales transacted through the DESTINATION ATHLETE® web site, which is considered separate and distinct from the sales transacted through the Your Team Store.

4. In the event a supplier or vendor names DESTINATION ATHLETE® as a party in any legal action seeking recovery of unpaid sums accrued due to your direct orders, or any other claims related to your conduct as a franchisee, then you hereby agree to defend and indemnify DESTINATION ATHLETE® for any cost of defense and for damages awarded, including costs

of suit and attorneys' fees expended by DESTINATION ATHLETE® as a result of any actions required due to your refusal, or inability, to undertake.

5. DESTINATION ATHLETE® shall provide back-end web site reporting tools allowing you to track traffic and web sales by segment and tracking of sales including type of sale and the territory from which the customer ordered.
6. DESTINATION ATHLETE® shall secure national supplier agreements that include athletic brands (note, some vendors may require prior approval before usage in certain markets) for the following: logo and spirit wear, team uniforms, training accessories, and sporting equipment.
7. DESTINATION ATHLETE® shall provide and pay for merchant and gateway accounts.
8. DESTINATION ATHLETE® may provide reconciliation payments when franchisee's customers use DESTINATION ATHLETE® web site and e-commerce package.
9. DESTINATION ATHLETE® shall use best efforts to negotiate best price consideration from contracted suppliers with all price breaks passed on to franchisees.
10. The franchisor may, at its sole discretion, permit franchisees to contract with alternate suppliers, whom first meet the franchisor's criteria through review and written approval. There are no fees charged to secure approval to purchase from alternative suppliers. Applications for alternate suppliers shall be approved or disapproved in writing by DESTINATION ATHLETE® addressed to the franchisee. The franchisor shall notify the franchisee of its approval or disapproval of a proposed supplier within 60 days following the franchisee's submission of specifications, photographs, samples and/or other information we request. DESTINATION ATHLETE® reserves the right to revoke an approval of a supplier in writing to the franchisee.

#### H. COMPUTER SYSTEM.

1. You agree to use in the development and operation of the Franchise the software ("Computer System") that we specify from time-to-time. You acknowledge that we have developed a Computer System and specifications for certain components of the Computer System and may modify such specifications and the components of the Computer System from time-to-time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use proprietary software developed by us or others. Our modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modification thereto) and that the cost to you of obtaining the Computer System (including software licenses) (or additions or modification thereto) may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modification thereto), provided you shall not be required to spend more

than \$1,000 annually for such changes. Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require. You further acknowledge and agree that we have the right to charge a reasonable systems fee for software or systems modifications and enhancements specifically made for us that is licensed to you and other maintenance and support services which we or our subsidiary furnish to you related to the Computer System. DESTINATION ATHLETE®'s only obligation concerning your computer system is to provide updates for its System.

2. DESTINATION ATHLETE® shall have the right to access your Computer System at any time and for any reason. You shall have the obligation to cooperate with DESTINATION ATHLETE®'s IT department to ensure that the system is compatible with DESTINATION ATHLETE®'s Computer System and fully accessible. You acknowledge that you understand that any files on your Computer System may be accessed and, therefore, you are cautioned to not store any personal information on the Computer System or on any electronic equipment you chose to employee in your franchise and which is part and parcel the Computer System.

3. DESTINATION ATHLETE® shall assist franchisee with any DESTINATION ATHLETE® software installation issues from a remote location; however, it is the franchisee's responsibility to purchase and install proper hardware, cables and internet connections.

4. DESTINATION ATHLETE® shall provide you with two (2) dedicated email addresses (namelastname@destinationathlete.com), regardless of the number of franchise territories to which you have been granted rights.

5. DESTINATION ATHLETE® shall provide you with web site enhancements and search capabilities.

6. It shall be DESTINATION ATHLETE®'s obligation to upgrade or update any Computer System during the term of the franchise, which, in its sole discretion, is reasonably necessary to maintain the said system. You, the franchisee shall not be required to pay more than \$1,000.00 per calendar year for your share of the cost of this maintenance, and prorated for the first year in which this agreement commenced.

## I. MARKETING PROGRAM.

1. You agree to conduct a local public relations and marketing program for the Franchise during the period commencing sixty (60) days before the first athletic season following the execution of this Agreement and completion of the training, and to expend the amount described in SCHEDULE D (included only if applicable) for such program. Such public relations and advertising will utilize the public relations and advertising programs and media and advertising materials we have developed or approved. We will provide you with a public relations and marketing program manual that will describe the public relations and marketing that you will be required to perform before opening the athletic season. We will provide you with guidelines and consult with you on your public relations and marketing program, but it will be your sole responsibility to develop and implement this program.

2. You will receive a marketing kit. Your initial marketing kit, which may include brochures, business cards, event tents and exhibit table covers, is provided at no cost by DESTINATION ATHLETE®. Thereafter, the franchisee is required to purchase these materials directly from print vendor. DESTINATION ATHLETE® will contract with the print vendor and obligate vendor to provide discount pricing to franchisee for marketing material. Understand that you are not required to purchase each of these items, but any marketing material you do use, must be approved by DESTINATION ATHLETE®. These materials are intended solely to assist you in marketing your franchise, and are not intended as revenue for DESTINATION ATHLETE®. DESTINATION ATHLETE® will make no profit on such sales.

#### J. FEES.

1. INITIAL FEE. Concurrently with the signing of this Agreement, you agree to pay us a nonrecurring and nonrefundable franchise fees in the amount of \$\_\_\_\_\_.00 which will be fully earned by us when paid.

2. ROYALTIES. (a) You agree to pay us royalties ("Royalties") in the amounts set forth in SCHEDULE C on a monthly basis. We will periodically designate the day of the month (the "Payment Day") for the payment of Royalties. Royalties will be based on Gross Sales of the Franchise for the preceding month. You agree to comply with procedures specified by us in our Manual (see Section II, C, herein), and/or perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish payment by the method described in this Subsection. On the Payment Day of each month, you agree to report to us by telephone or electronic means the true and correct Gross Sales of the Franchise for the immediately preceding week ending on Sunday. You agree to give us authorization, in the form that we designate, for direct debits from the Account. Under this procedure you will authorize us to initiate debit entries and/or credit correction entries to the Account for payments of Royalties and other amounts payable under this Agreement, including, but not limited to, purchases for products and services purchased from us and any interest charges due thereon. You agree to make the funds available in the Account for withdrawal by electronic transfer no later than the due date for payment therefore. The amount actually transferred from the Account to pay Royalties will be based on the Franchise's Gross Sales reported to us or determined by us from the available records. If you have not reported Gross Sales of the Franchise to us for any reporting period as required above, you hereby authorize us to debit the Account in an amount equal to the Royalties transferred from the Account for the last reporting period for which a report of the Gross Sales of the Franchise was provided to us, and in an amount based on information retrieved from the available data of the Franchise. If at any time we determine that you have under-reported the Gross Sales of the Franchise, or underpaid Royalties or other amounts due to us under this Agreement, we will be authorized to immediately initiate a debit to the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided for in this Agreement. Any overpayment to us will be credited to the Account through a credit effective as of the first reporting date after you and DESTINATION ATHLETE® determine that such credit is due, and the appropriate amount of the credit.



(b) Franchise will reconcile with DESTINATION ATHLETE® before each Pay Day to determine which party shall owe the other for the previous month, and the owing party shall pay the other the balance owed by the twentieth (20) day of the following month.

(c) At the sole discretion of DESTINATION ATHLETE®, the Royalties may be increased during the term of this agreement, and any extensions thereof, due to increases in costs to DESTINATION ATHLETE®, such as, but not limited to, credit card fees. Proof of such price increases shall be provided to the franchisee upon written request following notice of an increase in the Royalties.

(d) Minimum Performance Requirement. Commencing on the first anniversary of the opening of your franchise business unit ("Year Two"), and continuing until the expiration of this Agreement, or upon expiration of any renewal term(s), you shall be required to satisfy a minimum quarterly royalty payment totaling \$500.00 (thereby requiring a minimum of \$6,250.00 in quarterly gross sales). You are not subject to this requirement during the first year of operations. If, during Year Two, you fall short of the minimum performance requirement, then you shall pay DESTINATION ATHLETE® the difference between the required quarterly amount (\$500.00) and the royalty fees you paid (or owed) during the quarter. (Ex.: If only \$400.00 was paid to DESTINATION ATHLETE® in royalties for the quarter, you will be required to pay the Franchisor an additional \$100.00. For the purpose of the quarterly reconciliation, Your Team and non-internet sales will apply to the minimum royalty. ***However, if you fail to satisfy the minimum performance requirement during the remainder of the initial term or any renewal terms, then your franchise rights under this Agreement, and any subsequent renewal Agreement, shall be subject to termination upon written notice. Further, there shall be no right to cure this default.***

#### K. DEFINITION OF "GROSS SALES".

As used in this Agreement, the term "Gross Sales" means all revenue you derive from sales of products and services of the Franchise, including shipping and/or handling, whether from cash, check, credit card or credit transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority.

#### L. INTEREST ON LATE PAYMENTS.

All amounts which you owe us will bear interest after their due date at the rate no more than one and one-half percent (1.5%) per month or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that this Subsection does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to the Franchise. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section XI hereof, notwithstanding the provisions of this Subsection.

#### M. APPLICATION OF PAYMENTS.

Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we

have the right to set off any amounts you or your owners owe us against any amounts we might owe you or your owners.

N. WEB SITE HOSTING

DESTINATION ATHLETE® shall provide web site hosting and pay of associated fees for web site including web maintenance.

O. BUSINESS FORMS

DESTINATION ATHLETE® shall provide you with Templates for business cards, hardcopy and electronic invoices, and electronic proposals.

P. RIGHT OF ENFORCEMENT

**DESTINATION ATHLETE LLC RESERVES THE ABSOLUTE RIGHT TO ENFORCE YOUR FRANCHISE OBLIGATIONS BY TAKING ONE OR MORE OF THE FOLLOWING ACTIONS WITHOUT NOTICE:**

**1. WITHHOLD ANY PAYMENTS THAT MAY BE DUE TO YOUR FRANCHISE BY FRANCHISOR; AND/OR**

**2. CHARGE A CUMULATIVE PENALTY FEE FOR LATE PAYMENTS DUE TO FRANCHISOR AND/OR FOR PAYMENTS DUE TO A VENDOR.; AND/OR**

**3. SUSPEND YOUR FRANCHISE'S ACCESS TO THE COMPANY'S CONTENT MANAGEMENT SYSTEM (CMS); AND/OR**

**4. PROHIBIT YOUR FRANCHISE FROM PLACING ORDERS WITH ANY OF DESTINATION ATHLETE®'S APPROVED VENDORS.**

Q. "Destination Imprint". Provided you are a Franchisee in good standing by satisfying all condition of this Agreement, including the minimum annual royalty payment (see Sec. J.3.(d)), you shall have the option to sell DESTINATION ATHLETE® approved uniforms, and possibly other products, to commercial establishments. If you opt to participate in this program, you shall pay DESTINATION ATHLETE® an annual fee of \$480.00. Further, you shall pay the Franchisor royalties (8% or 5%, respectively, depending upon the category of royalty – Your Team or non-internet) per Schedule C, attached hereto.

R. Joint Employer Disclaimer. You must inform all workers in writing, before hiring and periodically thereafter, that you, and not DESTINATION ATHLETE®, are their employer and that DESTINATION ATHLETE® does not assume, and will not accept, any employer, co-employer or joint employer obligations. You shall indemnify, as provided in Section XIV, D., 1, DESTINATION ATHLETE® against any claim that the Franchisor is the employer, co-employer, or joint employer of any of your employees.

## II. TRAINING AND ASSISTANCE.

### A. TRAINING.

Before the Franchisee begins operating, we will furnish training on the operation of the Franchise. A training program for one principal of your company will be provided. Your designated principal shall attend training at our designated training facility. The franchisee is required to complete training to our satisfaction. Although we will furnish training to the franchisee at no additional fee or other charge, you will be responsible for any travel and living expenses incurred in connection with training. We may require you to attend periodic refresher training courses at such times and locations that we designate, not to exceed one such refresher training course during each calendar year. We may request that you give us reasonable assistance in training other franchisees. If you agree to provide this assistance, we will reimburse you for your reasonable out-of-pocket expenses in providing such assistance. Training shall be performed remotely over a three-day period. You may have up to four people train, four trained *gratis* provided they are trained together.

### B. GENERAL GUIDANCE.

1. We will advise you from time to time regarding the operation of the Franchise based on reports you submit to us or through inspections we make. In addition, we will furnish guidance to you with respect to:

(a) standards, specifications and operating procedures and methods utilized by DESTINATION ATHLETE®;

(b) purchasing required equipment, signs, materials and supplies;

(c) advertising and marketing programs;

(d) sales and operating data of your Franchise in the form of back-end web site reporting tools; and

(e) administrative, bookkeeping and accounting procedures.

2. Such guidance will, at our discretion, be furnished in our Manual, bulletins or other written materials, and/or during telephone consultations, and/or video consultations.

3. At your request, and if we agree, we will furnish additional guidance and assistance and, in such a case, may charge the per diem fees and charges we establish from time to time. If you request or we require additional or special training for you or any employees, all of the expenses that we incur in connection with such training, including per diem charges and travel and living expenses for our personnel, will be your responsibility.

### C. MANUAL.

1. We grant you a limited license to access our Franchise Manual (“the Manual”) online during the term of this Agreement. The Manual, as well as the bulletins and other written materials provided to you, contain mandatory and suggested specifications, standards, operating procedures and rules ("System Standards"), which we prescribe from time to time for the operation of a franchise and information relating to your other obligations under this Agreement and related agreements. The Manual may be modified from time to time to reflect changes in System Standards. You may not at any time download, copy, duplicate, record or otherwise reproduce any part of the Manual.
2. The Manual, and any part of the Manual, may be in any form or media determined by Destination Athlete LLC. Destination Athlete, LLC may supplement, revise, or modify the Manual, and Destination Athlete may change, add or delete System Standards at any time in its discretion. Destination Athlete may inform Franchisee thereof by any method that it deems appropriate (which need not qualify as “notice” under Section XXIX). In the event of any dispute as to the contents of the Manual, Destination Athlete’s master copy will control.
3. You must operate your Franchised Business according to the strict standards, methods, policies and procedures specified in the Manual. Your access to the Manual for the term of the Franchise Agreement will be allowed after you complete our initial training program to our satisfaction. We make the Manual available electronically.
4. You must treat the Manual, any other of our policies which are used in the operation of your Franchised Business, and the information in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise give them to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place at the Franchised Business. We may revise the contents of the Manual, and you must comply with each new or changed standard. You must make sure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our corporate office will be controlling.

### III. MARKS.

#### A. OWNERSHIP AND GOODWILL OF MARKS.

Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Franchise pursuant to and in compliance with this Agreement, and all System Standards we prescribe from time to time during its term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Franchise in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

Additionally, all provisions herein are in full force and effect regardless of whether the Marks are registered on the date this Agreement is executed.

You shall be provided DESTINATION ATHLETE® logos in 3 versions and each in 1 file format.

#### B. LIMITATIONS ON YOUR USE OF MARKS.

1. You agree to use the Marks as the sole identification of the Franchise, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized products or services or in any other manner we have not expressly authorized in writing. You may not use any Mark as part of a domain name or electronic address of a website, unless as otherwise expressly permitted herein. You agree to display the Marks prominently in the manner we prescribe, on packaging and serving materials that we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations and such other trade and service mark notices as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

2. For purposes of this Agreement, a "website" is an interactive electronic document contained in a network of computers linked by communications software.

3. You are required to establish a legal entity, either a limited liability company or a corporation, for the purpose of conducting business as a franchise. You must also, as part of your formation of the entity, create an alternate name ("doing business as," "DBA," or "d/b/a") using "Destinationathlete" first in the name. By way of example, the franchisee forms a company called "ABC, LLL d/b/a Destinationathlete of [County] [State]."

#### C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

You agree to notify us immediately of any apparent infringement (meaning a trademark identical to or confusingly similar to a trademark licensed to the franchisee), or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

#### D. DISCONTINUANCE OF USE OF MARKS.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice thereof. We will reimburse you for your reasonable direct expenses of changing the Franchise's signs. However, we will not be obligated to reimburse you for any loss of revenue or expenses caused by any modification or discontinuance.

#### E. INDEMNIFICATION OF OWNER.

We agree to indemnify you against and to reimburse you for all damages for which you are held liable in any proceeding arising out of your authorized use of any Mark, pursuant to and in compliance with this Agreement, and for all costs reasonably incurred by you in the defense of any such claim brought against you or in any such proceeding in which you are named as a party, provided that you have timely notified us of such claim or proceeding, have given us sole control of the defense and settlement of any such claim, and have otherwise complied with this Agreement.

### IV. CONFIDENTIAL INFORMATION.

1. We possess (and will continue to develop and acquire) certain confidential information (the "Confidential Information") relating to the development and operation of DESTINATION ATHLETE®, which includes (without limitation):

(a) methods, formats, specifications, standards, systems, procedures and sales and marketing techniques used, and knowledge of and experience, in developing and operating DESTINATION ATHLETE®;

(b) marketing and advertising programs for DESTINATION ATHLETE®;

(c) the contents of the Manual;

(d) knowledge of specifications for and suppliers of apparel, equipment, accessories, signs, forms, materials and supplies; and

(e) knowledge of the operating results and financial performance of DESTINATION ATHLETE® other than the Franchise.

2. Confidential information also includes the following: (a) price lists and marketing plans and strategies; (b) proprietary computer software functions, capabilities, code, manual, fixes, work arounds, revision plans, etc., and any proprietary equipment or products that we may develop; (c) client lists, client identities, client contacts and client preferences (including identities and plans for approaching potential clients); and (d) development plans, fee rates and information disclosed in this document or the Franchise Disclosure Document. You may divulge this confidential information only to those of your employees who have access to and who operate your Franchised Business. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, you must have your manager and any personnel having access to any of our confidential information sign agreements (see Schedule H, herein) that state that they will maintain the

confidentiality of information they receive in connection with their employment by you at your franchised business.

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the Franchise during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You further acknowledge and agree that Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you:

(a) will not use Confidential Information in any other business or capacity;

(b) will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement (provided, however, that we will not deem you in default of this Agreement as a result of isolated incidents of disclosure of Confidential Information by an employee other than you, provided you have taken reasonable steps to prevent such disclosure, including, but not limited to, the steps a reasonable and prudent owner of confidential and proprietary information would take to prevent disclosure of such information by your employees, that you obtained the employee's signature on the required Employment Agreement found in SCHEDULE F, and further, that you pursued all reasonable legal and equitable remedies against such employee due to disclosure of the Confidential Information, and otherwise, have taken all reasonable steps within your means to prevent further violation of this Agreement respecting Confidential Information);

(c) will not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form; and

(d) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure thereof to Franchise personnel and others.

