

FRANCHISE DISCLOSURE DOCUMENT



Apex Leadership Franchising, LLC
a Delaware limited liability company
9225 Katy Fwy #490
Houston, Texas 77024
Phone: 602-857-8640

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As an Apex franchisee, you will operate a business that provides a fundraising solution for schools, sports teams, clubs and other groups while developing students into leaders utilizing a proprietary two-week curriculum that includes health, fitness and leadership training.

The total investment necessary to begin operation of an Apex franchise ranges from \$79,000 to \$113,700. This includes \$59,500 that must be paid to us.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 Tony Nicholson, 9225 Katy Fwy #490, Houston, Texas 77024, 602-857-8640 or tony.nicholson@apexleadershipco.com.

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

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

There may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: October 20, 2023

How to Use this Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. 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 Texas than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Sales Performance Requirement.** 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.
4. **Mandatory Minimum Payments.** You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

DISCLOSURES REQUIRED BY MICHIGAN LAW

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

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

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

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

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ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us” and “the Company” mean APEX LEADERSHIP FRANCHISING, LLC - the franchisor. “You” means the person who buys an Apex franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Franchisor and Predecessor

We are a Delaware limited liability company that was organized on November 15, 2021. Our principal place of business is 9225 Katy Fwy #490, Houston, Texas 77024. We conduct business under the trademark “APEX FUN RUN”, “APEX”, and “APEX LEADERSHIP CO.” Our agents for service of process are listed in EXHIBIT “G”.

In a transaction completed on October 25, 2021, our parent company, Heritage Acquisition, LLC (“Heritage Acquisition”) purchased substantially all the assets of Apex Fun Run, LLC (“Predecessor”). We acquired the franchise assets related to the Apex Fun Run system on October 25, 2021, as the result of a transaction between our parent company, Heritage Acquisition, LLC (“Heritage Acquisition”), and our predecessor, Apex Fun Run, LLC (“Predecessor”). Predecessor was the franchisor of the Apex Fun Run system from August 2012 to October 2021 and had a principal business address of 1 North 1st Street, Suite 790, Phoenix, AZ 85004. Predecessor was an Arizona limited liability company formed on August 1, 2012. Predecessor had not conducted a business of the type that you will operate, and had not offered franchises in any other line of business other than described in this Item 1. While the aforementioned transaction was completed with Predecessor in October 2021, we began offering franchises in December 2021.

We provide team development, marketing, operational support and assistance to Apex teams. We are not engaged in any business other than offering Apex franchises and administering the Apex franchise system. We have not conducted business in any other line of business or offered franchises in any other line of business.

Parents and Affiliates

We are a wholly-owned subsidiary of Heritage Acquisition, a Delaware limited liability company. Heritage Acquisition is owned by Heritage Operating Partners, LLC (“Heritage Partners”), a Delaware limited liability company. Heritage Acquisition and Heritage Partners both have a principal business address of 9225 Katy Fwy #490, Houston, Texas 77024. [Neither of these entities have conducted a business of the type that you will operate, and have not offered franchises in any line of business except as otherwise described in this Item 1. As a result of the transaction described above in this Item 1, our Predecessor assigned all of its existing Apex franchise agreements to Heritage Acquisition. Some of the Apex franchise agreements were subsequently assigned to us.

Heritage Pay, LLC (“Heritage Pay”), a Delaware limited liability company with a principal business address of 9225 Katy Fwy #490, Houston, Texas 77024 handles payment processing and related financial reporting by franchisees.

Except as disclosed above, we do not have any affiliates that offer franchises in any line of business or that provide products or services to our franchisees.

The Franchise

If we award you an Apex franchise, you will establish and operate a business that provides a fundraising solution for schools, sports teams, clubs and other groups while developing students into leaders utilizing a proprietary two-week curriculum that includes health, fitness and leadership training. The franchised business you will operate is referred to in this Disclosure Document as your “Business”. You will develop one or more Apex teams that will

provide the leadership training at the schools within your territory and conduct the fun runs and other related events. Apex teams are generally operated out of home offices. Therefore, we do not require that you lease or purchase a separate office or commercial space.