3. All ideas, concepts, techniques or materials relating to DESTINATION ATHLETE®, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners to the extent you are permitted, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made-for-hire for us; except that you shall be entitled to use all such ideas, concepts, techniques or materials without charge by us. You agree to sign whatever assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

4. Notwithstanding anything to the contrary contained in this Agreement and provided you have obtained our prior written consent, the restrictions on your disclosure and use of the Confidential Information will not apply to the following:

(a) information, methods, procedures, techniques and knowledge which are or become generally known in the athlete service business within the Franchise, other than through disclosure (whether deliberate or inadvertent) by you or your employees; and

(b) the disclosure of the Confidential Information in judicial, arbitration or administrative proceedings to the extent that you are legally compelled to disclose such information, provided you have notified us of an order to compel/disclose prior to disclosure and that you have used your best efforts to obtain protection from or limit said order, and have afforded us the opportunity to obtain assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

## V. EXCLUSIVE RELATIONSHIP.

1. You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among DESTINATION ATHLETE® franchisees if franchised owners of DESTINATION ATHLETE® were permitted to hold interests in or perform services for a Competitive Business (defined below). You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the term of this Agreement, you (nor your spouse, significant other or children) shall not:

(a) have any direct or indirect interest as a disclosed, undisclosed or beneficial owner in a Competitive Business, located or operating:

(i) within 100 miles of the Franchise; or

(ii) within 50 miles of any other DESTINATION ATHLETE® franchise in operation during the term of this Agreement; or

(iii) within two years following the termination or expiration of this Agreement; or

(b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located or operating; or

(c) recruit or hire any person who is our employee or the employee of any DESTINATION ATHLETE® franchise or who has been our employee or the employee of any DESTINATION ATHLETE® franchise within the past six (6) months without obtaining the prior written permission of that person's employer. If we permit you to hire any such person, then you agree to pay us a non-refundable Management Development Fee in the amount of Five Thousand Dollars (\$5,000.00) as of the date of hire.

2. The term "Competitive Business" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate an athlete services business, which provides to athletes apparel, equipment, accessories, support services and on-line merchandise to



buyer families in little leagues, schools, charitable, educational, and for profit or not-for-profit organizations.

## VI. SYSTEM STANDARDS.

### A. COMPLIANCE WITH SYSTEM STANDARDS.

1. You acknowledge and agree that your operation and maintenance of the Franchise in accordance with System Standards are essential to preserve the goodwill of the Marks and all DESTINATION ATHLETE® franchises. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the Franchise in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement. System Standards may regulate any one or more of the following with respect to the Franchise:

- (a) design, layout, use of signs, emblems, lettering and logos;
- (b) types, models and brands of required equipment, signs, materials and supplies;
- (c) required or authorized Products and Product categories;
- (d) participate in our supply program with regard to: (i) purchase of certain equipment, apparel, materials and supplies from us; and (ii) purchase from designated or approved suppliers equipment, apparel, signs, materials and supplies;
- (e) production, presentation, packaging and delivery of products and product retention and disposal;
- (f) terms and conditions of the sale and delivery of, and terms and methods of payment for equipment, apparel, signs, materials, supplies and services, that you obtain from us;
- (g) sales, marketing, advertising and promotional programs and materials and media used in such programs;
- (h) development and operation of a website in connection with your operation of the Franchise, including requiring you to submit a sample of the website information for our written approval prior to establishment of the website as well as requiring additional submissions of such information in the event you propose to alter an approved website;
- (i) use and display of the Marks;
- (j) communication to us of the identities of Franchise personnel; and qualifications, training, dress and appearance of Franchise employees, if any;
- (k) participation in market research and testing and product and service development programs;

(l) implementation and modification of the electronic funds transfer system and procedures by means of which you will pay Royalties, contributions to the Marketing and Promotion Fund, amounts due for purchases of equipment, other products, materials and supplies from us and other amounts due us;

(m) the Computer System; bookkeeping, accounting, data processing and record keeping systems and forms; methods, formats, content and frequency of reports to us of sales, financial performance and condition, tax returns and other operating and financial information;

(n) types, amounts, terms and conditions of insurance coverage required to be carried for the Franchise, if any, and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the Franchise at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

(o) compliance with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing, employment practices and ethical business conduct in all dealings with customers, suppliers, public officials and us; and notifying us if any action, suit or proceeding is commenced against you or the Franchise; and

(p) regulation of such other aspects of the operation and maintenance of the Franchise that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks, the Franchise and other DESTINATION ATHLETE® franchises; and

(q) you, and your employees and contractors of franchisees are required to have and deploy VPN on all devices at all times for any business activity (ex.: Norton, Express VPN, Nord VPN).

2. You agree that System Standards prescribed from time to time in the Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all System Standards as periodically modified.

## **B. MODIFICATION OF SYSTEM STANDARDS.**

We may periodically modify System Standards, which may accommodate regional or local variations as we determine, and any such modifications may obligate you to incur higher operating costs. No such modification will alter your fundamental status and rights under this Agreement. You are obligated to comply with all modifications to System Standards within the time period we reasonably specify.

### C. OUR REASONABLE BUSINESS JUDGMENT.

Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally, even if the decision or action also promotes our financial or other individual interests. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks and/or the DESTINATION ATHLETE® brand, improving member service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System. You acknowledge that we shall have no liability to you for the exercise of our Reasonable Business Judgment. IF WE TAKE ANY ACTION OR CHOOSE NOT TO TAKE ANY ACTION IN OUR DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT OUR RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF OUR DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF OUR DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR OUR DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

### VII. PUBLIC RELATIONS AND ADVERTISING.

#### A. PUBLIC RELATIONS AND ADVERTISING PROGRAM FUND.

1. DESTINATION ATHLETE® shall provide internet advertising through its web site and social media outlets. Recognizing the value of advertising and marketing to the goodwill and public image of DESTINATION ATHLETE®, the franchisor will, in its sole discretion, have the right to establish, upon written notice to you, a public relations and advertising program fund (the "Public Relations and Advertising Program Fund") for such additional advertising, promotion, marketing and public relations programs and materials we deem necessary or appropriate. DESTINATION ATHLETE® shall use both internet and non-internet channels of media. The public relations and advertising program shall be national, only. Upon 90 days written notice, you agree to begin contributing to the Public Relations and Advertising Program Fund the amount we specify, up to two percent (2%) of the Gross Sales of the Franchise, payable by electronic funds transfer in the same manner as the Royalties.

2. We will direct all programs financed by the Public Relations and Advertising Program Fund, with sole discretion over the creative concepts, materials and endorsements used therein, and the geographic, market and media placement and allocation thereof. You agree that the Public Relations and Advertising Program Fund may be used to pay the costs of preparing and producing digital, video, audio and written advertising materials; administering national advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies to assist therewith; and supporting

public relations, market research and other advertising, promotion and marketing activities. The Public Relations and Advertising Program Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

3. The Public Relations and Advertising Program Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Public Relations and Advertising Program Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Public Relations and Advertising Program Fund. We may spend, on behalf of the Public Relations and Advertising Program Fund, in any fiscal year an amount greater or less than the aggregate contribution of all DESTINATION ATHLETE® franchises to the Public Relations and Advertising Program Fund in that year, and the Public Relations and Advertising Program Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Public Relations and Advertising Program Fund will be used to pay advertising costs before other assets of the Public Relations and Advertising Program Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the Public Relations and Advertising Program Fund and furnish the statement to you upon written request. We have the right to cause the Public Relations and Advertising Program Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified herein. All DESTINATION ATHLETE® franchises owned or managed by us contribute to the cost of advertising and promotion programs based on their retail sales on the same basis as a franchisee under the terms of a standard franchise agreement, such as this Agreement.

4. You acknowledge that the Public Relations and Advertising Program Fund is intended to maximize recognition of the Marks and patronage of DESTINATION ATHLETE®. Although we will endeavor to utilize the Public Relations and Advertising Program Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all DESTINATION ATHLETE® franchises, we undertake no obligation to ensure that expenditures by the Public Relations and Advertising Program Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Public Relations and Advertising Program Fund by DESTINATION ATHLETE® franchisees operating in that geographic area or that any DESTINATION ATHLETE® franchisee will benefit directly or in proportion to its contribution to the Public Relations and Advertising Program Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Public Relations and Advertising Program Fund.

5. We reserve the right to defer or reduce contributions and, upon thirty (30) days' prior written notice to you, to reduce or suspend contributions to and operations of the Public Relations and Advertising Program Fund for one or more periods of any length and to terminate (and, if

terminated, to reinstate) the Public Relations and Advertising Program Fund (and, if suspended, deferred or reduced, to reinstate such contributions). If the Public Relations and Advertising Program Fund is terminated, all unspent monies on the date of termination will be distributed to DESTINATION ATHLETE® franchises in proportion to their respective contributions to the Public Relations and Advertising Program Fund during the preceding twelve (12) month period.

#### B. BY YOU.

1. In addition to the contributions to the Public Relations and Advertising Program Fund that you are obligated to make under Subsection A of this Section, you agree to spend annually for advertising and promotion of the Franchise not less than two percent (2%) of the Gross Sales of the Franchise. You may credit against your obligation for local advertising and promotion of the Franchise the amount of your contribution to the Public Relations and Advertising Program Fund, if any, up to 1% of the Gross Sales. You will not be obligated to spend more than two percent (2%) of Gross Sales under Subsections A and B of this Section VII.

2. We have the right to review your books and records from time-to-time to determine your expenditures for such advertising and promotion. If we determine that you have not spent the requisite amounts for any period of time since the operative date of this Agreement, we may, in our sole discretion, require you to pay such unexpended amounts to the Public Relations and Advertising Program Fund.

3. You agree that any advertising, promotion and marketing (including but not limited to advertising, promotion and marketing through use of a website) you conduct will be completely understandable to the average customer and factual, and not misleading, and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time-to-time. Samples of all advertising, promotional and marketing materials (including, but not limited to, website information) that we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within fifteen (15) days after our receipt of such materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials which we have disapproved.

### VIII. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

1. You agree to install and use the Computer System in the form specified by us from time-to-time and transmit to or permit the electronic collection of information by us from the Franchise. You agree to install and maintain:

(a) a telephone modem and dedicated line, that we may use to access sales information and data, to the Computer;

(b) full, complete and accurate records and reports; and

(c) a bookkeeping, accounting, record keeping and records retention system conforming to the requirements prescribed by us from time to time (including, without limitation, requirements for a general ledger system which utilizes the standard chart of accounts prescribed by us from

time to time and for timely entry of information into data bases of the Computer System and periodic printouts of reports generated by the Computer System); reports relating to Franchise operations; and other records, reports and information that we prescribe from time to time. Each transaction of the Franchise will be processed on the Computer System in the manner prescribed by us from time to time. We will have, at all times, the right to access and retrieve sales information from and sales data processed on the Computer System and you agree to take such action as may be necessary to provide such access to us.

2. With respect to the operation and financial condition of the Franchise, you agree to furnish to us in the form prescribed by us from time to time, including, without limitation, via computer diskette, electronic mail and/or facsimile transmission, in a form consistent with our then-current accounting practices and procedures:

(a) monthly reports of the Franchise 's sales by 12:00 noon on the fifth day of each month (for the preceding month);

(b) within thirty (30) days after the end of each month, an operating income statement for such month and fiscal year to date;

(c) within forty-five (45) days after each quarter, a balance sheet and income statement for such quarter and fiscal year to date;

(d) within one hundred twenty (120) days after the end of your fiscal year, a balance sheet, an income statement of the Franchise for such month or fiscal year (reflecting all year-end adjustments), and a statement of changes in cash flow of the Franchise, prepared in accordance with generally accepted accounting principles ("GAAP") consistently applied and in the format prescribed by us from time to time; and

(e) upon request by us, such other data, information, and supporting records for such periods as we from time to time require (including, without limitation, daily and weekly reports of Product sales by category).

3. Each report and financial statement submitted by you to us will be verified as correct in the manner prescribed by us.

4. You agree to maintain and to furnish to us upon request complete copies of all income, sales, value added, use and service tax returns, worker's compensation, and similar reports filed by you reflecting activities of the Franchise. We have the right and obligation to disclose data derived from such reports without identifying you or the location of the Franchise. We also have the right to require you to have reviewed financial statements prepared on an annual basis. Moreover, we have the right as often as we deem appropriate (including on a daily basis) to access all computer terminals and the Computer System and to retrieve all information relating to the Franchise.

5. Data Ownership. DESTINATION ATHLETE® exclusively owns and reserves all right, title and interest in all data provided by Franchisee, uploaded to DESTINATION ATHLETE®'s system from Franchisee's system, and/or downloaded to Franchisee's system from DESTINATION ATHLETE®'s system, and Franchisor shall have the right to use such data in any manner that Franchisor deems appropriate, without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or, except as set forth below, in connection with Franchisee's operation of the business unit (including but not limited to

consumer and transaction data), is and will be owned exclusively by DESTINATION ATHLETE® during the term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to DESTINATION ATHLETE® upon Franchisor's request. DESTINATION ATHLETE® hereby grants a limited, non-exclusive, revocable license back to Franchisee to use such data, at no additional cost, solely for the term of this Agreement, and solely in connection with the establishment and operation of the business unit pursuant to this Agreement.

## IX. INSPECTIONS AND AUDITS.

### A. OUR RIGHT TO INSPECT THE FRANCHISE.

1. To determine whether you and the Franchise are complying with this Agreement and all System Standards, we, and our designated agents have the right at any time, and without prior notice to you, to:

- (a) interview customers of the Franchise; and
- (b) inspect and copy any books, records and documents relating to your operation of the Franchise.

2. You agree to cooperate with us fully in connection with any such inspections and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf.

### B. OUR RIGHT TO AUDIT.

We have the right at any time, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a corporation, limited liability company or partnership) and the Franchise's business, and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. Our right to audit includes the right to access the Computer System as provided in Section VIII. In the event any such inspection or audit discloses an understatement of the Gross Sales of the Franchise, you agree to pay to us, within fifteen (15) days after receipt of the inspection or audit report, the Royalties and Marketing and Promotion Fund contributions due on the amount of such understatement, plus interest (at the rate and on the terms provided for herein) from the date originally due until the date of payment. Further, in the event such inspection or audit is made necessary by your failure to furnish reports, supporting records, other information or financial statements, as herein Required, or to furnish such reports, records, information or financial statements on a timely basis, or if an understatement of Gross Sales for the period of any audit or inspection is determined by any such audit or inspection to be greater than two percent (2%), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, legal and accounting fees, and the travel expenses, room and board and applicable per diem charges for our employees. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

## X. TRANSFER.

### A. BY US.

This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.

### B. BY YOU.

1. You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation, limited liability company or partnership, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest therein) nor any ownership or other interest in you or the Franchise may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "transfer" includes your (or your owners) voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in:

(a) this Agreement;

(b) you; or

(c) the Franchise.

2. An assignment, sale, gift or other disposition includes the following events:

(a) transfer of ownership of capital stock, a membership interest, a partnership interest or other ownership interest;

(b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;

(c) any issuance or sale of your stock, other ownership interest or any security convertible to your stock or other ownership interest;

(d) transfer of an interest in you, this Agreement or the Franchise in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

(e) transfer of an interest in you, this Agreement or the Franchise, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

(f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, or your transfer, surrender or loss of possession, control or management of the Franchise.



### C. CONDITIONS FOR APPROVAL OF TRANSFER.

1. If you (and your owners) are in full compliance with this Agreement, and all Agreements with us, then subject to the other provisions of this Section X, we will approve a transfer that meets all the applicable requirements of this Subsection. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for DESTINATION ATHLETE® franchisees. A transfer of ownership, possession or control of the Franchise may be made only in conjunction with a transfer of this Agreement. If you are a party to a Development Agreement with us, this Agreement or controlling ownership of you may only be transferred as part of a transfer, approved by us, of such Development Agreement and all franchise agreements with such developer.

2. If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers, which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(a) the transferee has sufficient business experience, aptitude and financial resources to operate the Franchise;

(b) you have paid all Royalties, Marketing and Promotion Fund contributions, amounts owed for purchases from us and all other amounts owed to us, our subsidiaries and designated suppliers and have submitted to us all required reports and statements;

(c) the transferee (or its managing member) have agreed to complete our standard training program;

(d) the transferee has agreed to be bound by all of the terms and conditions of this Agreement;

(e) you or the transferee pay us a transfer fee equal to Fifteen Thousand Dollars (\$15,000.00) (increased from time to time to reflect increases in the Metropolitan Area Consumer Index for Urban Consumers from the date of this Agreement, as published by the U.S. Department of Labor or in a successor index) to defray expenses we incur in connection with the transfer, including the costs of training the transferee (or its managing owner);

(f) you (and your transferring owners) and we have signed mutual general releases, in form satisfactory to us, of any and all claims against us and our subsidiaries, shareholders, officers, directors, employees and agents;

(g) we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Franchise;

(h) if you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory

notes, agreements or security interests that you or your owners have reserved in the Franchise are subordinate to the transferee's obligation to pay Royalties, Marketing and Promotion Fund contributions and other amounts due to us and otherwise to comply with this Agreement;

(i) you and your transferring owners (and your and your owners' spouses and children) have signed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in Section X, hereof; and

(j) you and your transferring owners have agreed that you and they will not directly or indirectly, at any time or in any manner (except with respect to other DESTINATION ATHLETE® franchises you own and operate), promote or market yourself or your business as a current or former DESTINATION ATHLETE® franchise, or as one of our current or former franchisees; use any Mark, any colorable imitation thereof or other indicia of a DESTINATION ATHLETE® franchise in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.

#### D. YOUR DEATH OR DISABILITY.

1. TRANSFER UPON DEATH OR DISABILITY. Upon your death or disability, or, if you are a corporation, limited liability company or partnership, the death or disability of the owner of a controlling interest in you, your or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third party or owner. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section X. Failure to transfer your interest in this Agreement or the ownership interest in you within this period of time shall constitute a breach of this Agreement. For purposes hereof, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the Franchise.

2. OPERATION UPON DEATH OR DISABILITY. If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the Franchise is not being managed by a trained owner, your or such deceased or disabled owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed thirty (30) days from the date of death or disability, appoint a manager to operate the Franchise. Such person will be required to complete training at your expense. Pending the appointment and training of a manager as provided above or if, in our judgment, the Franchise is not being managed properly any time after your death or disability, or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a manager for the Franchise. All funds from the operation of the Franchise during the management by our appointed manager will be kept in a separate account, and all expenses of the Franchise, including compensation, other costs and travel and living expenses of our manager, will be charged to this

account. We also have the right to charge a reasonable management fee (in addition to the Royalties and Marketing and Promotion Fund contributions payable under this Agreement) during the period that our appointed manager manages the Franchise. Operation of the Franchise during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners, or your beneficiaries for any debts, losses or obligations incurred by the Franchise or to any of your suppliers for any products, materials, supplies or services the Franchise purchases during any period it is managed by our appointed manager.

#### E. EFFECT OF CONSENT TO TRANSFER.

Our consent to a transfer of this Agreement and the Franchise or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the successful operation of the Franchise by the transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

#### F. OUR RIGHT OF FIRST REFUSAL.

1. If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the Franchise or an ownership interest in you (other than to another owner of you), you (or such owner) agree to obtain a bona fide arms-length, executed written offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and beneficially of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror and, in the case of a publicly-held corporation or limited partnership, copies of the most current annual and quarterly reports and Form 10K, and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the Franchise; although the offer may include any other DESTINATION ATHLETE® franchise in which you or any of your owners have a beneficial interest and any rights you or any of your owners have in any Development Agreement with us, and may not include an offer to purchase any of your (or your owners') other rights. However, if the offeror proposes to buy any other rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and the Franchise must reflect the bona fide price offered therefore, and not reflect any value for any other property or rights.

2. We have the right, exercisable by written notice delivered to you or your selling owner(s) within thirty (30) days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

(a) we may substitute cash for any form of payment proposed in such offer;

(b) our credit will be deemed equal to the credit of any proposed purchaser;

(c) we will have at least sixty (60) days after giving notice of our election to purchase to prepare for closing;

(d) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

(i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;

(ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and

(iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation or limited liability company whose stock or other ownership interest is being purchased.

3. If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of two (2) years commencing on the date of the closing, you and your selling owners will be bound by the non-competition covenant contained in Section V, hereof. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section X of this Agreement.

4. If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Subsections B and C of this Section, provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

5. Notwithstanding the foregoing, if you determine to make a transfer of the Franchise or of this Agreement, you may submit an offer to us to purchase your interest in the Franchise or this Agreement. The purchase price may apply only to an interest that is permitted to be transferred under this Agreement, may not include the purchase of any other property or rights of you (or your owner(s)) and the price and terms of purchase offered to us must reflect a bona fide price and may not reflect any value for any other property or rights. We will have the right, exercisable by written notice delivered to you (or your owner(s)) within sixty (60) days from the date of receipt by us of your written offer, to purchase such interest for the price and on the terms and conditions contained

in such offer and we will have not less than ninety (90) days from your receipt of such notice to prepare for closing. We shall also be entitled to all customary representations and warranties described in this Section X. If we do not exercise our right to purchase, you (or your owner(s)) may make this offer to a third party, subject to approval by us, provided that the sale must be on comparable terms as those offered to us but at a price equal or greater to the price offered to us and provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after receipt of such offer by us or there is a change in the terms of sale, we will again have a right to purchase for thirty (30) days as set forth in this Agreement on the modified or initial terms and conditions of sale.

6. This subsection F above shall not apply if the transfer is among owners or constitutes a transfer of less than ten percent (10%) interest in you as long as such transfer in conjunction with transfers during the Development Term and then-contemplated transfers does not constitute a transfer equal to or greater than twenty percent (20%) interest in you.

## XI. EXPIRATION OF THIS AGREEMENT.

### A. YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.

Upon expiration of the term of this Agreement, if you (and each of your owners) have substantially complied with this Agreement during its term, and provided that you maintain and/or expand the Franchise, add or replace hardware and software improvements as directed, signs, Marks, the on-line store, comply with the approved list of vendors, and otherwise modify the Franchise as we require to bring it into compliance with specifications and standards then applicable for DESTINATION ATHLETE® franchises, then, subject to the terms and conditions set forth in this Section XI, you will have the right to acquire a successor franchise to operate the Franchise as a DESTINATION ATHLETE® franchise on the terms and conditions of the franchise agreement we are then requiring in granting successor franchises for DESTINATION ATHLETE® franchises.

### B. GRANT OF A SUCCESSOR FRANCHISE.

1. At the conclusion of your initial term (10 years), you may be permitted a successor franchise for a five (5) year term, pursuant to the conditions stated in XI. There shall be no fee charged for the first renewal term.
2. You agree to give us written notice of your election to acquire a successor franchise, which must be received by DESTINATION ATHLETE® one hundred and eighty days (180) prior to the expiration of the term of this Agreement. We agree to give you written notice ("Our Notice"), not more than one hundred eighty (180) days after we receive your notice, of our decision:

(a) to grant you a successor franchise;

(b) to grant you a successor franchise on the condition that deficiencies of the Franchise, and/or in your operation of the Franchise, are corrected; or

(c) not to grant you a successor franchise based on our determination that you or your owners have not substantially complied with this Agreement during its term.

3. If applicable, Our Notice will:

(a) describe the improvements or modifications required to bring the Franchise into compliance with then applicable specifications and standards for DESTINATION ATHLETE® franchises; and

(b) state the actions you must take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

4. If we do not grant a successor franchise, our Notice will describe the reasons for our decision. Your right to acquire a successor franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

5. If Our Notice states that you must cure certain deficiencies of the Franchise or its operation as a condition to the grant of a successor franchise, we will give you written notice of a decision not to grant a successor franchise, based upon your failure to cure such deficiencies, not less than ninety (90) days prior to the expiration of this Agreement; provided, however, that we will not be required to give you such notice if we decide not to grant you a successor franchise due to your breach of this Agreement during the ninety (90) day period prior to its expiration. If we fail to give you:

(a) notice of deficiencies in the Franchise, or in your operation of the Franchise, within one hundred eighty (180) days after we receive your timely election to acquire a successor franchise; or

(b) notice of our decision not to grant a successor franchise at least ninety (90) days prior to the expiration of this Agreement, if such notice is required, we may extend the term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies or the ninety (90) day notice of our refusal to grant a successor franchise required hereunder; then

We may extend the term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies, or the ninety (90) day notice of our refusal to grant a successor franchise required hereunder.

### C. AGREEMENTS/RELEASES

If you satisfy all of the other conditions to the grant of a successor franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of successor franchises for DESTINATION ATHLETE® franchises. You and your owners further agree to execute general releases, in form

satisfactory to us, of any and all claims against us and our subsidiaries, shareholders, officers, directors, members, employees, agents, successors and assigns. Failure by you or your owners to sign such agreements and releases and deliver them to us for acceptance and execution within sixty (60) days after their delivery to you will be deemed an election by you not to acquire a successor franchise. Finally, you understand that the terms of the Successor Franchise Agreement may contain materially different terms and conditions than this Agreement.

## XII. TERMINATION OF AGREEMENT.

### A. BY YOU

If you and your owners are in compliance with this Agreement and we materially fail to comply with this Agreement and do not correct such failure within ninety (90) days after written notice of such material failure is delivered to us, you may terminate this Agreement effective thirty (30) days after delivery to us of written notice of termination. Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause.

### B. BY US

We have the right to terminate this Agreement for cause, effective upon delivery of written notice of termination to you, if:

(a) you (or any of your owners) have made any material misrepresentation or omission in connection with your application for and purchase of the Franchise;

(b) you abandon or fail actively to operate the Franchise for two (2) or more consecutive months during an athletic season, unless the Franchise has been closed for a purpose we have approved in writing or because of casualty or government order;

(c) you surrender or transfer control of the operation of the Franchise without our prior written consent;

(d) you (or any of your owners) are or have been convicted by a trial court of, or plead guilty or have pleaded no contest to, a felony or any other crime or offense that may adversely affect the reputation of DESTINATION ATHLETE® franchises, or the goodwill associated with the Marks, or engage in any misconduct that may adversely affect the reputation of DESTINATION ATHLETE® franchises or the goodwill associated with the Marks;

(e) you (or any of your owners) engage in any dishonest or unethical conduct, which may adversely affect the reputation of the Franchise or the goodwill associated with the Marks;

(f) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Franchise;

(g) in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as herein required;

(h) you lose the right to possession of a retail site and have not relocated to another site approved by us;

(i) you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate (other than for use in the Franchise) or disclose any portion of the Manual in violation of this Agreement;

(j) you (or any of your owners) make any unauthorized use of the Marks, (including, but not limited to, unauthorized use of the Marks as part of a website domain name or electronic address or as part of information available on such website) or challenge or seek to challenge the validity of the Marks;

(k) you violate any statute, ordinance or regulation and do not begin to correct such noncompliance or violation immediately, and completely correct such noncompliance or violation within seventy-two (72) hours, after written notice thereof is delivered to you;

(l) you fail to make payments of any amounts due to us and do not correct such failure within five (5) days after written notice of such failure is delivered to you;

(m) you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the Franchise, unless you are in good faith contesting your liability for such taxes;

(n) if you fail to satisfy the minimum performance requirement beginning from Year Two of operations through the remainder of the initial term or any renewal terms;

(o) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure within fifteen (15) days after written notice of such failure to comply is delivered to you;

(p) you (or any of your owners) fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other data, information or supporting records, to pay when due amounts owed to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you;

(q) you fail to submit tracking reports within five (5) days of the first day of the month;

(r) you fail to submit trading reports within 10 days of the first day of the month; or

(s) you make an assignment for the benefit of creditors or admit your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a



receiver, trustee or liquidator of all or the substantial part of your property; the Franchise (including its bank accounts) is attached, seized, subjected to a writ or distress warrant or levied upon; unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or the Franchise is not vacated within thirty (30) days following the entry of such order. Note that this provision providing for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 *et seq.*); or

(t) you commit three offenses of this policy involving any number of vendors and within any five-year period, which shall result in an immediate default and termination of the Franchise Agreement with no further right to cure.

DESTINATION ATHLETE®, in its sole discretion, may agree to a period of probation after you have returned to full compliance, and if you are unable, or unwilling, to maintain full compliance during this probationary period, then you shall forfeit any right to a return of your franchise fee.

#### C. LIQUIDATED DAMAGES.

In the event that you prematurely cease operation of the franchise unit in accordance with this Agreement, or if you commit a default that results in early termination of this Agreement, you must pay us, as liquidated damages, and not as a penalty, an amount equal to the average monthly fees paid to us over the past 12 months multiplied by the number of months remaining in the then-current term, reduced to present value at a rate of 6%. The parties acknowledge and agree that such amount represents a reasonable estimate of the damages we will incur as a result of such default and premature termination. If you are party to any other agreement with us to operate one or more other DESTINATION ATHLETE® franchise units, we have the discretion to deduct some or all of these liquidated damages from any accounts you maintain relating to those DESTINATION ATHLETE® franchise units. If we elect to deduct any liquidated damages from any other accounts you maintain, we reserve the right to collect these amounts in installments, payable at 6% interest for a term of up to 24 months.

### XIII. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

#### A. PAYMENT OF AMOUNTS OWED TO US

You agree to pay us within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due to us are determined, such Royalties, Marketing and Promotion Fund contributions, amounts owed for purchases from us, interest due on any of the foregoing and all other amounts owed to us which are then unpaid.

#### B. MARKS

Upon the termination or expiration of this Agreement:

(a) you may not directly or indirectly at any time or in any manner (except with respect to other DESTINATION ATHLETE® franchises you own and operate) promote and market yourself or your business as a current or former DESTINATION ATHLETE® franchise, or as one of our current or former franchisees, use any Mark, any colorable imitation thereof or other indicia of a DESTINATION ATHLETE® franchise in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us, including but not limited to, by use of a website;

(b) you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark, including but not limited to, any electronic address, domain name or website which displays any Mark or that identifies you as associated with a DESTINATION ATHLETE® franchise;

(c) if we do not have or do not exercise an option to purchase the Franchise pursuant to Section IX of this Section, you agree to deliver to us within thirty (30) days after, as applicable, the effective date of expiration of this Agreement or the Notification Date (as defined in Subsection E of this Section) all signs, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a DESTINATION ATHLETE® franchise and allow us, without liability to you or third parties, to remove all such items from the Franchise;

(d) if we do not have or do not exercise an option to purchase the Franchise pursuant to Subsection E of this Section, you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telefax or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and

(e) you agree to furnish us, within thirty (30) days after, as applicable, the effective date of expiration of this Agreement or the Notification Date, written evidence satisfactory to us of your compliance with the foregoing obligations.

#### C. CONFIDENTIAL INFORMATION

You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manual and any other confidential materials that we have loaned to you.

#### D. COVENANT NOT TO COMPETE

##### 1. Upon

(a) our termination of this Agreement in accordance with its terms and conditions, or

(b) your termination of this Agreement without cause, then You and your owners agree that, for a period of two (2) years commencing on the effective date of termination, neither you nor any of your owners will have any direct or indirect interest (e.g., through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business (as defined in Section V.2. above) located or operating on the effective date of termination:

(i) within one hundred (100) miles of the Territory; or

(ii) within fifty (50) miles of any other DESTINATION ATHLETE® Franchise in operation on the later of the effective date of the termination or the date on which a person restricted by this Subsection becomes subject to this Subsection.

2. If any person restricted by this Subsection refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of an arbitrator (or the later date on which such order is confirmed by a court, if applicable) enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities to exploit such skills. Consequently, enforcement of the covenants made in this Subsection will not deprive you of your personal goodwill or ability to earn a living.

#### E. OUR RIGHT TO PURCHASE FRANCHISE.

1. EXERCISE OF OPTION. Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, or upon the expiration of this Agreement, if we elect not to offer or you elect not to accept, a successor franchise, we have the option, exercisable by giving written notice thereof to you within sixty (60) days from the date of such termination, expiration or the expiration of our offer to you of a successor franchise, whichever is applicable, to purchase the Franchise from you. The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "Notification Date." We have the unrestricted right to assign this option to purchase the Franchise. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise; and a general release referred to below.

2. PURCHASE PRICE. The purchase price for the assets of the Franchise will be the equivalent of sixty-five percent (65%) of the rolling current annual royalty portion upon written termination request, job transfer of owner, or vacant territory caused for any reason, other than by breach of the terms in this Agreement. However, the price shall be reduced by ten percent (10%) in each month between the time of the Notification Date and the closing date, providing that DESTINATION ATHLETE® is not unreasonably delaying the closing of the sale.

3. We may exclude from the assets purchased hereunder cash or its equivalent and any equipment, signs, materials and supplies that are not necessary or appropriate (in function or

quality) to the Franchise's operation or that we have not approved as meeting standards for DESTINATION ATHLETE® franchises, and the purchase price will reflect such exclusions.

4. The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners owe to us. At the closing, you agree to deliver instruments transferring to us good and merchantable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and other transfer taxes paid by you. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. As a condition of our purchase of your Franchise, you and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our subsidiaries, shareholders, officers, directors, employees, agents, successors and assigns.

#### F. CONTINUING OBLIGATIONS

All of our and your (and your owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

### XIV. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

#### A. INDEPENDENT CONTRACTORS

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, and that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Franchise personnel and others as the owner of the Franchise under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we require from time to time.

#### B. NO LIABILITY FOR ACTS OF OTHER PARTY

1. You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized.

**2. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing.**

**3. We will not be obligated for any damages to any person or property (“Third Parties”) directly or indirectly arising out of the operation of the Franchise or the business you conduct pursuant to this Agreement.**

#### **C. TAXES.**

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon you or the Franchise, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). The payment of all such taxes are your responsibility.

#### **D. INDEMNIFICATION**

1. You agree to indemnify, defend and hold harmless us, our subsidiaries and our and their respective shareholders, directors, officers, members, employees, agents, successors and assignees (the "Indemnified Parties") against and to reimburse any one or more of the Indemnified Parties for all claims, any and all taxes described in Subsection C of this Section, together with any claims asserting employer, co-employer, or joint employer of any of Your employees as described in Section I., R., above, and any and all claims and liabilities directly or indirectly arising out of the operation of the Franchise or your breach of this Agreement. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, exemplary or other) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, accountants, arbitrators, and attorneys' fees and/or expert witness fees, together with the costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

2. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

3. Notwithstanding the foregoing, your indemnification obligation under this Section shall not extend to claims arising from proprietary products sold by us to you, provided that such products are used in accordance with the standard operating procedures and all applicable manual and instructions provided to you from time to time.

#### **E. NOTICE OF LEGAL ACTIONS AGAINST FRANCHISE.**

If you are named as a defendant in any legal action by a vendor, or any other party, in which the damages or equitable relief in any way is related to the Franchise, and regardless of whether DESTINATION ATHLETE® is named as a party, you are to notify DESTINATION ATHLETE® immediately of the law suit and promptly provide DESTINATION ATHLETE® copies of any documents relevant to the claims raised in the action, and further, you shall cooperate

with DESTINATION ATHLETE® in the prompt arrangement for a legal defense and/or resolution of the claims due to DA's intervention. In the event DESTINATION ATHLETE® is able to resolve the dispute, you shall be responsible for all related and reasonable attorneys fees and costs incurred by DESTINATION ATHLETE®.

#### XV. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

1. Except as expressly provided to the contrary herein, each section, subsection, paragraph, term and provision of this Agreement, and any portion thereof, will be considered severable, and if, for any reason, any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, un-appealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which will continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto, otherwise upon your receipt from us of a notice of non-enforcement thereof.

2. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of such covenant.

3. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required hereunder of the termination of this Agreement or of our refusal to enter into a successor franchise agreement, or the taking of some other action not required hereunder, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid or unenforceable, the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions hereof, and we will have the right to modify such invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any System Standard, any portion or portions which a court or arbitrator may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order or arbitration award. Such modifications to this Agreement will be effective only in such jurisdiction, unless we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

#### XVI. WAIVER OF OBLIGATIONS.

1. DESTINATION ATHLETE® and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any

waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days prior written notice.

2. We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term) by virtue of any custom or practice at variance with the terms hereof; our or your failure, refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by the other with our and your obligations hereunder, including, without limitation, any System Standard; our waiver, forbearance, delay, failure or omission to exercise any right, power or option, whether of the same, similar or different nature, with respect to other DESTINATION ATHLETE® franchises; the existence of other franchise agreements for DESTINATION ATHLETE® franchises, which contain different provisions from those contained herein; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver, compromise, settlement or accord and satisfaction. We are authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect.

3. Neither DESTINATION ATHLETE® nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from:

(a) transportation shortages, inadequate supply of apparel, equipment, products, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof;

(b) acts of God;

(c) fires, strikes, embargoes, war or riot; or

(d) any other similar event or cause.

4. Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed to us or our subsidiaries or designated suppliers at the time of such occurrence or payment of Royalties and contributions to the Marketing and Promotion Fund due on any sales thereafter or amounts owed to us or our subsidiaries or designated suppliers for purchases from us, our subsidiaries or designated suppliers made thereafter.

## XVII. COSTS AND ATTORNEYS' FEES.

If we incur expenses in connection with your failure to pay when due amounts owed to

us, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, accounting, attorney, arbitrator, court/arbitration costs and/or related fees.

### XIII. YOU MAY NOT WITHHOLD PAYMENTS DUE TO US.

You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder. You agree that all such claims will, if not otherwise resolved by us, be submitted to arbitration as provided in Section XX of this Agreement.

### XIX. RIGHTS OF PARTIES ARE CUMULATIVE.

Our and your rights hereunder are cumulative, and no exercise or enforcement by us, or you of any right or remedy hereunder will preclude our or your exercise or enforcement of any other right or remedy hereunder which we, or you, are entitled by law to enforce.

### XX. MEDIATION.

1. DESTINATION ATHLETE® and you acknowledge that during the term of this Agreement certain disputes may arise between us that we and you are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, we and you agree that either of us has the right prior to commencement of an arbitration proceeding by either of us pursuant to Section XX, to require that a dispute first be submitted for non-binding mediation at a mutually agreeable location (if we cannot agree on a location, the mediation will be conducted in Hunterdon County, New Jersey), by a panel consisting of an equal number of DESTINATION ATHLETE® franchisees and our management personnel. Such mediation will be conducted pursuant to procedures and conditions established by us and set forth in the Manual. We, and you agree that statements made by either of us in any such mediation proceeding shall not be admissible for any purpose in a subsequent arbitration or other legal proceeding.

2. Notwithstanding anything to the contrary contained in this Section, we have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, that we agree to contemporaneously submit our dispute for non-binding mediation as provided herein, and provided you do not use the mediation as grounds to oppose the injunctive relief. If such dispute cannot be resolved through mediation, the parties agree to submit such dispute to arbitration, subject to the terms and conditions of Section XXI.