Apex teams may utilize only products we approve. The approved product line includes a number of prizes and other items used in conjunction with the Apex events. You will market these products through your teams. The program culminates with a positive, energetic, motivated, fundraising fun run, which is performed at/for the elementary school. The program is designed to provide leadership skills for the students as well as generate much needed funds for the school's operations. These events occur over a two-week period, beginning with a pep rally and ending with the fun run or event. They are amazing events to energize and unify schools and provide much needed benefits to the students, parents, teachers and administrators. Revenues are generated by donations from individuals or businesses that sponsor the students participating in the event. These revenues are collected by the schools and then shared with the franchisee.

Your key personnel will include "Team Leaders" and a "Sales Professional". Your Team Leader will be responsible for directing and supervising your staff, conducting Apex events and otherwise managing and supervising your Business. Your Sales Professional will be responsible for marketing your Business to schools and other groups. Your Managing Owner (defined in Item 15) may also serve as a Team Leader and Sales Professional or you may hire employees or engage independent contractors to serve in these roles.

We currently have four different Apex programs, including "Apex Live", "Apex Flex", "Anython" and "Middle School Programs". Prior to 2016, our Predecessor only offered the Apex Live and Flex programs.

Apex Live

Apex Live is the traditional, full-service program that raises the most money for schools. With Apex Live, a team of three athletes coordinates the entire two-week program, including live rallies, lessons, race day with jerseys for every student and staff member, prize handouts, follow up and collections. With Apex Live, the school retains between 40% to 60% of the revenues generated with the remaining balance paid to the franchisee. This is the core product for Apex.

Apex Flex

Apex Flex is our program for lower-income schools where we still provide a hassle-free, two-week experience from rally to run. However, with Apex Flex we are able to lower our initial costs by up to 50% by providing ticker stickers instead of jerseys, automating videos to save labor, etc. In addition, 1 Apex team can serve 3 schools at the same time (an Apex team can typically only serve 1 school at a time under Apex Live). This allows us to serve over twice as many schools across America that we were not able to previously serve with the Apex Live platform. With Apex Flex, the school retains between 50% and 65% of the revenues generated with the balance paid to the franchisee.

Anython

Anython is our fundraising platform for any sports team, club or group that is not an elementary school. Many school parents request our services for more than just their school (soccer team, varsity football, youth group, sorority, etc.), and Anython is our all-purpose solution for them. With Anython, we are able to help fundraise for any group activity (hit-athons, freethrow-athons, lift-athons, golf-marathons, serve-athons, etc.). Each group keeps around 70-77% of the funds, and the costs to run them are very minimal. Anython is a great tool to fill in gaps in your program for after school, weekends, over breaks and during the summer.

We have developed a virtual model for each of our Apex programs. The virtual model is the same as the in-person model except that: (i) the leadership training is conducted online; (ii) the final event typically involves a series of fitness moves (referred to as “Remix”) instead of an organized fun run or obstacle course; and (iii) each student completes the final event at home.

Middle School Programs

Middle School Programs are the solution for middle schools that require a little bit different program than Apex Live and Flex. These programs were created for the older middle school environment, which requires different challenges, online sharing, pay-to-play fundraising, and a unique schedule that fits with the middle school classroom schedule. These programs are typically 2 weeks long, require 1-2 Apex Athletes and fit into the event schedule.

If we award you an Apex franchise, you must sign a franchise agreement (the “Franchise Agreement”) and operate your Business in accordance with the terms of the Franchise Agreement. We will grant you a license to use certain logos, service marks and trademarks, including the service marks “APEX,” “APEX FUN RUN”, “APEX LEADERSHIP CO.”, “ANYTHON” and the associated logo shown on the cover page of this Disclosure Document (collectively, the “Marks”), in the operation of your Business. The form of Franchise Agreement is attached to this Disclosure Document as EXHIBIT “A”.