### XXI. ARBITRATION.

SUBJECT TO SECTION XX, AND EXCEPT FOR CONTROVERSIES, DISPUTES OR CLAIMS RELATED TO OR BASED ON YOUR USE OF THE MARKS BEFORE OR AFTER THE EXPIRATION OR TERMINATION OF THIS AGREEMENT, ALL CONTROVERSIES, DISPUTES OR CLAIMS BETWEEN US AND OUR SUBSIDIARIES,



SHAREHOLDERS, OFFICERS, DIRECTORS, MEMBERS, AGENTS AND EMPLOYEES AND YOU (YOUR OWNERS, GUARANTORS, AFFILIATES AND EMPLOYEES, IF APPLICABLE) ARISING OUT OF OR RELATED TO:

(a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN YOU AND US OR ANY PROVISION OF ANY SUCH AGREEMENT;

(b) OUR RELATIONSHIP WITH YOU;

(c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN YOU AND US OR ANY PROVISION OF ANY SUCH AGREEMENT; OR

(d) ANY SYSTEM STANDARD RELATING TO THE ESTABLISHMENT OR OPERATION OF THE FRANCHISE WILL BE SUBMITTED FOR BINDING ARBITRATION TO THE CENTRAL NEW JERSEY OFFICE, OR NEAREST THEREOF, OF THE AMERICAN ARBITRATION ASSOCIATION ON DEMAND OF EITHER PARTY, OR TO ANOTHER LOCATION OF OUR CHOICE. SUCH ARBITRATION PROCEEDING TO BE HEARD BY ONE ARBITRATOR IN ACCORDANCE WITH THE THEN CURRENT FRANCHISING ARBITRATION RULES, IF ANY; OTHERWISE, THE THEN CURRENT COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT AND NOT BY ANY STATE ARBITRATION LAW.

(e) THE ARBITRATOR WILL HAVE THE RIGHT TO AWARD OR INCLUDE IN HIS AWARD ANY RELIEF WHICH HE/SHE DEEMS PROPER IN THE CIRCUMSTANCES, INCLUDING, WITHOUT LIMITATION, MONEY DAMAGES (WITH INTEREST ON UNPAID AMOUNTS FROM THE DATE DUE), SPECIFIC PERFORMANCE, INJUNCTIVE RELIEF AND ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, PROVIDED THAT THE ARBITRATOR WILL NOT HAVE THE RIGHT TO DECLARE ANY MARK GENERIC OR OTHERWISE INVALID OR, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, OR TO AWARD EXEMPLARY OR PUNITIVE DAMAGES. THE AWARD AND DECISION OF THE ARBITRATOR WILL BE CONCLUSIVE AND BINDING UPON ALL PARTIES HERETO, AND JUDGMENT UPON THE AWARD MAY BE ENTERED IN ANY COURT OF COMPETENT JURISDICTION.

(f) WE AND YOU AGREE TO BE BOUND BY THE PROVISIONS OF ANY LIMITATION ON THE PERIOD OF TIME IN WHICH CLAIMS MUST BE BROUGHT UNDER APPLICABLE LAW OR THIS AGREEMENT, WHICHEVER EVENT EXPIRES EARLIER. WE AND YOU FURTHER AGREE THAT, IN CONNECTION WITH ANY SUCH ARBITRATION PROCEEDING, EACH MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY RULE 12 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY SUCH CLAIM THAT IS NOT SUBMITTED OR FILED AS DESCRIBED ABOVE WILL BE FOREVER BARRED.

(g) WE AND YOU AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS, AND THAT AN ARBITRATION PROCEEDING BETWEEN US AND OUR SUBSIDIARIES, SHAREHOLDERS, OFFICERS, DIRECTORS, MEMBERS, AGENTS AND EMPLOYEES AND YOU (AND/OR YOUR OWNERS, GUARANTORS, AFFILIATES AND EMPLOYEES, IF APPLICABLE) MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING BETWEEN US AND ANY OTHER PERSON, CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP.

(h) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SECTION, WE AND YOU EACH HAVE THE RIGHT IN A PROPER CASE TO OBTAIN TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION; PROVIDED, HOWEVER, THAT WE AND YOU MUST CONTEMPORANEOUSLY SUBMIT OUR DISPUTE, FIRST FOR NON-BINDING MEDIATION UNDER SECTION XX, AND THEN FOR ARBITRATION ON THE MERITS AS PROVIDED HEREIN IF SUCH DISPUTE CANNOT BE RESOLVED THROUGH MEDIATION.

(i) THE PROVISIONS OF THIS SECTION ARE INTENDED TO BENEFIT AND BIND CERTAIN THIRD-PARTY NON-SIGNATORIES AND WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

(j) BY SIGNING THIS AGREEMENT, YOU UNDERSTAND THAT YOU ARE AGREEING TO THESE ARBITRATION TERMS AND YOU ARE WAIVING YOUR STATUTORY RIGHT TO SEEK RELIEF OF ANY CLAIMS IN A COURT OF LAW.

## XXII. GOVERNING LAW.

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT. EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT AS REQUIRED HEREBY, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 *et seq.*) OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEW JERSEY, WITHOUT REGARD TO ITS CONFLICT OF LAWS PRINCIPLES, EXCEPT THAT ANY NEW JERSEY LAW REGULATING THE SALE OF FRANCHISES OR BUSINESS OPPORTUNITIES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

## XXIII. CONSENT TO JURISDICTION.

SUBJECT TO SECTION XXI, YOU AND YOUR OWNERS AGREE THAT ALL JUDICIAL ACTIONS BROUGHT BY US AGAINST YOU OR YOUR OWNERS OR BY YOU

OR YOUR OWNERS AGAINST US OR OUR SUBSIDIARIES, SHAREHOLDERS, OFFICERS, DIRECTORS, MEMBERS, AGENTS OR EMPLOYEES MUST BE BROUGHT IN THE SUPERIOR COURT OF NEW JERSEY, OR IN THE FEDERAL DISTRICT COURT OF NEW JERSEY, OR TO SUCH COURT AND JURISDICTION OF OUR CHOICE, AND YOU (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF SUCH COURT AND WAIVE ANY OBJECTION YOU, HE OR SHE MAY HAVE TO EITHER THE JURISDICTION OF OR VENUE IN SUCH COURT. NOTWITHSTANDING THE FOREGOING, WE MAY BRING AN ACTION FOR A TEMPORARY RESTRAINING ORDER, TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF, OR TO ENFORCE AN ARBITRATION AWARD, IN ANY STATE COURT OF GENERAL JURISDICTION IN THE STATE IN WHICH YOU RESIDE OR IN WHICH THE BUSINESS IS LOCATED.

#### XXIV. DAMAGES WAIVER.

**FRANCHISEE AND THE PRINCIPALS HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST FRANCHISOR, ITS AFFILIATES, AND THE OFFICERS, DIRECTORS, SHARE MEMBERS, PARTNERS, MEMBERS, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES OF EACH OF THEM, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE), AND AGREE THAT IN THE EVENT OF A DISPUTE, FRANCHISEE AND THE PRINCIPALS WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY THEM. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) WILL CONTINUE IN FULL FORCE AND EFFECT.**

#### XXV. WAIVER OF JURY TRIAL.

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.

#### XXVI. BINDING EFFECT.

This Agreement shall be binding upon DESTINATION ATHLETE® and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest and shall not be modified except by written agreement signed by you and us and is deemed to be made when accepted on our behalf at our executive offices in Hunterdon County, New Jersey, or any other office location we designate.

## XXVII. LIMITATIONS OF CLAIMS.

Except for claims arising from your non-payment or underpayment of amounts you owe us pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred ***unless a judicial or arbitration proceeding is commenced within one (1) year*** from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

## XXVIII. CONSTRUCTION.

1. The preambles and exhibits to this Agreement and your application for the Franchise are a part of this Agreement which, together with the Manual and our other written policies or specifications constitutes our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Except as contemplated by the arbitration provisions of Section XXI, nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

2. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions which require our approval.

3. The headings of the several sections and subsections hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

4. References in this Agreement to "we," "us" and "our," with respect to all of our rights and all of your obligations to us under this Agreement, will be deemed to include all of our subsidiaries and affiliates. The terms "subsidiary" and "affiliate," as used herein with respect to you or us, means any person directly or indirectly owned or controlled by, under common control with or owning or controlling you or us. For purposes of this definition, "control" of a person means ownership or control of a majority of the voting ownership of the person or combination of voting ownership or one (1) or more agreements that together afford control of the management and policies of such person. Be advised that DESTINATION ATHLETE® does not have an affiliate relationship with any entity.

5. If two or more persons are at any time the Owner hereunder, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to "owner" means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in you (or a transferee of this Agreement and the Franchise or an interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise or the Franchise and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in the revenue, profits, rights or assets thereof. "Controlling interest" in you means an ownership interest in you of equal to or greater than twenty percent (20%). "Person" means any natural person, corporation, limited

liability company, general or limited partnership, unincorporated association, cooperative or other legal or functional entity.

6. The term "Franchise" as used herein includes all of the assets of the DESTINATION ATHLETE® franchise you operate pursuant to this Agreement, including its revenue and income.

7. This Agreement may be executed in multiple copies, each of which will be deemed an original.

Notwithstanding the foregoing, nothing in this Franchise Agreement is intended to disclaim the express representations made in the Franchise Disclosure Documents.

#### XXIX. NOTICES AND PAYMENTS.

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered:

(a) at the time delivered by hand;

(b) one (1) business day after transmission by electronic mail, facsimile or other electronic system;

(c) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or

(d) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior thereto) will be deemed delinquent.

These requirements, however, are subject to and subordinate to the requirements of Item 23 (Receipts) of the Franchise Disclosure Agreement ("Offering Document") relative to the initial delivery to you of the Franchise Disclosure Agreement and the Franchise Agreement.

#### XXX. INNOVATIONS.

You agree to fully and promptly disclose to us all ideas, plans, improvements, concepts, methods and techniques relating to the development or operation (including marketing, advertising and promotions) of the franchise unit or any similar aspect of the business conceived or developed by you, any Owner, or your employees during the term of this Agreement ("Innovations"). We and our Affiliates own and have the right to authorize other franchise units to use any Innovations without any compensation to you, any Owner, or your employees. We and our Affiliates own all related patents, patent applications, and other intellectual property rights of the Innovations. You and your Owners hereby assign to us any rights you or your Owners may have or acquire in the

Innovations, including the right to modify the Innovations, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any such Innovation in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint us as agent and attorney-in-fact for you and for us to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such Innovations. In the event that the foregoing provisions of this section are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Innovations to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights therein. Without limiting the foregoing, you and your Owners also agree to provide and disclose to us any improvements or concepts you and your Owners create and conceive concerning the operation of a DESTINATION ATHLETE® franchise, and that we and our Affiliates shall own, may use, and may permit others to use any such improvements or concepts without compensation to you or your Owners. Nothing in this Section modifies your obligations to comply with the System and the Manual.

#### XXXI. CUSTOMER COMPLAINTS

You shall have responsibility to promptly address Customer complaints. If the complaints, in DESTINATION ATHLETE®'s sole discretion, are not being adequately addressed, then DESTINATION ATHLETE® may intercede to address the complaint directly with the customer. Upon the Franchisor's sole discretion, You may be deemed responsible for any Customer refund, and the credited amount shall be a set-off to your revenue. If, within a 12-month period of time, there are three (3) credible, unresolved customer complaints, then this Agreement shall be terminated. This requirement shall be implemented on a rolling 12-month period.

#### XXXII. MISCELLANEOUS

##### A. MODIFICATION

There shall be no modifications to these terms unless agreed to in a writing signed by both parties.

##### B. COUNTERPARTS

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other.

##### C. ATTORNEYS FEES

Any breach of this Agreement by the Franchisee shall, on demand, indemnify and hold harmless the Franchisor for and against all reasonable out-of-pocket expenses, including attorneys'

fees, incurred by the Franchisor by reason of the enforcement and protection of its rights under this Agreement. The payment of such expenses is in addition to any other relief to which the Franchisor may be entitled.

#### D. ASSIGNMENT

Neither this Agreement, nor any right, interest nor obligation hereunder, shall be assigned by any party hereto without the prior written consent of the other party hereto and any attempt to do so will be null and void.

#### E. ENTIRE AGREEMENT

The preambles and exhibits to this Agreement and your application for the Franchise are a part of this Agreement which, together with the Manual and our other written policies, constitutes our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Except as contemplated by the arbitration provisions of Section XXI, nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

Notwithstanding the foregoing, nothing in this Franchise Agreement is intended to disclaim the express representations made in the Franchise Disclosure Documents.

#### F. DESTINATION RECRUIT, LLC

DESTINATION ATHLETE® maintains a relationship with Destination Recruit, LLC, d/b/a 360 Development™ which provides professional services and is a sustainable custom program for leaders, teams and organizations. Our focus is developing 360 Degrees of culture for optimal performance. Destination Recruit, LLC (“DR”) is not an affiliate of DESTINATION ATHLETE® and not a franchise. You will not be entitled to any direct benefit from DR whatsoever, even if a camp is established within your territory. You may, however, receive an indirect benefit from this relationship, but DESTINATION ATHLETE® makes no representation or guarantee of benefits flowing to you from DR. By signing this agreement, you waive any right to make any claims under this agreement in any way related to DR, whether or not a DR training camp is located in your territory before or during the term of this Franchise.

#### G. ADMINISTRATIVE FEE

If at any time you fail to conform to System Standards, we have the right to impose and collect from you an administrative fee as described in this paragraph (“Administrative Fee”). Specifically, (i) we may impose and collect from you a \$250 Administrative Fee for each enforcement effort that we undertake on account of your noncompliance with System Standards (e.g., a letter, email, or telephone communication notifying you of noncompliance or continued noncompliance), and (ii) if we have notified you of noncompliance and you have failed to correct the issue within seven days, we may impose and collect from you a \$250 Administrative Fee per week until the issue has been corrected to our satisfaction. We may provide such notice and any

related communications by electronic means (including, without limitation, by facsimile, email, or through any electronic communications system we designate for the System). We also may impose and collect a \$250 Administrative Fee if you fail to acknowledge receipt of our notice or communications to you, or to respond to our communications within 24 hours of delivery. This fee is not a penalty, but is intended to compensate us for the additional costs that we incur in enforcing your compliance with System Standards, and is in addition to and not in lieu of any other rights or remedies that we may have based on your noncompliance with System Standards. We may impose and collect the Administrative Fee whether or not the noncompliance at issue is of the type or degree that constitutes a material default of your obligations under this Agreement and, if it is, whether or not a cure period applies. At our option, we may require you to demonstrate full compliance with your obligations by submitting to us a comprehensive walk-through video of your Center premises in accordance with our System Standards.

#### H. REMEDIES CUMULATIVE

All rights and remedies of the parties to this Agreement are cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its Affiliates, and Franchisor or any of its Affiliates. The rights and remedies of the parties to this Agreement will be continuing and will not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination, or exercise of Franchisor's rights pursuant to Art. XII, or any other related articles, of this Agreement will not discharge or release Franchisee or any of its Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement. Additionally, Franchisee and the Principals will pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor in obtaining any remedy available to Franchisor for any violation of this Agreement.

#### I. LIMITED POWER OF ATTORNEY

Franchisee hereby appoints Franchisor its true and lawful attorney-in-fact, with full power and authority to **(i)** assign to Franchisor upon the termination or expiration of this Agreement **(a)** all rights to the telephone numbers of the Franchise Business, any related business directory listings, and all rights to any Website listings or services, search engines or systems, and any other business listings related to the Franchise Business, and **(b)** at Franchisor's option, Franchisee's interest in any lease for the premises of the retail space and any equipment used in the operation of the retail space; and **(ii)** obtain any and all returns and reports related to the Franchise Business that Franchisee files with any local, state, or federal taxing authority.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this



Agreement on the date stated on the first page hereof.

Destination Athlete LLC, Franchisor

By: \_\_\_\_\_

Douglas D. Dickison

Title: Managing Member

Dated: \_\_\_\_\_

Franchisee,

By: \_\_\_\_\_

Dated:

SCHEDULE A

TO THE FRANCHISE AGREEMENT  
BETWEEN DESTINATION ATHLETE LLC

AND

EFFECTIVE DATE: THIS EXHIBIT A IS CURRENT AND COMPLETE  
AS OF \_\_\_\_\_, 2023

YOU AND YOUR OWNERS

1. FORM OF OWNERSHIP.

(a) PROPRIETORSHIP. Your owner(s) (is) (are) as follows: \_\_\_\_\_ [as sole proprietors, or].

(b) CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP. You were incorporated or formed on \_\_\_\_\_, 20\_\_\_\_, under the laws of the State of \_\_\_\_\_. You have not conducted business under any name other than your corporate, limited liability company or partnership name. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

NAME OF EACH DIRECTOR/OFFICER

POSITION(S) HELD

_____	_____
_____	_____
_____	_____
_____	_____

2. OWNERS. The following list includes the full name and mailing address of each person who is one of your owners (as defined in the Franchise Agreement) and fully describes the nature of each owner's interest.

Name: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

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Name: \_\_\_\_\_

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Name: \_\_\_\_\_

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Name: \_\_\_\_\_

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Name: \_\_\_\_\_

SCHEDULE B - TERRITORIES

\_\_\_\_\_County, California

## SCHEDULE C– ROYALTIES

You agree to pay us royalties ("Royalties") in the following percentages:

- A. Eight Percent (8%) for internet sales including “Your Team Store”
- B. Five Percent (5%) for non-internet sales;

All Royalties to be paid to DESTINATION ATHLETE® via electronic funds transfer, per the terms in Subsection I, J.

Royalties subject to increases per Subsection I, J.2(c).

SCHEDULE D  
TRADEMARKS



## SCHEDULE E

### SITE SELECTION, LEASE OF SITE AND DEVELOPMENT OF STORE

#### A. SITE SELECTION.

You acknowledge that, prior to signing this Agreement, you (with or without our assistance) located and we approved the Site. You acknowledge and agree that our recommendation or approval of the Site, and any information regarding the Site communicated to you, do not constitute a guarantee, assurance, representation or warranty of any kind, express or implied, as to the suitability of the Site for a DESTINATION ATHLETE® store (“the Store”) or for any other purpose. Our recommendation or approval of the Site indicates only that we believe that the Site falls within the acceptable criteria for sites that we have established as of the time of our recommendation or approval of the Site. Application of criteria that have appeared effective with respect to other sites may not accurately reflect the potential for all sites, and, after our approval of a site, demographic and/or other factors included in or excluded from our criteria could change, thereby altering the potential of a site. The uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a site we have recommended or approved to meet expectations as to potential revenue or operational criteria. You acknowledge and agree that your acceptance of the Franchise is based on your own independent investigation of the suitability of the Site.

You must also cause to be prepared and submit for approval by us a site plan and any modifications to our basic architectural plans and specifications for the Store, including requirements for dimensions, exterior design, materials, interior layout, equipment, fixtures, furniture, signs and decorating. You understand that you may modify our basic plans and specifications only to the extent required to comply with applicable ordinances, building codes and permit requirements and only with our prior written approval.

#### B. LEASE OF SITE.

You acknowledge that you have purchased the Site, or that we and you have approved the lease or sublease for the Site, prior to or simultaneously with the signing of this Agreement. If applicable, you are obligated to deliver a copy of the signed lease to us within fifteen (15) days after it is signed by you and the lessor. At our request, you agree that unless you are prohibited by the terms of the lease from doing so, you will collaterally assign the lease or sublease for the Site to us as security for your timely performance of all obligations under this Agreement and secure the lessor's consent to the collateral assignment. You acknowledge that our approval of the lease or sublease for the Site does not constitute a guarantee, assurance, representation or warranty, express or implied, of the successful operation or profitability of a DESTINATION ATHLETE® store operated at the Site. Such approval indicates only that we believe that the Site and the terms of the lease or sublease fall within the acceptable criteria we have established as of the time of our approval. You further acknowledge that we have advised you to have an attorney review and evaluate the lease or sublease.

### C. STORE DEVELOPMENT.

You are responsible for developing the Store. We will furnish you with mandatory and suggested specifications and layouts for a DESTINATION ATHLETE® store, including requirements for dimensions, design, image, interior layout, decor, equipment, fixtures, furnishings, buildings of modular construction and signs. You are obligated to have prepared all required construction plans and specifications to suit the shape and dimensions of the Site and to insure that such plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease or sublease requirements and restrictions, if any. You are obligated to submit construction plans and specifications to us for approval before construction of the Store is commenced and, at our request, to submit all revised or "as built" plans and specifications during the course of such construction. We may be willing to assist you in developing the Store by recommending engineers and architects and otherwise furnishing information to assist you in developing the Store in accordance with our specifications.

You agree, at your own expense, to do the following with respect to developing the Store at the Site:

- (1) secure all financing required to develop and operate the Store;
- (2) obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct and operate the Store;
- (3) construct all required improvements to the Site and decorate the Store in compliance with plans and specifications we have approved;
- (4) purchase or lease and install all required equipment, fixtures, furnishings, and signs required for the Store; and
- (5) purchase an opening inventory of authorized and approved materials and supplies.

### D. BUILDING, EQUIPMENT, FIXTURES, FURNISHINGS, AND SIGNS.

You agree to use in developing and operating the DESTINATION ATHLETE® store only the buildings, equipment (including production equipment and fixtures, cash register/computer terminals and a telecopier) fixtures, furnishings, and signs that we have approved for DESTINATION ATHLETE® stores as meeting our specifications and standards for quality, design, appearance, function and performance. You agree to place or display at the Site (interior and exterior) only such signs, emblems, lettering, logos and display materials that we approve from time to time. You agree to acquire approved brands, types or models of other equipment, fixtures, furnishings, and signs only from suppliers we have designated or approved (which may include us and/or our subsidiary). If you purchase supplies or equipment from us, you agree to give us authorization in the form that we designate, to initiate debit entries and/or credit correction entries to the Store bank operating account (the "Account") for payment for purchases from us and any interest charges due thereon. You agree to make the funds available in the Account for withdrawal by electronic transfer no later than the due date for payment thereon.



#### E. SUPPLY PURCHASE PROGRAM.

You must participate in our supply purchase program, under which you may only purchase supplies for the Store from us or from suppliers we have pre-approved or that you have proposed and we have approved prior to purchasing supplies from such source. You realize that all suppliers may not be accessible to you for a store due to supplier and geographic restrictions. We shall provide you with a list of approved products and supplies and shall from time-to-time issue revisions thereto. If you wish to use any type or brand of product or supply item or wish to purchase products or supplies from a supplier that is not currently approved by us, you shall notify us of your desire to do so and submit to us specifications, photographs, samples and/or other information we request. We shall, within a reasonable time, determine whether such products, supplies or such supplier meets its specifications and standards and notify you whether you are authorized to use such product or supply item or purchase from such supplier.

#### F. COMPUTER SYSTEM.

You agree to use in the development and operation of the Store the cash register/computer terminals and operating software ("Computer System") that we specify from time to time. You acknowledge that we have developed a Computer System and specifications for certain components of the Computer System and may modify such specifications and the components of the Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use proprietary software developed by us or others. Our modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modification thereto) and that the cost to you of obtaining the Computer System (including software licenses) (or additions or modification thereto) may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modification thereto), provided you shall not be required to spend more than \$5,000.00 annually for such changes. Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require. You further acknowledge and agree that we have the right to charge a reasonable systems fee for software or systems modifications and enhancements specifically made for us that is licensed to you and other maintenance and support services that we or our subsidiary furnish to you related to the Computer System.

#### G. STORE OPENING.

You agree not to open the Store for business until:

(1) we approve the Store and site plan as developed in accordance with our specifications and standards;

(2) management and store employee training has been completed to our satisfaction;

(3) the franchise fee and all other amounts then due to us have been paid;

(4) we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept; and

(5) other items which we may reasonably require.

You must properly staff the Store prior to opening to handle normally high volumes related to the opening of the Store. We will supply an operating team that will assist you for a minimum of seven (7) days in the opening of the Store. If you are developing several Stores pursuant to a Development Agreement, this team will be made available at no charge for the first Store, one-half of a team will be made available at no charge for the second Store, a field consultant will be made available at no charge for the third Store and will be discretionary by us thereafter. "No charge" means we will be responsible for the team's travel, room and board and salaries but you will be responsible for all other charges or expenses.

#### H. GRAND OPENING PUBLIC RELATIONS AND MARKETING PROGRAM.

You agree to conduct a grand opening public relations and marketing program for the Store during the period commencing thirty (30) days before and ending ninety (90) days after its opening and to expend the amount agreed-upon with DESTINATION ATHLETE® for such program. Such public relations and advertising will utilize the public relations and advertising programs and media and advertising materials we have developed or approved. We will provide you with a grand opening public relations and marketing program manual that will describe the grand opening public relations and marketing that you will be required to perform before opening the Store. We will provide you with guidelines, lists of suppliers and consult with you on your grand opening public relations and marketing program but it will be your sole responsibility to develop and implement this program.

#### I. INSURANCES

You agree to maintain all Fire and Casualty Insurance required by the landlord, and if You own the premises, then you shall obtain the same insurances. Additionally, you shall obtain and maintain at your expense general public liability insurance for the premises to protect yourself against any liability or claim which may arise on account of any actionable injury on account of your activities and uses in connection with the premises in a single limit of One Million Dollars (\$1,000,000.00) per occurrence for personal injury and property damage. You shall name DESTINATION ATHLETE® as an additional insured on the general public liability insurance policy. You shall furnish certificates of insurance for these policies to DESTINATION ATHLETE® within a reasonable time after it is secured. If for any reason you default on this Agreement, or DESTINATION ATHLETE® assumes responsibility for the premises, it shall have the right, but not the obligation, to continue to pay for the insurance policies, but you shall remain responsible to reimburse DESTINATION ATHLETE® for such payments.

## SCHEDULE F

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### EMPLOYMENT AGREEMENT

THIS AT-WILL EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of \_\_\_\_\_, 2023, by and between [you the franchisee], ("Employer") and \_\_\_\_\_, an individual ("Employee").

In consideration of the additional consideration set forth in Sections 3 and 4 below, the promises and mutual covenants contained herein, and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Employment. Employer hereby engages Employee to serve as a \_\_\_\_\_ and Employee hereby accepts such an engagement upon the terms and conditions set forth herein.

2. Effective Date. The effective date of this Agreement shall be \_\_\_\_\_, 2023. This Agreement is for an unspecified term and is terminable by either party, with or without cause, at any time, with or without notice.

3. Compensation. Employer shall pay Employee during the term of this Agreement an increased salary at the rate of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per annum/wage [OR] at the rate of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per hour (the "Compensation"). The Compensation shall be payable in equal \_\_\_\_\_ installments, less such deductions as shall be required to be withheld by applicable law and regulations. Employee's Compensation may be changed from time to time at the sole discretion of Employer.

4. Employee Manual. The employment relationship between Employer and Employee shall be governed by the policies and practices set forth in the \_\_\_\_\_ [EMPLOYEE MANUAL] attached as Exhibit "A" hereto, as the same may be amended, altered, modified or replaced from time to time, such amendments, alterations, modifications or replacements hereby being expressly consented to by Employee, except that when the terms of this Agreement differ or are in conflict with such manual or Employer's policies or practices, this Agreement shall control.

5. Duties. Employer requires that: (i) Employee will devote utmost knowledge and best skill to the performance of his/her duties; (ii) Employee shall devote his/her full business time to the rendition of such services, subject to absences for customary vacations and for temporary illness; and (iii) Employee will not engage in any other gainful occupation which creates a conflict of interest with his/her job responsibilities under this Agreement without the prior written consent of the President of the Company, with the exception that Employee may personally trade in stock, bonds, securities, commodities or real estate investments for his/her own benefit.

6. At-Will Employment. Employee and Employer understand and expressly agree that Employee's employment is not for a specified term and that it may be terminated by Employer or by Employee

at any time, with or without notice, and with or without cause. Employee and Employer expressly agree that this provision is intended by Employee and by Employer to be the complete and final expression of their understanding regarding the terms and conditions under which Employee's employment may be terminated. Employee and Employer further understand and agree that no representation contrary to this provision is valid, and that this provision may not be augmented, contradicted or modified in any way, except by a writing signed by Employee and by the President of the Company ("President").

7. Confidentiality and Nondisclosure. See Exhibit "C."

8. Trade Secrets.

8.1. Trade Secrets in General. During the course of Employee's employment, Employee will have access to various trade secrets of Employer. A "Trade Secret" is information which is not generally known to the public and, as a result, is of economic benefit to Employer in the conduct of its business. Employee and Employer agree that Trade Secrets shall include but not be limited to all information developed or obtained by Employer and comprising the following items, whether or not such items have been reduced to tangible form (e.g., physical writing): all methods, techniques, processes, ideas, research and development, trade names, service marks, slogans, forms, customer lists, pricing structures, menus, business forms, marketing programs and plans, layouts and designs, financial structures, operational methods and tactics, cost information, the identity of or contractual arrangements with suppliers, the identity or buying habits of customers, accounting procedures, software, data bases, and any document, record or other information of Employer relating to the above. Trade Secrets include not only information belonging to Employer which existed before the date of this Agreement, but also information developed by Employee for Employer or its employees during the term of this Agreement and thereafter.

8.2. Restriction on Use of Trade Secrets. Employee agrees that his/her use of Trade Secrets is subject to the following restrictions during the term of the Agreement and for an indefinite period thereafter so long as the Trade Secrets have not become generally known to the public.

8.2.1. Non-Disclosure. Employee will not publish or disclose, or allow to be published or disclosed, Trade Secrets to any person who is not an employee of Employer unless such disclosure is necessary for the performance of Employee's obligations under this Agreement. Disclosure to someone who is not an employee of Employer must first be authorized in writing by the President.

8.2.2. Use Restriction. Employee shall use the Trade Secrets only for the limited purpose for which they were disclosed. Employee shall not disclose the Trade Secrets to any third party (including subcontractors) without first obtaining written consent from the President and shall disclose the Trade Secrets only to Employer's own employees having a need to know. Employee shall promptly notify Employer of any items of Trade Secrets prematurely disclosed.

8.2.3. Non-Removal. Employee will not remove any Trade Secrets from the offices of Employer or the premises of any facility in which Employer is performing services, or allow such removal, unless permitted in writing by the President.

8.2.4. Surrender Upon Termination. Upon termination of his/her employment with Employer for any reason, Employee will surrender to Employer all documents and materials in his/her possession or control which contain Trade Secrets.

8.2.5. Prohibition Against Unfair Competition. At any time after the termination of his/her employment with Employer for any reason, Employee will not engage in competition with Employer while making use of the Trade Secrets of Employer.

## 9. Solicitation of Employees or Customers.

9.1. Information About Other Employees. Employee will be called upon to work closely with employees of Employer in performing services under this Agreement. All information about such employees which becomes known to Employee during the course of his/her employment with Employer, and which is not otherwise known to the public, including compensation or commission structure, is a Trade Secret of Employer and shall not be used by Employee in soliciting employees of Employer at any time during or after termination of his/her employment with Employer.

9.2. Solicitation of Employees Prohibited. During Employee's employment and for two years following the termination of Employee's employment, Employee shall not, directly or indirectly ask or encourage any employee(s) of Employer to leave their employment with Employer, or solicit any employee(s) of Employer for employment. Employee further agrees that he/she shall make any subsequent employer aware of this non-solicitation obligation.

9.3. Solicitation of Customers Prohibited. See Exhibit "C."

10. Unfair Competition, Misappropriation of Trade Secrets and Violation of Solicitation Clauses. Employee acknowledges that unfair competition, misappropriation of trade secrets or violation of any of the provisions contained in Sections 8, 9 or 10 would cause irreparable injury to Employer, that the remedy at law for any violation or threatened violation thereof would be inadequate, and that Employer shall be entitled to temporary and permanent injunctive or other equitable relief without the necessity of proving actual damages. Employee agrees that such relief shall be available in a court of law regardless of the arbitration provisions contained in paragraph 18 of this Agreement.

11. Representation Concerning Prior Agreements. Employee represents to Employer that he/she is not bound by any non-competition and/or non-solicitation agreement that would preclude, limit or in any manner affect his/her employment with Employer. Employee further represents that he/she can fully perform the duties of his/her employment without violating any obligations he/she may have to any former employer, including but not limited to, misappropriating any proprietary information acquired from a prior employer. Employee agrees that Employee will indemnify and hold Employer harmless from any and all liability and damage, including reasonable attorneys' fees and costs, resulting from any breach of this provision.

12. Return of Company Property. Upon the termination of Employee's employment for any reason, Employee agrees to return immediately to the Company all Company property.

13. Personnel Policies and Procedures. The Employer shall have the authority to establish from time-to time-personnel policies and procedures to be followed by its employees. Employee agrees to comply with the policies and procedures of the Employer. To the extent any provisions in Employer's personnel policies and procedures differ with the terms of this Agreement, the terms of this Agreement shall apply. In no case shall any personnel policies or procedures be deemed to contradict the at-will employment provision contained in Section 7 of this Agreement.

14. Successors and Assigns. The rights and obligations of the Employer under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of Employer. Employee shall not be entitled to assign any of his/her rights or obligations under this Agreement.

15. Governing Law. This Agreement shall be interpreted, construed, governed and enforced in accordance with the laws of the State of New Jersey.

16. Amendments. No amendment or modification of the terms or conditions of this Agreement shall be valid unless in writing and signed by the parties hereto.

17. Severability. Each term, condition, covenant or provision of this Agreement shall be viewed as separate and distinct, and in the event that any such term, covenant or provision shall be held by a court of competent jurisdiction to be invalid, the remaining provisions shall continue in full force and effect.

18. Waiver. A waiver by either party of a breach of provision or provisions of this Agreement shall not constitute a general waiver, or prejudice the other party's right otherwise to demand strict compliance with that provision or any other provisions in this Agreement.

19. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient, if in writing, sent by mail to his/her residence in the case of Employee, or hand delivered to the Employee, and, in the case of Employer, to its principal corporate office.

20. Arbitration. With the exception of disputes concerning the breach or enforcement of Sections 3 through 4 and Sections 8 through 11 of this Agreement, the parties agree that disputes concerning the terms of this Agreement and Employee's employment under this Agreement are subject to arbitration in accordance with the Employee Arbitration Agreement attached hereto as Exhibit "B" and incorporated by this reference as though fully set forth herein.

21. Entire Agreement. Employee acknowledges receipt of this Agreement and agrees that this Agreement, and the attached exhibits, which are hereby incorporated, represent the entire agreement with Employer concerning the subject matters hereof, and supersede any previous oral or written communications, representations, understandings or agreements with Employer or any officer or agent thereof. Employee understands that no representative of the Employer has been authorized to enter into any agreement or commitment with Employee which is inconsistent in any way with the terms of this Agreement.

22. Construction. This Agreement shall not be construed against any party on the grounds that such party drafted the Agreement or caused it to be drafted.

23. Acknowledgment. Employee acknowledges that he/she has been advised by Employer to consult with independent counsel of his/her own choice, at his/her expense, concerning this Agreement, that he/she has had the opportunity to do so, and that he/she has taken advantage of that opportunity to the extent that he/she desires. Employee further acknowledges that he/she has read and understands this Agreement, is fully aware of its legal effect, and has entered into it freely based on his/her own judgment.

INTENDING TO BE BOUND, the parties have executed this Agreement as of the date set forth above.

Employee

\_\_\_\_\_

Print: \_\_\_\_\_

Dated: \_\_\_\_\_

[EMPLOYER]

By: \_\_\_\_\_

Dated: \_\_\_\_\_

**SCHEDULE "aa"**  
**EMPLOYEE MANUAL**

Available to the Franchisees on DESTINATION ATHLETE® dedicated website.



## **SCHEDULE "bb"**

### **EMPLOYEE ARBITRATION AGREEMENT**

THIS EMPLOYEE ARBITRATION AGREEMENT (this "Arbitration Agreement") is made and entered into as of \_\_\_\_\_, 2023, by and between \_\_\_\_\_ ("Employer"), and \_\_\_\_\_, an individual ("Employee").

The purpose of this Arbitration Agreement is to establish final and binding arbitration for disputes arising out of Employee's employment or the termination of Employee's employment. Employee and Employer desire to arbitrate their disputes on the terms and conditions set forth below, in order to gain the benefits of a speedy, impartial dispute-resolution procedure. Employee and Employer agree to the following:

1. **Claims Covered by the Arbitration Agreement.** Employee and the Employer mutually consent to the resolution by final and binding arbitration of all claims or controversies ("claims") that Employer may have against Employee or that Employee may have against Employer or against its officers, directors, partners, employees, agents, pension or benefit plans, administrators, or fiduciaries, or any subsidiary or affiliated company or corporation (collectively referred to as "Employer"), relating to, resulting from, or in any way arising out of Employee's employment relationship with Employer and/or the termination of Employee's employment relationship with Employer, to the extent permitted by law. The claims covered by this Arbitration Agreement include, but are not limited to, claims for wages or other compensation due; claims for breach of any contract or covenant (express or implied); tort claims; claims for discrimination and harassment (including, but not limited to, race, sex, religion, national origin, age, marital status or medical condition, disability, or sexual orientation); claims for benefits (except where an employee benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one); and claims for violation of any public policy, federal, state or other governmental law, statute, regulation or ordinance.

2. **Claims Not Covered by the Arbitration Agreement.** Notwithstanding Section 1, above, claims Employee may have for workers' compensation or unemployment compensation benefits are not covered by this Arbitration Agreement. Also not covered are claims by Employer or Employee for injunctive and/or other equitable relief, including declaratory judgment actions, relating to unfair competition and/or the use and/or unauthorized disclosure of trade secrets or confidential information, as to which both Employee and Employer understand and agree that Employee or Employer may seek and obtain relief from a court of competent jurisdiction.

3. **Required Notice of Claims and Statute of Limitations.** Employee may initiate arbitration by serving or mailing a written notice to the President of Employer. Employer may initiate arbitration by serving or mailing a written notice to Employee at his or her last known address. The notice shall identify and describe the nature of all claims asserted and the facts upon which such claims are based. The written notice shall be served or mailed within the applicable statute of limitations period set forth by federal or state law.