We have developed a distinct and proprietary system (the “System”) for the operation of an Apex business. Distinctive characteristics of the System include logo, color schemes, layouts, designs, prizes, themes, curriculum, equipment specifications, techniques, methods, confidential information and procedures that we have developed, all of which we may periodically change, improve, update and further develop from time to time. The operational aspects of an Apex franchise are contained within our confidential Operating Manual and Operations Standards manual (collectively, the “Manual”). You will operate your franchise as an independent business using the Marks, the System, the Apex name, as well as the support, guidance and other methods and materials provided or developed by us.

General Market for the Product Offered

We believe that the market for school fundraising events, including Apex products, is expanding. The rate of development, however, may vary at different times and from place to place. You will compete with other school fundraising products. Most Apex teams may be operated throughout the year; however, sales may fluctuate during the year. Some Apex teams operate only during traditional school years. The target market for the products and services offered by our franchisees includes elementary schools, middle schools and the students who attend those schools, as well as organizations that have fundraising needs.

Laws and Regulations

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Business. In some cases, states or local school districts may require fingerprints and background checks for you and your team members that work with the students. We are not aware of any other industry-specific laws that apply to an Apex business. There may be other local, state and/or federal laws or regulations pertaining to your Business with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

CEO: Jamie Krasnov

Jamie Krasnov has been our CEO since our inception, and the CEO of Heritage Acquisition since October 2021. Prior to that, he was the Managing Partner of Heritage Partners from January 2021 to October 2021. From June 2017 to January 2021, Mr. Krasnov was the Vice President of Acquisitions of Prime Natural Resources in Houston, Texas, and from June 2014 to June 2017, was an Analyst at Highside Global in Houston, Texas.

Vice President of Franchise Development: Robert (“Tony”) Nicholson

Robert Nicholson has served as Heritage Acquisition’s Vice President of Franchise Development since July 2023, and is located in Houston, Texas. Prior to that, he was the Vice President of Franchise Development for Self Esteem Brands from July 2010 to July 2023 in Woodbury, MN.

Vice President of Quality Control and Operations: Scott Mackowski

Scott Mackowski has served as Heritage Acquisition’s Vice President of Quality Control and Operations since October 2021, and is located in Phoenix, Arizona. Prior to that, he was the Director of Quality Control and Operations of Apex Fun Run, LLC from January 2016 to October 2021 in Phoenix, Arizona.

Vice President of Marketing: Blair Burdette

Blair Burdette has served as Heritage Acquisition’s Vice President of Marketing since September 2022, and is located in Atlanta, Georgia. Prior to that, she was the Senior Director of Brand Strategy & System Level Marketing at Primrose Schools from May 2017 to August 2022 in Atlanta, GA.

ITEM 3 LITIGATION

Our predecessor’s litigation:

IN THE MATTER OF DETERMINING whether there has been a violation of the Franchise Investment Protection Act of Washington by: APEX FUN RUN, LLC

In response to an application for franchise registration that our predecessor Apex Fun Run, LLC filed with the Securities Division of the Washington Department of Financial Institutions (the “Division”) in December of 2014, the Division inquired as to the circumstances surrounding the prior sale of an Apex business located in Washington that was jointly owned by our predecessor’s officer and a third party. The Division concluded that: (i) the franchise was sold at a time that a previously filed application for franchise registration was pending but not yet approved (so the offering was not registered at the time of sale); and (ii) the franchisee was not presented with a franchise disclosure document that met the requirements of Washington law (RCW 19.100.140) at least 14 calendar days prior to the execution of the franchise agreement. On April 23, 2015, our predecessor entered into a Consent Order with the Division (Order No.: S-15-1656-15-C001), pursuant to which our predecessor agreed to cease and desist from any violations of the registration and disclosure requirements of the Franchise Investment Protection Act of Washington and our predecessor agreed to pay the Division \$1,000 for the costs and expenses incurred by the Division in investigation of the matter.