4. **Arbitration Procedures.** After demand for arbitration has been made by serving written notice under the terms of Section 3 of this Arbitration Agreement, the party demanding arbitration shall file a demand for arbitration with American Arbitration Association ("AAA"). Except as otherwise provided in this Arbitration Agreement, the arbitration will be conducted according to the then applicable arbitration rules of AAA for the arbitration of employment disputes.

5. **Discovery.** Discovery shall be allowed and conducted pursuant to the then applicable arbitration rules of AAA for the arbitration of employment disputes.

6. **Choice of Law.** The arbitrator shall apply the substantive law (and the law of remedies, if applicable) of the State of New Jersey, or federal law, or both, as applicable to the claim(s) asserted. The arbitrator shall have authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Arbitration Agreement, including but not limited to any claim that all or any part of this Arbitration Agreement is void or voidable.

7. **Summary Judgment.** Either party may file a motion for summary judgment with the arbitrator. The arbitrator is entitled to resolve some or all of the asserted claims through such a motion. The standards to be applied by the arbitrator in ruling on a motion for summary judgment shall be the applicable laws as specified in Section 6 of this Arbitration Agreement.

8. **Arbitration Decision.** The arbitrator's decision will be final and binding. The arbitrator shall issue a written arbitration decision revealing the essential findings and conclusions upon which the decision and/or award is based. A party's right to appeal the decision is limited to grounds provided under applicable federal or state law.

9. **Place of Arbitration.** The arbitration will be at a mutually convenient location, which must be within \_\_\_\_\_ (\_\_\_\_\_) miles of Employee's last employment location with Employer. If the parties cannot agree upon a location, then the arbitration will be held at AAA's office nearest to Employee's last employment location with Employer.

10. **Consideration.** Employer's offer to employ Employee, and the promises by Employer and Employee to arbitrate differences, rather than litigate them before courts or other bodies, provide consideration for each other.

11. **Fees and Costs.** Each party may be represented by an attorney or other representative selected by the party in an arbitration procedure. Each party shall be responsible for its own attorneys' or representative's fees in such arbitration procedure. However, if any party prevails on a statutory claim, which affords the prevailing party's attorneys' fees, or if there is a written agreement providing for fees, the arbitrator may award reasonable fees to the prevailing party.

12. **Enforcement of Arbitration Agreement.** Should either party file a court action concerning, or refuse to arbitrate, a claim which is subject to arbitration under this Arbitration Agreement, the other party shall be entitled to recover its costs and reasonable attorneys' fees incurred in enforcing this Arbitration Agreement in court.

13. Sole and Entire Agreement. This Arbitration Agreement expresses the entire agreement of the parties with respect to the subject matter hereof and there are no other agreements, oral or written, concerning arbitration, except as provided herein. This Arbitration Agreement is not, and shall not be construed to create, any contract of employment, express or implied.

14. Requirements for Modification or Revocation. This Arbitration Agreement shall survive the termination of Employee's employment. It can only be revoked or modified by a writing signed by the President of Employer and Employee that specifically states an intent to revoke or modify this Arbitration Agreement.

15. Waiver of Jury Trial/Exclusive Remedy. EMPLOYEE AND EMPLOYER WAIVE ANY CONSTITUTIONAL OR STATUTORY RIGHT TO HAVE ANY DISPUTE BETWEEN THEM COVERED BY THE TERMS OF THIS ARBITRATION AGREEMENT DECIDED BY A COURT OF LAW AND/OR BY A JURY IN A COURT.

16. Voluntary Agreement. EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS CAREFULLY READ THIS ARBITRATION AGREEMENT, UNDERSTANDS ITS TERMS, AND AGREES THAT ALL UNDERSTANDINGS AND AGREEMENTS BETWEEN EMPLOYER AND EMPLOYEE RELATING TO THE SUBJECTS COVERED IN THE ARBITRATION AGREEMENT ARE CONTAINED IN IT. EMPLOYEE HAS VOLUNTARILY ENTERED INTO THE ARBITRATION AGREEMENT WITHOUT RELIANCE ON ANY PROVISIONS OR REPRESENTATIONS BY EMPLOYER, OTHER THAN THOSE CONTAINED IN THIS ARBITRATION AGREEMENT. EMPLOYEE FURTHER ACKNOWLEDGES THAT EMPLOYEE HAS BEEN GIVEN THE OPPORTUNITY TO DISCUSS THIS ARBITRATION AGREEMENT WITH EMPLOYEE'S PRIVATE LEGAL COUNSEL AND EMPLOYEE HAS UTILIZED THAT OPPORTUNITY TO THE EXTENT DESIRED.

IN WITNESS HEREOF, the parties have executed this Agreement as of the date set forth above.

INTENDING TO BE BOUND, the parties have executed this Agreement as of the date set forth above.

Employee

\_\_\_\_\_

Print:\_\_\_\_\_

Dated:\_\_\_\_\_

[EMPLOYER]

By: \_\_\_\_\_

Dated: \_\_\_\_\_

**SCHEDULE “cc”  
CONFIDENTIALITY and NON-COMPETE**

**I. Confidentiality.**

A. The Employee agrees that the names of customers are and shall remain the exclusive property of the employer (hereafter “the Company”), are confidential and are of great value to the Company. The Employee further agrees that all other information used by the Employee in soliciting customers, including, but not by way of limitation, pricing lists, sales invoices and the names of customers' personnel are trade secrets, are confidential and are the valuable property of the Company, and that any such information developed by the Employee during the course of such employment is and shall remain the property of the Company.

B. The Employee recognizes and acknowledges that certain services that the Company performs will be confidential, that the good will of the Company depends, among other things, on keeping such services and information confidential, and that unauthorized disclosure of the same would irreparably damage the Company.

C. Further, the Employee recognizes and acknowledges that the business matters and affairs of the Company, and the methods of business operations of the Company, are valuable and confidential and that unauthorized disclosure of the same would irreparably damage the Company.

D. The Employee therefore acknowledges that the Company's remedy in the form of monetary damages for any breach by the Employee of any of the provisions of this section may be inadequate and that, in addition to any remedy for such breach, the Company shall be entitled to institute and maintain any appropriate proceeding or proceedings including an action for specific performance and/or injunction.

**II. Non-Compete.**

The Employee further agrees that during the period of two years immediately after the termination of his or her employment with the Company, the Employee will not either directly or indirectly make known or divulge the names and addresses of any of the customers or patrons of the Company to any person, firm or corporation. The Employee also agrees that after termination of employment with the Company, the Employee will not, either directly or indirectly call upon solicit, divert, or take away, or attempt to solicit, divert, or take away any of the customers, business or patrons, of the Company, upon whom the Employee called or solicited or catered or became acquainted with while employed with the Company.

**III. Attorneys Fees and Costs**

In the event that the Company must enforce these covenants by way of action in any court or arbitration proceeding, it shall be entitled to an award of reasonable attorneys' fees and costs upon success, which shall be defined as the issuance of any order or award granting the Company relief under either or both of the covenants addressed herein.

INTENDING TO BE BOUND, the parties have executed this Agreement as of the date set forth above.

Employee

\_\_\_\_\_

Print: \_\_\_\_\_

Dated: \_\_\_\_\_

[EMPLOYER]

By: \_\_\_\_\_

Dated: \_\_\_\_\_

## SCHEDULE G

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (the "Guaranty") is given this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

1. In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by Destination Athlete LLC ("us," "we" or "our") and \_\_\_\_\_ ("Franchisee"), each of the undersigned hereby personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the Franchisee will punctually pay and perform each and every monetary undertaking, agreement and covenant set forth in the Agreement, and (b) agrees to be personally responsible for, and personally liable for the breach of any monetary obligations under the Agreement. This is a guaranty both of payment and collection.

2. Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this Guaranty will be joint and several; (2) he will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; and (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement.

3. Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

\_\_\_\_\_/\_\_\_\_\_  
Name:

SCHEDULE H  
PROMISSORY NOTE

\$0,000.00

Date: \_\_\_\_\_

Interest Rate: Fixed \_\_\_\_\_% per *annum*

Terms:

- 1) An installment of \$0.00 is due by \_\_\_\_\_(date) , and a second installment of \$0.00 is due by \_\_\_\_\_ (date), and thereafter;
- 2) \_\_\_\_\_ (#) monthly principal payments of \$0.00 to be made, together with \_\_\_% simple interest, for a total monthly installment of \$\_\_\_\_\_.00, commencing on \_\_\_\_\_ (date) until paid in full.

For value received, \_\_\_\_\_, an individual residing at \_\_\_\_\_ (referred to collectively as the “Debtor”), hereby unconditionally promises to pay to the order of Destination Athlete, LLC (the “Payee”), in lawful money of the United States of America in immediately available funds at the Payee’s offices located 104 Main Street, Lebanon, New Jersey 08833, or such other place as may be designated in writing by the Payee or other holder of this note from time to time, the principal sum of (\$0.00), together with interest accrued thereon from the effective date of this note (date) until the principal and the interest due are paid in full.

This note may be prepaid at any time without premium or penalty.

In addition to the principal, the Debtor shall pay all reasonable and necessary attorneys’ fees, expenses, court costs and charges incurred by the Payee or any other holder of this note relating to or arising from the enforcement of this note or collection of past due amounts by the Payee or other holder.

The unpaid balance of principal of this note will become immediately due and payable without further act by the Payee or other holder of this note upon the occurrence of any one or more of the following events, each of which is deemed to constitute an event of default:

- (i) The Debtor’s failure to pay any amount due and payable hereunder within fifteen days after the Payee’s or any other holder’s delivery of written notice of such failure;
- (ii) Any proceeding is instituted or consented to by the Debtor seeking to adjudicate the Debtor a bankrupt or insolvent, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for any substantial part of the Debtor’s property, or any such proceeding is instituted against the Debtor and either, the proceeding is not dismissed within forty-five days after it is instituted, or any of the actions sought is sooner granted or achieved;



(iii) The Debtor's making of a general assignment for the benefit of creditors, or any;

(iv) Any lien, attachment or encumbrance on or with respect to any property of the Debtor securing this note (other than a lien, attachment or encumbrance authorized or permitted under the Pledge and Security Agreement referred to below) is not vacated or otherwise removed within thirty days after the Debtor becomes aware of the same; or

(v) The death, incarceration, indictment or conviction for a felony, or adjudged legal incompetency of the Debtor.

In the event of default on this note, a "default interest rate" of 10%, or the highest *per annum* interest rate permitted by law, shall be applied to the Debtor's unpaid loan balance.

The Debtor acknowledges and agrees that the Debtor's obligations to make payments under this note are absolute and unconditional, and that, except as specified under the following paragraph, the Debtor shall make all such payments without requests for, and no such payments will be subject to, any defense, set-off or counterclaim of any kind or nature. The Debtor further acknowledges and agrees that the Debtor's obligations under this note will be secured under the terms and conditions of a Pledge and Security Agreement executed and delivered by the Debtor contemporaneously with this note. The Debtor hereby waives presentment, demand, protest and notice of protest, non-payment or dishonor of this note.

No delay or failure on the part of the Payee or other holder of this note in exercising any right, privilege or option hereunder will operate as a waiver thereof or any event of default, nor will any single or partial exercise of any such right, privilege or option preclude the Payee or other holder of this note from any further exercise thereof, or the exercise of any other right, privilege or option. No modification, amendment or waiver of any provision of this note, nor any consent to a departure by the Debtor therefrom, will be effective unless made in a writing signed by the Payee. Every provision of this note is intended to be severable; if any provision of this note is found to be invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions hereof will not in any way be affected or impaired thereby.

The Debtor may not assign this note in whole or in part without the Payee's written consent; the Payee may, at any time, assign this note in whole or in part. This note binds the Debtor and the Debtor's heirs, executors, administrators, successors and assigns, and the benefits hereof inure to the benefit of the Payee and its successors, endorsees and assigns.

This note has been delivered to and accepted by the Payee, and it will be deemed to have been made, in the State of New Jersey. **THIS NOTE WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PAYEE AND THE DEBTOR DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW JERSEY, WITHOUT CONSIDERATION OF CONFLICT OF LAWS PRINCIPLES.** The Debtor hereby irrevocably submits to the jurisdiction of the State and Federal Courts located in the State of New Jersey, and agrees that all actions and proceedings relating directly or indirectly to this note may be litigated only in such courts, and that such courts are convenient forums. The Debtor hereby waives personal service upon the Debtor and consents to service of process by mailing a copy thereof to the Debtor by registered or certified mail.

**THE DEBTOR AND THE PAYEE HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF OR IN ANY WAY CONNECTED TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREUNDER.**

IN WITNESS WHEREOF, the Debtor has executed this note as of the date first written above.

DEBTOR:

WITNESS:

\_\_\_\_\_  
(name)

## **SCHEDULE I– STATE ADDENDA**

### **CALIFORNIA**

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR AREA DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT.

3. OUR WEBSITE, [www.destinationathlete.com](http://www.destinationathlete.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT FINANCIAL PROTECTION AND INNOVATION [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

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

Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. Item 5. Payment of all initial fees is postponed until after all of franchisor’s initial obligations are complete and franchisee is open for business.

6. Item 6 is amended by adding the following to the Remarks in the “Late Fee and Interest on Overdue Payments” section: The maximum allowable interest rate in California is 10% per annum.

7. The following paragraphs are added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee and multi-unit developer concerning termination, transfer or nonrenewal of a franchise. If the Area Development Agreement or Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Area Development Agreement and Franchise Agreement contain a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Area Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Area Development Agreement and Franchise Agreement require application of the laws of the State of Texas. This provision might not be enforceable under California law.

The Area Development Agreement and Franchise Agreement require pre-litigation mediation. The mediation will be conducted at a suitable location chosen by the mediator, which is within a five (5) mile radius of our then-current principal place of business (currently Pearland, Texas).

The Area Development Agreement and Franchise Agreement also require that any action you bring be commenced in federal or state courts in the state, and in (or closest to) the county, where Franchisor's headquarters are then located (currently Brazoria County, Texas). Prospective multi-unit developers and franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Area Development Agreement and Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

***The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.***

The Department has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed the requirement upon Franchisor to postpone payment of initial fees until after all of franchisor's initial obligations are complete and franchisee is open for business.

# EXHIBIT C

## SYSTEMWIDE FRANCHISES FOR YEARS 2008-2022

## EXHIBIT C

### OUTLETS AND FRANCHISE INFORMATION

#### SYSTEMWIDE FRANCHISES FOR YEARS 2008 - 2022

<i>County/State</i>	<i>Owner</i>	<i>LLC</i>	<i>Address</i>	<i>Phone Number</i>
Baldwin County, AL	Mark Bankord	Trajectory Promotional Solutions, LLC	32760 Steelwood Ridge Road, Unit #3, Loxley, AL 36551	(251) 504-8028
Covington County, AL	Mark Bankord	Trajectory Promotional Solutions, LLC	32760 Steelwood Ridge Road, Unit #3, Loxley, AL 36551	(251) 504-8028
Escambia County, AL	Mark Bankord	Trajectory Promotional Solutions, LLC	32760 Steelwood Ridge Road, Unit #3, Loxley, AL 36551	(251) 504-8028
Mobile County, AL	Mark Bankord	Trajectory Promotional Solutions, LLC	32760 Steelwood Ridge Road, Unit #3, Loxley, AL 36551	(251) 504-8028
Montgomery County, AL	Thelma O'Neal	O'Neal Enterprises, Inc.	6701 Winton Blount Blvd. 242668, Montgomery, AL 36119	(334) 467-6872
Maricopa County, AZ	Tyson Tomao	Cooper State Athletics, LLC	261 E. Tremaine Avenue, Gilbert, AZ 85234	(480) 525-7370
Orange County, CA	Kevin Vuong	Nguyen Vuong Inc.	3829 Teakwood Street, Santa Ana, CA 92707	(714) 316-9138
San Diego County, CA	Aaron Wallace	247 Athletics, LLC	10531 4S Commons Drive, Ste. 146, San Diego, CA 92127	(858) 451-9523

Santa Clara County, CA	Lewis Chavez	LEWCO Asset Management, LLC	3825 Venus Court, San Jose, CA 92121	(408) 444-5022
Clear Creek County, CO	Daniel Ball	Ball Sports, LLC	2575 S. Zang Street, Lakewood, CO 80228	(303) 929-7087
Douglas County, CO	Daniel Ball	Ball Sports, LLC	2575 S. Zang Street, Lakewood, CO 80228	(303) 929-7087
Gilpin County, CO	Daniel Ball	Ball Sports, LLC	2575 S. Zang Street, Lakewood, CO 80228	(303) 929-7087
Grand County, CO	Daniel Ball	Ball Sports, LLC	2575 S. Zang Street, Lakewood, CO 80228	(303) 929-7087
Jefferson County, CO	Daniel Ball	Ball Sports, LLC	2575 S. Zang Street, Lakewood, CO 80228	(303) 929-7087
Park County, CO	Daniel Ball	Ball Sports, LLC	2575 S. Zang Street, Lakewood, CO 80228	(303) 929-7087
Summit County, CO	Daniel Ball	Ball Sports, LLC	2575 S. Zang Street, Lakewood, CO 80228	(303) 929-7087
Teller County, CO	Daniel Ball	Ball Sports, LLC	2575 S. Zang Street, Lakewood, CO 80228	(303) 929-7087
New London County, CT	Jon Caswell	Connecticut Aquatics Club, LLC	5443 Post Road A, Charlestown, RI 02813	(401) 256-7483
Broward County, FL	Gregory Jackson	The Lion Press, Inc.	1913 W. Copans Rd., Pompano Beach, FL 33064	(954) 649-7155

Escambia County, FL	Mark Bankord	Trajectory Promotional Solutions, LLC	32760 Steelwood Ridge Road, Unit #3, Loxley, AL 36551	(251) 504-8028
Glades County, FL	Gregory Jackson	The Lion Press, Inc.	1913 W. Copans Rd., Pompano Beach, FL 33064	(954) 649-7155
Hendry County, FL	Gregory Jackson	The Lion Press, Inc.	1913 W. Copans Rd., Pompano Beach, FL 33064	(954) 649-7155
Martin County, FL	Gregory Jackson	MH Performance LLC	1913 W. Copans Rd., Pompano Beach, FL 33064	(954) 649-7155
Miami-Dade County, FL	Adam Ramos	Triple Threat Athletics, LLC	290 174th St., #1210, Sunny Isles Beach, FL 33160	(239) 691-1792
Monroe County, FL	Adam Ramos	Triple Threat Athletics, LLC	290 174th St., #1210, Sunny Isles Beach, FL 33160	(239) 691-1792
Okaloosa County, FL	Mark Bankord	Trajectory Promotional Solutions, LLC	32760 Steelwood Ridge Road, Unit #3, Loxley, AL 36551	(251) 504-8028
Palm Beach County, FL	Gregory Jackson	Sports Section of South Florida, Inc.	1913 W. Copans Rd., Pompano Beach, FL 33064	(954) 649-7155
Pinellas County, FL	Jon Caswell	Connecticut Aquatics Club, LLC	5443 Post Road A, Charlestown, RI 02813	(401) 256-7483
Santa Rosa County, FL	Mark Bankord	Trajectory Promotional Solutions, LLC	32760 Steelwood Ridge Road, Unit #3, Loxley, AL 36551	(251) 504-8028