Other than the 1 action listed above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

The initial franchise fee for a single franchise is \$49,500, which must be paid in a lump sum at the time you sign the Franchise Agreement. If we agree, you may purchase additional franchises for the following reduced initial franchise fees, if you purchase them at the same time as you purchase your initial franchise:

- Initial or later-purchased unit - \$49,500
- 1st additional unit (if purchased at same time as initial unit) - \$44,500
- 2nd or additional units (if purchased at same time as initial unit) - \$39,500

The initial franchise fee is paid for your franchise rights and covers certain of our administrative expenses incurred in granting your franchise, including brokerage fees, training costs, legal fees for preparing your Franchise Agreement and expenses related to our lost or deferred opportunities to award franchises to others. The initial franchise fee is nonrefundable and uniformly imposed on franchisees.

Initial Training Fee

At the time you sign the Franchise Agreement, you must pay us an initial training fee of \$10,000. The initial training fee is uniformly imposed. The initial training fee is fully earned upon receipt and nonrefundable.

ITEM 6 OTHER FEES

Type of Fee (1)	Amount	Due Date	Remarks
Royalty (excluding Gross Revenues attributable to Anython)	8% of Gross Revenue (16% of Gross Revenues generated from sales outside your territory). Any Gross Revenues attributable to Anython are excluded from Gross Revenues for purposes of calculating this royalty fee	Payable on Friday for the preceding week	See Note 2.
Anython Royalty	6% of all dollars fundraised through Anython (12% of all dollars raised for organizations outside your territory)	Payable on Friday for the preceding week	You must report the revenues generated through Anython separately from your Gross Revenues. The royalty on Anython revenues is calculated based upon the total amount of funds raised through the fundraising efforts utilizing the Anython platform (it is not calculated based on the amounts you receive).
Marketing Fee	Currently none, but we anticipate collecting 2% of Gross Revenues beginning in 2024	At the same time and in the same manner as the Royalty	See Item 11. Once established, the Marketing Fee will not exceed 2% of Gross Revenues.
Technology Fee	Our then-current fee, currently \$0	At the same time and in the same manner as the Royalty	We reserve the right to begin charging you a Technology Fee upon 30 days' written notice.
Administrative Support Fee	\$75 per contracted school per year	On billing	See Note 3.

Type of Fee (1)	Amount	Due Date	Remarks
Product purchases	Varies based on items purchased	30 days after invoicing	At this time you do not purchase any inventory, equipment, supplies or other items from us or an affiliate of ours. However, we may require you to do so in the future. The initial inventory for an Apex franchise includes various prizes for students, packages for teachers, and t-shirts provided to students for the events. You will order inventory through the website www.apexfunrun.com and www.apexleadershipco.com and will be invoiced following placement of each order. Payment is due 30 days after invoicing. We may require you to make a minimum amount of purchases which will be based on the type and size of your event.
Additional training or support fee	Up to \$500 per person per day plus reimbursement of costs (for on-site training/support)	On billing	See Note 4.
Annual Convention / Meeting Fee	\$150 to \$300 per convention or meeting	On billing	You must attend our regional meetings and annual conventions, if, when, and where we schedule them. In addition to the fee, you are responsible for all costs incurred by you and your employees while attending.
Training Module Fee	Then-current fee (currently \$75 per user)	On billing	Should you expand beyond a single team, all members of any additional team are required to pay us a one-time training module fee. This fee is used to cover the cost we incur from our third-party provider platform.
Renewal Fee	\$5,000	On renewal	Payable when you renew.
Transfer Fee	Greater of: (i) \$7,500, or (ii) 5% of your sale purchase price.	On closing of transfer	Payable when you transfer or sell your franchise. Transfer fee is limited to our costs incurred for transfers to an entity you own or transfers between existing owners. Transfer fee covers initial training of the new franchisee.
Management Fee	3% of Gross Revenues, plus our out-of-pocket costs	On billing	See Note 5.
Fine	Up to \$500 per incident	On billing	Payable if you fail to comply with a mandatory standard or operating procedure and you do not cure the non-compliance within the time period we require. It is also payable if you fail to submit timely reports.
Audit	Cost of Audit	On billing	Payable if audit shows an understatement of at least 5% of Gross Revenues. You must also pay any past due amount plus applicable late fees.
Late Fee	\$100 per late payment plus default interest at lesser of 1.5% per month or the maximum rate allowed by law	As incurred	See Note 6.
Non-Competition Breach	Fee equal to: (i) our then-current initial franchise fee; plus (ii) 8% of the gross revenue of any competitive business you operate in violation of our non-competition covenants for the duration of the non-competition period	On demand	Payable if you violate our in-term or post-termination non-competition covenants.
Attorney's Fees and Costs	Will vary with circumstances	Upon demand	You must reimburse us for all attorneys' fees and other costs we incur relating to your breach of any term of the Franchise Agreement or any other agreement with us or our affiliates.