Walton County, FL	Mark Bankord	Trajectory Promotional Solutions, LLC	32760 Steelwood Ridge Road, Unit #3, Loxley, AL 36551	(251) 504-8028
Ada County, ID	Devin Meshefski	Six3Athletics, LLC	4681 North Stream Place, Meridian, ID 83646	(775) 934-7329
Boise County, ID	Devin Meshefski	Six3Athletics, LLC	4681 North Stream Place, Meridian, ID 83646	(775) 934-7329
Canyon County, ID	Devin Meshefski	Six3Athletics, LLC	4681 North Stream Place, Meridian, ID 83646	(775) 934-7329
Elmore County, ID	Devin Meshefski	Six3Athletics, LLC	4681 North Stream Place, Meridian, ID 83646	(775) 934-7329
Gem County, ID	Devin Meshefski	Six3Athletics, LLC	4681 North Stream Place, Meridian, ID 83646	(775) 934-7329
Owyhee County, ID	Devin Meshefski	Six3Athletics, LLC	4681 North Stream Place, Meridian, ID 83646	(775) 934-7329
Cook County, IL	Chris Leonard	Red Ram Sports Corp.	1725 S. LaLonde Avenue, Lombard, IL 60148	(630) 240-2940
DuPage County, IL	Chris Leonard	Red Ram Sports Corp.	1725 S. LaLonde Avenue, Lombard, IL 60148	(630) 240-2940
Grundy County, IL	Aaron Guisinger	HAMM Enterprises, LLC	8507 Stone Creek Blvd., Frankfort, IL 60423	(708) 334-8967

Kendall County, IL	Aaron Guisinger	HAMM Enterprises, LLC	8507 Stone Creek Blvd., Frankfort, IL 60423	(708) 334-8967
Will County, IL	Aaron Guisinger	HAMM Enterprises, LLC	8507 Stone Creek Blvd., Frankfort, IL 60423	(708) 334-8967
Allen County, IN	John & Staci DeFabis	TD Sports Corp	8832 Prairie Trail, Avon, IN 46123	(317) 610-7062
Bartholomew County, IN	John & Staci DeFabis	TD SPORTS CORP	8832 Prairie Trail, Avon, IN 46123	(317) 610-7062
Hamilton County, IN	John & Staci DeFabis	TD SPORTS CORP	8832 Prairie Trail, Avon, IN 46123	(317) 610-7062
Hendricks County, IN	John & Staci DeFabis	TD SPORTS CORP	8832 Prairie Trail, Avon, IN 46123	(317) 610-7062
Johnson County, IN	John & Staci DeFabis	TD SPORTS CORP	8832 Prairie Trail, Avon, IN 46123	(317) 610-7062
Madison County, IN	John & Staci DeFabis	TD SPORTS CORP	8832 Prairie Trail, Avon, IN 46123	(317) 610-7062
Marion County, IN	John & Staci DeFabis	TD SPORTS CORP	8832 Prairie Trail, Avon, IN 46123	(317) 610-7062
Monroe County, IN	John & Staci DeFabis	TD SPORTS CORP	8832 Prairie Trail, Avon, IN 46123	(317) 610-7062
Porter County, IN	John & Staci DeFabis	TD SPORTS CORP	8832 Prairie Trail, Avon, IN 46123	(317) 610-7062
Tippecanoe County, IN	John & Staci DeFabis	TD SPORTS CORP	8832 Prairie Trail, Avon, IN 46123	(317) 610-7062
Anderson County, KS	Angela Marie Salmon and Travis Lee Salmon	Fusion Sports, LLC	13407 W. 73 <sup>rd</sup> Street, Shawnee, KS 66216	(913) 638-7089

Coffey County, KS	Angela Marie Salmon and Travis Lee Salmon	Fusion Sports, LLC	13407 W. 73 <sup>rd</sup> Street, Shawnee, KS 66216	(913) 638-7089
Franklin County, KS	Angela Marie Salmon and Travis Lee Salmon	Fusion Sports, LLC	13407 W. 73 <sup>rd</sup> Street, Shawnee, KS 66216	(913) 638-7089
Johnson County, KS	Angela Marie Salmon and Travis Lee Salmon	Fusion Sports, LLC	13407 W. 73 <sup>rd</sup> Street, Shawnee, KS 66216	(913) 638-7089
Linn County, KS	Angela Marie Salmon and Travis Lee Salmon	Fusion Sports, LLC	13407 W. 73 <sup>rd</sup> Street, Shawnee, KS 66216	(913) 638-7089
Miami County, KS	Angela Marie Salmon and Travis Lee Salmon	Fusion Sports, LLC	13407 W. 73 <sup>rd</sup> Street, Shawnee, KS 66216	(913) 638-7089
Osage County, KS	Angela Marie Salmon and Travis Lee Salmon	Fusion Sports, LLC	13407 W. 73 <sup>rd</sup> Street, Shawnee, KS 66216	(913) 638-7089
Anderson County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Bourbon County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Boyle County, KY	Robert J. Herbst	R & Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Clark County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Estill County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607

Fayette County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Franklin County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Garrard County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Jackson County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Jessamine County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Lincoln County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Madison County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Mercer County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Montgomery County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Powell County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Rockcastle County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607

Scott County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Woodford County, KY	Robert J. Herbst	R & R Herbst, LLC	122 Buckwood Drive, Richmond, KY 40475	(859) 248-7607
Avoyelles County, LA	Mitchell Brian Brooks	State One Eight	6319 Highway 129, Monterey, LA 71354	318-421-1590
Catahoula County, LA	Mitchell Brian Brooks	State One Eight	6319 Highway 129, Monterey, LA 71354	318-421-1590
Concordia County, LA	Mitchell Brian Brooks	State One Eight	6319 Highway 129, Monterey, LA 71354	318-421-1590
LaSalle County, LA	Mitchell Brian Brooks	State One Eight	6319 Highway 129, Monterey, LA 71354	318-421-1590
Rapides County, LA	Mitchell Brian Brooks	State One Eight	6319 Highway 129, Monterey, LA 71354	318-421-1590
Vernon County, LA	Mitchell Brian Brooks	State One Eight	6319 Highway 129, Monterey, LA 71354	318-421-1560
Barnstable County, MA	Erica Johnson	Mint Line Athletics, LLC	6 Blueberry Lane, Marstons Mills, MA 02668	(508) 685-0267
Dukes County, MA	Erica Johnson	Mint Line Athletics, LLC	6 Blueberry Lane, Marstons Mills, MA 02668	(508) 685-0267
Nantucket County, MA	Erica Johnson	Mint Line Athletics, LLC	6 Blueberry Lane, Marstons Mills, MA 02668	(508) 685-0267
Harford County, MD	Davis Jean-Louis	Jus Jor Enterprises	2564 Flora Meadow Dr., Forest Hill, MD 21050	(443) 356-6911
Macomb County, MI	Joseph & Lori Losinski	Motown Muscle, LLC	51194 Romeo Plank Rd., # 312, Macomb, MI 48042	(586) 703-6954

Oakland County, MI	Joseph & Lori Losinski	Motown Muscle, LLC	51194 Romeo Plank Rd., # 312, Macomb, MI 48042	(586) 703-6954
St. Clair County, MI	Joseph & Lori Losinski	Motown Muscle, LLC	51194 Romeo Plank Rd., # 312, Macomb, MI 48042	(586) 703-6954
Bollinger County, MO	Matthew Stephen Schonhoff	NSN Athletics, LLC	1520 Rosebud Drive, Jackson, MO 63755	(573) 380-1717
Buchanan County, MO	Brent Hansen	Hansen Sports, LLC	14500 Thousand Oaks Pl., Parkville, MO 64152	(816) 260-2191
Caldwell County, MO	Brent Hansen	Hansen Sports, LLC	14500 Thousand Oaks Pl., Parkville, MO 64152	(816) 260-2191
Cape Girardeau County, MO	Matthew Stephen Schonhoff	NSN Athletics, LLC	1520 Rosebud Drive, Jackson, MO 63755	(573) 380-1717
Clay County, MO	Brent Hansen	Hansen Sports, LLC	14500 Thousand Oaks Pl., Parkville, MO 64152	(816) 260-2191
Clinton County, MO	Brent Hansen	Hansen Sports, LLC	14500 Thousand Oaks Pl., Parkville, MO 64152	(816) 260-2191
Mississippi County, MO	Matthew Stephen Schonhoff	NSN Athletics, LLC	1520 Rosebud Drive, Jackson, MO 63755	(573) 380-1717
New Madrid County, MO	Matthew Stephen Schonhoff	NSN Athletics, LLC	1520 Rosebud Drive, Jackson, MO 63755	(573) 380-1717
Perry County, MO	Matthew Stephen Schonhoff	NSN Athletics, LLC	1520 Rosebud Drive, Jackson, MO 63755	(573) 380-1717
Platt County, MO	Brent Hansen	Hansen Sports, LLC	14500 Thousand Oaks Pl., Parkville, MO 64152	(816) 260-2191
Ray County, MO	Brent Hansen	Hansen Sports, LLC	14500 Thousand Oaks Pl.,	(816) 260-2191

			Parkville, MO 64152	
Scott County, MO	Matthew Stephen Schonhoff	NSN Athletics, LLC	1520 Rosebud Drive, Jackson, MO 63755	(573) 380-1717
St. Genevieve County, MO	Matthew Stephen Schonhoff	NSN Athletics, LLC	1520 Rosebud Drive, Jackson, MO 63755	(573) 380-1717
St. Louis County, MO	Raina McNutt	Rocky's Custom Outfitters, LLC	1714 Derrynane Drive, Manchester, MO 63021	(303)905-5567
St. Louis City, MO	Raina McNutt	Rocky's Custom Outfitters, LLC	1714 Derrynane Drive, Manchester, MO 63021	(303) 905-5567
Attala County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Clairborne County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Copiah County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Hinds County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Holmes County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Leake County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Madison County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Neshoba County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Rankin County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686

Scott County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Simpson County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Smith County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Warren County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Yazoo County, MS	Marcus & Brittany Toal	Sideways 8 Sports, LLC	P.O. Box 225, Brandon, MS 39044	(601) 624-1686
Cabarrus County, NC	Thomas Moen	Tom Moen Homes, LLC	20122 Coachmans Wood Lane, Cornelius, NC 28031	(980) 721-2536
Catawba County, NC	Patrick and Barbara Paino	Warriors3, LLC	3324 Delaware Drive, Denver, NC 28037	(845) 988-7720
Chatham County, NC	Aaron Krol		6005 Bramblewood Drive, Raleigh, NC 27612	(919) 877-6781
Durham County, NC	Aaron Krol		6005 Bramblewood Drive, Raleigh, NC 27612	(919) 877-6781
Gaston County, NC	Patrick and Barbara Paino	Warriors3, LLC	3324 Delaware Drive, Denver, NC 28037	(845) 988-7720
Iredell County, NC	Thomas Moen	Tom Moen Homes, LLC	20122 Coachmans Wood Lane, Cornelius, NC 28031	(980) 721-2536
Lincoln County, NC	Patrick and Barbara Paino	Warriors3, LLC	3324 Delaware Drive, Denver, NC 28037	(845) 988-7720
Mecklenberg County, NC	Natasha Patel	Integrity Ventures, LLC	2880 Beulah Church Rd., Matthews, NC 28104	(704) 575-9333



Orange County, NC	Aaron Krol		6005 Bramblewood Drive, Raleigh, NC 27612	(919) 877-6781
Rowan County, NC	Thomas Moen	Tom Moen Homes, LLC	20122 Coachmans Wood Lane, Cornelius, NC 28031	(980) 721-2536
Stanly County, NC	Thomas Moen	Tom Moen Homes, LLC	20122 Coachmans Wood Lane, Cornelius, NC 28031	(980) 721-2536
Union County, NC	Natasha Patel	Integrity Ventures, LLC	2880 Beulah Church Rd., Matthews, NC 28104	(704) 575-9333
Wake County, NC	Stephanie Pavlick	Destination Athlete of Wake County, NC	413 Rutheglen Dr., Cary, NC 27511	(919) 741-9026
Atlantic County, NJ	Anthony Pastorino	AVS Enterprises, LLC	1189 Chews Landing Road, Laurel Springs, NJ 08021	(609) 206-1169
Bergen County, NJ	Thomas Groh	Ultimate Team Outfitters, LLC	321 Hamburg Turnpike, Wayne, NJ 07470	(973) 814-7386
Burlington County, NJ	AnnMarie Crivelli	Athlete Elite, LLC	12 Mountainview Court, West Trenton, NJ 08628	609-477-3310
Camden County, NJ	Anthony Pastorino	AVS Enterprises, LLC	1189 Chews Landing Road, Laurel Springs, NJ 08021	(609) 206-1169
Cape May County, NJ	Anthony Pastorino	AVS Enterprises, LLC	1189 Chews Landing Road, Laurel Springs, NJ 08021	(609) 206-1169
Cumberland County, NJ	Anthony Pastorino	AVS Enterprises, LLC	1189 Chews Landing Road, Laurel Springs, NJ 08021	(609) 206-1169

Essex County, NJ	Rob Young	Young's Sport LLC	10 Larkspur Court, Bedminster, NJ 07921	973-738-6317
Gloucester County, NJ	Anthony Pastorino	AVS Enterprises, LLC	1189 Chews Landing Road, Laurel Springs, NJ 08021	(609) 206-1169
Hunterdon County, NJ	Joseph Cannavo	DA of Hunterdon	56 Payne Road, Suite 12, Lebanon, NJ 08833	(908) 730-0600
Mercer County, NJ	AnnMarie Crivelli	Athlete Elite LLC	12 Mountain-view Ct, West Trenton, NJ 08628	(609) 477-3310
Middlesex County, NJ	Mike Johnson	BMR Sports LLC	398 Lincoln Blvd., Suite B2, Middlesex, NJ 08846	(732) 589-2638
Monmouth County, NJ	Michael Costagliola	MBC Sports, LLC	27 Sheffield Ave., Monroe Twp., NJ 08831	(732) 712-1085
Morris County, NJ	Drew Dickison	3D Athletics, LLC	7 Sharp Shinned Court, Washington, NJ 07882	(973) 452-8264
Ocean County, NJ	Mike Costagliola	MBC Sports LLC	27 Sheffield Ave. Monroe Twsp NJ 08831	(732) 712-1085
Passaic County, NJ	Thomas Groh	Ultimate Team Outfitters, LLC	321 Hamburg Turnpike, Wayne, NJ 07470	(973) 814-7386
Salem County, NJ	Anthony Pastorino	AVS Enterprises, LLC	1189 Chews Landing Road, Laurel Springs, NJ 08021	(609) 206-1169
Somerset County, NJ	Joseph Cannavo	DA of Hunterdon	56 Payne Road, Suite 12, Lebanon, NJ 08833	(908) 730-0600

Sussex County, NJ	Drew Dickison	3D Athletics LL C	7 Sharp Shinned Court, Washington, NJ 07882	(973) 452-8264
Union County, NJ	Mike Johnson	BMR Sports LLC	398 Lincoln Blvd., Suite B2, Middlesex, NJ 08846	(732) 589-2638
Warren County, NJ	Joseph Cannavo	DA of Hunterdon	56 Payne Road, Suite 12, Lebanon, NJ 08833	(908) 730-0600
Genessee County, NY	Jeff & Tiffany Underhill	Triple Play Sports, LLC	4878 Batavia-Elba Townline Road, Batavia, NY 14020	(585) 356-3956
Livingston County, NY	Jeff & Tiffany Underhill	Triple Play Sports, LLC	4878 Batavia-Elba Townline Road, Batavia, NY 14020	(585) 356-3956
Niagara County, NY	Jeff & Tiffany Underhill	Triple Play Sports, LLC	4878 Batavia-Elba Townline Road, Batavia, NY 14020	(585) 356-3956
Orange County, NY	Alan Sandberg	Tenacious Sports, LLC	27 Harbor Dr. Lake Hopatcong, NJ 07849	(973) 919-4015
Rockland County, NY	Tom Groh	Ultimate Team Outfitters LLC	321 Hamburg Turnpike, Wayne, NJ 07470	(973) 814-7386
Wyoming County, NY	Jeff & Tiffany Underhill	Triple Play Sports, LLC	4878 Batavia-Elba Townline Road, Batavia, NY 14020	(585) 356-3956
Adams County, OH	Joey & Lori Sams	JLS Athletics & Apparel, LLC	5144 Stephans Road, Sardinia, OH 45171	(937) 213-1483
Brown County, OH	Joey & Lori Sams	JLS Athletics & Apparel, LLC	5144 Stephans Road, Sardinia, OH 45171	(937) 213-1483
Clemont County, OH	Joey & Lori Sams	JLS Athletics & Apparel, LLC	5144 Stephans Road, Sardinia, OH 45171	(937) 213-1483

Clinton County, OH	Joey & Lori Sams	JLS Athletics & Apparel, LLC	5144 Stephans Road, Sardinia, OH 45171	(937) 213-1483
Highland County, OH	Joey & Lori Sams	JLS Athletics & Apparel, LLC	5144 Stephans Road, Sardinia, OH 45171	(937) 213-1483
Montgomery County, OH	Brad Harris	MVP Athletic Supply, LLC	2312 Windsong Court, Miamisburg, OH 45342	(937) 554-7786
Prebel County, OH	Brad Harris	MVP Athletic Supply, LLC	2312 Windsong Court, Miamisburg, OH 45342	(937) 554-7786
Warren County, OH	Brad Harris	MVP Athletic Supply, LLC	2312 Windsong Court, Miamisburg, OH 45342	(937) 554-7786
Marion County, OR	Steve Nelson & Janzen Aguilar-Nelson	Es-N-Jay Enterprises	5504 Roush Court, SE Salem, OR 97317	971-218-3083
Polk County, OR	Steve Nelson Nelson & Janzen Aguilar-Nelson	Es-N-Jay Enterprises	5504 Roush Court, SE Salem, OR 97317	971-218-3083
Yamhill County, OR	Steve Nelson Nelson & Janzen Aguilar-Nelson	Es-N-Jay Enterprises	5504 Roush Court, SE Salem, OR 97317	971-218-3083
Bucks County, PA	AnnMarie Crivelli	Athlete Elite LLC	12 Mountainview Court, West Trenton, NJ 08628	(609) 477-3310
Chester County, PA	Max Zelenko	MZ Sporting, LLC	119 Searing Ave., Apt. 225, Mineola, NY 11501	(267) 229-2436
Lehigh County, PA	Barron Chambliss	King's Destination, LLC	1 Benjamin Court, Milford, NJ 08848	(908) 917-8894

Monroe County, PA	Alan Sandberg	Tenacious Sports, LLC	27 Harbor Dr. Lake Hopatcong, NJ 07849	(973) 919-4015
Montgomery County, PA	Max Zelenko	MZ Sporting, LLC	119 Searing Ave., Apt. 225, Mineola, NY 11501	(267) 229-2436
Northampton County, PA	Barron Chambliss	King's Destination, LLC	1 Benjamin Court, Milford, NJ 08848	(908) 917-8894
Pike County, PA	Alan Sandberg	Tenacious Sports, LLC	27 Harbor Dr. Lake Hopatcong, NJ 07849	(973) 919-4015
Cherokee County, SC	Jeremy & Julie Press	Press Team Sports, LLC	259 Midway Road, Gaffney, SC 29341	(864) 504-8059
Dillon County, SC	Micah Gore	Go Rep, Inc.	PO Box 301, Little River, SC 29566	(843) 424-3325
Greenville County, SC	Jeremy & Julie Press	Press Team Sports, LLC	259 Midway Road, Gaffney, SC 29341	(864) 504-8059
Horry County, SC	Micah Gore	Go Rep, Inc.	PO Box 301, Little River, SC 29566	(843) 424-3325
Marion County, SC	Micah Gore	Go Rep, Inc.	PO Box 301, Little River, SC 29566	(843) 424-3325
Spartanburg County, SC	Jeremy & Julie Press	Press Team Sports, LLC	259 Midway Road, Gaffney, SC 29341	(864) 504-8059
Benton County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	(731) 431-4346
Carroll County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	(731) 431-4346