Type of Fee (1)	Amount	Due Date	Remarks
Indemnification	Varies under circumstances	As incurred	You must defend us and reimburse us for all claims, obligations, and damages directly or indirectly arising out of your operations or your breach of the Franchise Agreement, except to the extent they arise as a result of our own gross negligence or willful misconduct.
Insurance	Varies	On billing	If you do not pay the insurance premiums you owe on the insurance policies we require, we may pay the premiums and charge you for the premiums we paid.

Notes:

1. Except as otherwise provided, we impose all fees and all fees are payable to us and nonrefundable. All fees are uniformly imposed on all franchisees.
2. “Gross Revenues” means the gross amount of all of your sales or other income from whatever source derived, from or in connection with the operation of your Business and any business conducted by your Apex team, whether by check, cash, credit, charge account, barter, exchange, or otherwise. Gross Revenues include amounts you receive from the sale of goods and merchandise, promotional or otherwise, and for services performed by your Apex team, together with the amount of all fundraising receipts that are paid to you. Gross Revenues also include the proceeds of any business interruption insurance you may receive. Gross Revenues will not include the amount of any: (i) sales tax, to the extent you add such taxes to the selling price and actually pay them to the taxing authority; or (ii) refunds, allowances, or discounts to customers (including coupon sales), provided you have previously included the related sales in your Gross Revenues; or (iii) fundraising receipts that are retained by the schools. For purposes of paying the royalty fees, our week begins Monday and ends Sunday. You must report your weekly sales to us on Tuesday, for the preceding week. We will generally draft the royalty fees from your bank account on Friday. You must pay the royalty fees by electronic funds transfer or by other means that we specify. We may periodically specify other dates for reporting and payment of the royalty fees.
3. You agree to pay us the administrative support fee for each school that you contract with. The fee is payable once per year for each contracting school and is due the month in which you are scheduled to conduct the Apex program at the school. In exchange for this fee, our support personnel will provide you with a variety of administrative services, including answering all email inquiries sent to our website to ensure timely responses, consistent messaging and accurate information (rather than forwarding the emails to you to respond to), assisting with uploading of new employee data, obtaining employee background checks, etc.
4. You may request, or we may recommend or require, additional training. We may provide the training in Phoenix, Arizona or another location we designate. We may also provide special support beyond what is required under the Franchise Agreement. We may charge you our then-current fee for all additional training and special support that we provide, including any online training that you provide to new employees that you hire using our online training platform. If we provide on-site training or support, you must also reimburse us for all costs incurred by our representative for meals, travel and lodging (except as otherwise noted below with regard to the sales launch consultant). You are responsible for all expenses and costs that your trainees incur for training, including wages, travel, living expenses, fringe benefits and salary expenses.

We will administer a coaching program to assist you with the development and launch of your Business. Pursuant to the program, a consultant will visit your Territory or send you to an existing Territory at least two (2) times within the first few months after you sign the Franchise Agreement. However, we may postpone these visits to a later date if COVID-19 related restrictions prevent travel or require schools to