Carter County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Chester County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	731-431-4346
Clairborne County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Cocke County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Crockett County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	(731) 431-4346
Decatur County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	(731) 431-4346
Dyer County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	(731) 431-4346
Gibson County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	(731) 431-4346
Grainger County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Greene County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Hamblen County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372

Hancock County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Hardeman County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	731-431-4346
Hawkins County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Hardin County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	731-431-4346
Henderson County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	731-431-4346
Henry County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	731-431-4346
Jefferson County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Johnson County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Lake County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	731-431-4346
McNairy County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	731-431-4346
Madison County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	731-431-4346

Obion County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	731-431-4346
Sevier County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Sullivan County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Washington County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Weakley County, TN	Scott & Vickie Cooper	85 Sportz, LLC	31 Isaac Street Jackson, TN 38305	731-431-4346
Unicoi County, TN	Steven Donald Croley	Rhem Crow Corp.	139 Woodmont Road, Jonesborough, TN 37659	(423) 483-4372
Atascosa County, TX	Yvan Salazar	Fieldday 210, LLC	2519 Thunder Gulch, San Antonio, TX 78245	(210) 445-6105
Bandera County, TX	Yvan Salazar	Fieldday 210, LLC	2519 Thunder Gulch, San Antonio, TX 78245	(210) 445-6105
Bastrap County, TX	Kimberly and Jeremy Jones	All Red LLC	306 Baldwin Street, Hutto, TX 78634	(254) 715-5750
Bell County, TX	Kimberly and Jeremy Jones	All Red, LLC	306 Baldwin Street, Hutto, TX 78634	(254) 715-5750
Burleson County, TX	Kimberly and Jeremy Jones	All Red, LLC	306 Baldwin Street, Hutto, TX 78634	(254) 715-5750
Burnet County, TX	Kimberly and Jeremy Jones	All Red, LLC	306 Baldwin Street, Hutto, TX 78634	(254) 715-5750



Frio County, TX	Yvan Salazar	Fieldday 210, LLC	2519 Thunder Gulch, San Antonio, TX 78245	(210) 445-6105
Lee County, TX	Kimberly and Jeremy Jones	All Red LLC	306 Baldwin Street, Hutto, TX 78634	(254) 715-5750
Medina County, TX	Yvan Salazar	Fieldday 210, LLC	2519 Thunder Gulch, San Antonio, TX 78245	(210) 445-6105
Milam County, TX	Kimberly and Jeremy Jones	All Red LLC	306 Baldwin Street, Hutto, TX 78634	(254) 715-5750
Travis County, TX	Kimberly and Jeremy Jones	All Red LLC	306 Baldwin Street, Hutto, TX 78634	(254) 715-5750
Williamson County, TX	Kimberly and Jeremy Jones	All Red LLC	306 Baldwin Street, Hutto, TX 78634	(254) 715-5750
Chesapeake County, VA	Taylor Deshotel		1124 Willow Ave, Chesapeake, VA 23325	(757) 775-6645
Isle of Wight County, VA	Taylor Deshotel		1124 Willow Ave, Chesapeake, VA 23325	(757) 775-6645
Norfolk County, VA	Taylor Deshotel		1124 Willow Ave, Chesapeake, VA 23325	(757) 775-6645
Portsmouth County, VA	Taylor Deshotel		1124 Willow Ave, Chesapeake, VA 23325	(757) 775-6645
Suffolk County, VA	Taylor Deshotel		1124 Willow Ave, Chesapeake, VA 23325	(757) 775-6645

# EXHIBIT D

## CANCELLED, TERMINATED OR TRANSFERRED FRANCHISES

## EXHIBIT D

### CANCELLED, TERMINATED OR TRANSFERRED FRANCHISES

CA	Gary Ruderman	Reflex Sports, LLC	44130 Reidel St., Temecula, CA 92592	(310) 490-8217
FL	Gregory Jackson	The Lion Press, Inc.	1913 W. Copans Rd., Pompano Beach, FL 33064	(954) 649-3029
NC	Natasha Patel	Integrity Ventures, LLC	2880 Beulah Church Rd., Matthews, NC 28104	(704) 575-9333
NJ	Michael Costagliola	MBC Sports	27 Sheffield Ave., Monroe Twp., NJ 08831	(713) 712-1085
NJ	Mike Costagliola	MBC Sports	27 Sheffield Ave., Monroe Twsp NJ 08831	(713) 712-1085
NY	Patrick and Barbara Paino	Warriors3, LLC	3324 Delaware Drive Denver, NC 28037	678-230-6746
NY	Thomas Groh	Ultimate Team Outfitters, LLC	300 Main Street, Unit #502, Little Falls, NJ 07424	(201) 481-5476
TN	Tomas Maysnet-Rios	TM Sports, LLC	321 Abeline Drive, Clarksville, TN 37043	(931) 892-0539
VA	Sonia Jones	Runway, Inc.	2900 George Washington Mem. Hwy., Yorktown, VA 23693	(757) 223-5455

#### Notes:

1. No franchisee has signed a confidentiality clause during the last three years.

2. The San Diego, CA franchise was transferred from Stewart Payne and Kevin Shields, d/b/a PDQ Fitness, LLC, to Gary Ruderman, d/b/a Reflex Sports, LLC, on June 22, 2020.
3. The Martin County, FL franchise was transferred from Heather Panzitta, d/b/a MH Performance, LLC, to Gregory Jackson, d/b/a The Lion Press, Inc., on March 10, 2021.
4. The Mecklenberg County, NC franchise was transferred from Kirsten Carson to Natasha Patel, d/b/a Integrity Ventures, LLC on January 7, 2022.
5. The Monmouth County, NJ franchise was transferred from Donald Anglum, R & D Athletics, LLC to Michael Costagliola in September of 2019.
6. The Ocean County, NJ franchise was transferred from Drew Dickson to Mike Costagliola on July 10, 2020
7. The Monroe and Ontario, NY franchises were transferred from Top Gear Sports, Inc. (Christine D. Valway) to Patrick and Barbara Paino, d/b/a Warriors3, LLC in 2019 as Catawba and Gaston Counties, NC.
8. The Rockland County, NY franchise was transferred from Teresa Kenny, d/b/a Hudson Valley Sports, LLC, to Thomas Groh, d/b/a Ultimate Team Outfitters, LLC on January 28, 2021.
9. The Franchisee Tomas Maysnet-Rios, d/b/a TM Sports, LLC, was released from his Franchise Agreement with Destination Athlete for Dickson, Houston, Humpreys, Montgomery and Stewart Counties, TN, on December 27, 2021.
10. The Franchisee Sonia Jones, d/b/a Runway, Inc., was released from her Franchise Agreement with Destination Athlete for Hampton, James City, Newport, Poquoson and York Counties, VA on April 8, 2021.

# EXHIBIT E

## FINANCIAL STATEMENTS

# EXHIBIT F

## STATE ADDENDA

## CALIFORNIA

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR AREA DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT.

3. OUR WEBSITE, [www.destinationathlete.com](http://www.destinationathlete.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT <https://dfpi.ca.gov/>

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

Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. Item 6 is amended by adding the following to the Remarks in the “Late Fee and Interest on Overdue Payments” section: The maximum allowable interest rate in California is 10% per annum.

6. The following paragraphs are added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee and multi-unit developer concerning termination, transfer or nonrenewal of a franchise. If the Area Development Agreement or Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Area Development Agreement and Franchise Agreement contain a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Area Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Area Development Agreement and Franchise Agreement require application of the laws of the State of Texas. This provision might not be enforceable under California law.

The Area Development Agreement and Franchise Agreement require pre-litigation mediation. The mediation will be conducted at a suitable location chosen by the mediator, which is within a five (5) mile radius of our then-current principal place of business (currently Pearland, Texas).

The Area Development Agreement and Franchise Agreement also require that any action you bring be commenced in federal or state courts in the state, and in (or closest to) the county, where Franchisor's headquarters are then located (currently Brazoria County, Texas). Prospective multi-unit developers and franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Area Development Agreement and Franchise Agreement restricting venue to a forum outside the State of California.

7. The following paragraphs are added at the end of Item XXXII:

California Business and Professions Code Section 20015, applies to the Franchise Agreement as follows:

The provisions of this chapter apply to any franchise when either the franchisee is domiciled in this state or the franchised business is or has been operated in this state.

Any provision of a franchise agreement requiring the franchisee to waive the provisions of this chapter shall be deemed contrary to public policy and shall be void and unenforceable.

8. The following paragraphs are added at the end of Item XXXII:

California Business and Professions Code Section 20022 applies to the Franchise Agreement as follows:

Except as provided in this section, upon a lawful termination or nonrenewal of a franchisee, the franchisor shall purchase from the franchisee, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of the franchise agreement or any ancillary or collateral agreement by the franchisee to the franchisor or its approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in the possession of the franchisee or used by the franchisee in the franchise business. The franchisor shall have the right to receive clear title to and possession of all items purchased from the franchisee under this section.

This section shall not require the franchisor to purchase any personalized items, inventory, supplies, equipment, fixtures, or furnishings not reasonably required to conduct the operation of the franchise business in accordance with the franchise agreement or any ancillary or collateral agreement or to which the franchisee, at the cessation of operation of the franchise business by the franchisee, cannot lawfully, or does not, grant the franchisor clear title and possession upon the



franchisor's payment to the franchisee for the inventory, supplies, equipment, fixtures, or furnishings.

This section shall not apply when the franchisee declines a bona fide offer of renewal from the franchisor.

This section shall not apply if the franchisor does not prevent the franchisee from retaining control of the principal place of the franchise business.

This section shall not apply to any termination or nonrenewal of a franchise due to a publicly announced and nondiscriminatory decision by the franchisor to completely withdraw from all franchise activity within the relevant geographic market area in which the franchise is located. For the purpose of this section "relevant geographic market area" shall have the same meaning as in Section 20999.

This section shall not apply if the franchisor and franchisee mutually agree in writing to terminate or not renew the franchise.

This section shall not apply to any inventory, supplies, equipment, fixtures, or furnishings that are sold by the franchisee between the date of the notice of termination or nonrenewal, and the cessation of operation of the franchise business, by the franchisee, pursuant to the termination or nonrenewal.

Upon the termination or nonrenewal of a franchise, a franchisor may offset against the amounts owed to a franchisee under this section any amounts owed by the franchisee to the franchisor, provided the franchisee agrees to the amount owed or the franchisor has received a final adjudication of any amounts owed.

9. The following paragraphs are added at the end of Item I. E.:

California Business and Professions Code Section 20041 applies to the Franchise Agreement as follows:

Except as provided in subdivision (b), the provisions of this chapter shall apply only to franchises granted or renewed on or after January 1, 1981, or to franchises of an indefinite duration that may be terminated by the franchisee or franchisor without cause.

The amendments to this chapter made by the act adding this subdivision shall apply only to franchise agreements entered into or renewed on or after January 1, 2016, or to franchises of an indefinite duration that may be terminated by the franchisee or franchisor without cause.

The amendments to this chapter made by the act adding this subdivision shall apply only to franchise agreements entered into, amended, or renewed on or after January 1, 2023, or to

franchises of an indefinite duration that may be terminated by the franchisee or franchisor without cause, except that a franchise agreement amended after January 1, 2023, shall not be subject to the amendments to this chapter made by the act adding this subdivision if the amendment to the franchise agreement was initiated by the franchisee and did not substantially and adversely impact the franchisee's rights, benefits, privileges, duties, obligations, or responsibilities under the franchise agreement.

10. The following paragraphs are added at the end of Item XXXII:

California Business and Professions Code Section 20044 applies to the Franchise Agreement as follows:

A franchisor is prohibited from modifying a franchise agreement, or requiring a general release, in exchange for any assistance related to a declared state or federal emergency.

11. The following paragraphs are added at the end of Item XXXII:

California Business and Professions Code Section 31013 applies to the Franchise Agreement as follows:

An offer or sale of a franchise is made in this state when an offer to sell is made in this state, or an offer to buy is accepted in this state, or if the franchise business is intended to or will be operated in this state.

An offer to sell is made in this state when the offer either originates from this state or is directed by the offeror to this state and received at the place to which it is directed. An offer to sell is accepted in this state when acceptance is communicated to the offeror in this state, and acceptance is communicated to the offeror in this state when the offeree directs it to the offeror in this state reasonably believing the offeror to be in this state and it is received at the place to which it is directed.

An offer to sell is not made in this state merely because (1) the publisher circulates or there is circulated on their behalf in this state any bona fide newspaper or other publication of general, regular, and paid circulation that has had more than two-thirds of its circulation outside this state during the past 12 months, or (2) a radio or television program originating outside this state is received in this state.

12. The following paragraphs are added at the end of Item XXXII:

California Business and Professions Code Section 31126 applies to the Franchise Agreement as follows:

- (a) A prospective franchisee seeking to buy an existing franchise, all or substantially all of the assets of an existing franchise business, or an interest

in an existing franchise business shall do all of the following when applying with the franchisor to buy that franchise, those assets, or that interest:

- (1) Provide their name and address to the franchisor.
- (2) Provide to the franchisor a copy of all agreements related to the sale, assignment, or transfer of the franchise, the assets of the franchise business, or the interest in the franchise business.
- (3) Provide an application to the franchisor for approval of the transfer, which shall include all forms, financial disclosures, and related information required by the franchisor in reviewing prospective franchisees.

(b)

- (1) If a form or document required to be submitted with an application pursuant to paragraph (3) of subdivision (a) is not reasonably available to the prospective franchisee, the prospective franchisee may make a written request for the form or document to the franchisor, and the franchisor shall deliver the form or document to the prospective franchisee by email, courier, or certified mail within 15 calendar days of receiving the request.

(2)

If the franchisor's then-existing standards for approval of an application required by paragraph (3) of subdivision (a) are not reasonably available to the prospective franchisee, the prospective franchisee may make a written request for the standards to the franchisor, and the franchisor shall communicate the standards to the prospective franchisee within 15 calendar days of receiving the request.

- (c) As soon as practicable after receiving the application required by paragraph (3) of subdivision (a), the franchisor shall notify the prospective franchisee in writing of any additional information or documentation necessary to complete the application.

(d)

(1)

The franchisor shall notify the prospective franchisee of the approval or disapproval of their application within 60 days after receiving the information and documentation required by subdivision (a) and requested by the franchisor pursuant to subdivision (c). The notice shall be in writing and shall be delivered to the prospective franchisee by email, courier, or certified mail. If the application is disapproved, the franchisor shall include in the notice a statement setting forth the reasons for the disapproval.

(2)

In any legal action in which the franchisor's disapproval of a sale, assignment, or transfer pursuant to this subdivision is an issue, the reasonableness of the franchisor's decision shall be a question of fact requiring consideration of all relevant circumstances. However, nothing in

this paragraph shall prohibit summary judgment when the reasonableness of the disapproval can be decided as a matter of law.

- (e) This section neither prohibits a franchisor from exercising nor requires a franchisor to exercise a contractual right of first refusal to purchase an existing franchise, all or substantially all of the assets of an existing franchise business, or an interest in an existing franchise business.
- (f) This section shall not be interpreted to prevent the franchisor, in connection with a proposed sale under subdivision (a), from requiring that the prospective franchisee and the prospective seller comply with the transfer conditions specified in the franchise agreement.

13. The following paragraphs are added at the end of Item XXXII:

California Business and Professions Code Section 31212 applies to the Franchise Agreement as follows:

Franchisor shall not refuse to grant a franchise, or refuse to provide financial assistance, to a franchisee or prospective franchisee that has been granted or provided to other similarly situated franchisees or prospective franchisees based solely on any characteristic of the franchisee or prospective franchisee, or any characteristic of the composition of the neighborhood or geographic area where the franchise is located or the proposed franchise would be located, listed or defined in subdivision (b) or (e) of Section 51 of the Civil Code.

14. The following paragraphs are added at the end of Item XXXII:

California Business and Professions Code Section 31512 applies to the Franchise Agreement as follows:

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations

Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

# EXHIBIT G

## STATE EFFECTIVE DATES

## STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	May 17, 2022
Hawaii	Not applicable
Illinois	April 30, 2022
Indiana	March 8, 2016
Maryland	Not Applicable
Michigan	March 22, 2022
Minnesota	Not Applicable
New York	April 19, 2022
North Dakota	Not Applicable
Rhode Island	Not Applicable
South Dakota	Not Applicable
Virginia	June 1, 2022
Washington	Not Applicable
Wisconsin	Not Applicable

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

In the following states, we have filed a notice of exemption from the registration or filing requirements of the state's business opportunity laws with respect to the offering described in this disclosure document:

STATE	EFFECTIVE DATE
Connecticut	February 4, 2020
Florida	December 30, 2022
Kentucky *	January 11, 2019
North Carolina	April 14, 2022
South Carolina +	April 2, 2022
Texas	June 11, 2019
Utah	September 29, 2022

\* One-time filing

+ Biennial filing

# **EXHIBIT H**

## **DISCLOSURE DOCUMENT RECEIPTS**



**EXHIBIT H**  
**DESTINATION ATHLETE® DISCLOSURE DOCUMENT RECEIPT:**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If DESTINATION ATHLETE® offers you a franchise, it must provide this disclosure document to you 10 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If DESTINATION ATHLETE® does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit A.

The franchise seller for this offering is Douglas D. Dickison, Destination Athlete, LLC, 104 Main Street, Lebanon, NJ 08833 (phone # 866-ATHLETE - (908) 284-5383).

Issuance date: January 1, 2023

DESTINATION ATHLETE® authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I received a disclosure document dated \_\_\_\_\_, 2023 that included the following Exhibits:

- A. State Administrator Information/State Agencies and Agents for Service of Process
- B. Franchise Agreement with Schedules and Addenda
- C. List of Franchisees
- D. Terminated/Transferred Franchisees
- E. Financial Statements
- F. State Addenda
- G. State Effective Dates
- H. Disclosure Document Receipt

Signature of Prospective Franchisee

Date: \_\_\_\_\_  
(Do not leave blank)

By: \_\_\_\_\_  
(Name)

Kindly return the signed receipt either by signing, dating, and mailing it to Destination Athlete LLC, at 104 Main Street, Lebanon, NJ 08833, or by faxing a copy of the signed and dated receipt to Destination Athlete, LLC at (908) 200-7278.

**EXHIBIT H**  
**DESTINATION ATHLETE® DISCLOSURE DOCUMENT RECEIPT:**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If DESTINATION ATHLETE® offers you a franchise, it must provide this disclosure document to you 10 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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Signature of Prospective Franchisee

Date: \_\_\_\_\_  
(Do not leave blank)

By: \_\_\_\_\_  
(Name)

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