be closed in your Territory. The consultant will either be an existing franchisee who has demonstrated competence and a solid understanding of our System or a representative of ours. We may adjust the number of visits and time period during which they take place in our reasonable discretion. The consultant will help you launch your sales efforts through drop byes, launch lunches or sales meetings in an effort to get your first schools signed quickly. During each visit, the consultant will provide support for meetings you have scheduled with decision makers at a minimum of three (3) schools in your Territory. You must have at least three (3) confirmed meetings scheduled before each visit by the consultant. If we determine that a third (3rd) visit is needed (or you request a (3rd) visit), then we will send the consultant but you must set up a minimum of three (3) sales meetings for the day of the third (3rd) visit. If you require additional local sales support (or if the consultant visits for a third (3rd) meeting but you fail to book at least three (3) sales meetings), then you must also pay us in advance: (i) the standard additional support fee (\$500/day); and (ii) all travel expenses of the consultant (flights, hotel, meals, transportation). If you inform us that you have booked at least three (3) sales meetings for a third (3rd) visit, but less than three (3) sales meetings are actually held during the visit (i.e., due to cancellation by you or the school(s)), then we may charge you the additional support fee and expense reimbursement unless you can demonstrate to our satisfaction that: (i) you had in fact booked at least 3 sales meetings for the day of the visit; (ii) the cancellation(s) were initiated by the school(s) and not due to anything within your control; and (iii) you were made aware of the cancellation(s) no more than 2 days prior to the scheduled visit.

5. If you either abandon the Business or fail to comply with any provision of the Franchise Agreement and do not cure the failure within the time period we specify in our notice to you, we may, but are not required to, assume management of the Business. If we manage your Business, we may do so for any period of time we believe is appropriate, and you must pay us, in addition to the Royalty Fee, a management fee of 3% of the Gross Revenues generated by the Business plus our out-of-pocket costs.
6. If you fail to make any payment when due, you must pay us a late fee of \$100 per late payment plus default interest at the rate specified above. In addition, you must pay us an additional \$50 NSF fee for each electronic funds transfer returned for non-sufficient funds and for each check or draft returned for non-sufficient funds. The NSF fee is payable only if your electronic funds transfer from your depository account or any check you remit to us is returned for non-sufficient funds.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure ¹	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee ²	\$49,500	Lump sum	On signing	Us
Initial Training Fee	\$10,000	Lump sum	On signing	Us
Vehicle ³	\$0 to \$3,000	Monthly lease payments	Monthly	Suppliers
Trailer ⁴	\$4,000 to \$8,000	Lump sum	Before opening	Suppliers
Computer system ⁵	\$0 to \$1,000	Lump sum	Before opening	Suppliers
Other equipment ⁶	\$8,000 to \$17,000	Lump sum	Before opening	Suppliers
Storage ⁷	\$0 to \$200	Monthly	Before opening and monthly	Suppliers
Local Marketing ⁸	\$1,500 to \$3,000	As incurred	As incurred	Third parties
Insurance premiums ⁹	\$500 to \$4,500	As arranged	As incurred	Insurance company/ Agent
Professional services fees ¹⁰	\$0 to \$3,000	As arranged	As incurred	Professionals
Travel and living expenses during training ¹¹	\$2,000 to \$5,000	As arranged	As incurred	Third parties
Amplify Platform ¹²	\$0 to \$500	As arranged	As incurred	Third parties

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure ¹	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Rental Team ¹³	\$0 to \$5,000	As arranged	As incurred	Third parties
Additional funds (for 3 months) ¹⁴	\$5,500 to \$8,000	As incurred	As incurred	Third parties
Total Estimated Initial Investment ¹⁵	\$81,000 to \$117,700			

Notes:

1. We do not offer direct or indirect financing for any of these items. None of the fees payable to us are refundable. We are unaware of any fees payable to third party suppliers that are refundable.
2. If we agree, you may purchase additional franchises for the following reduced initial franchise fees, if you purchase them at the same time as you purchase your initial franchise:
 - Initial or later-purchased unit - \$49,500
 - 1st additional unit (if purchased at same time as initial unit) - \$44,500
 - 2nd or additional units (if purchased at same time as initial unit) - \$39,500
3. You will need to have access to a vehicle to travel to schools and Apex events. You may own or lease this vehicle or you may rent it on a temporary basis. We do not have any standards or specifications for your vehicle. However, you must have a tow package to enable you to tow your trailer to events. The low estimate assumes you already have an adequate vehicle (in which case you will not incur any additional expense) while the high estimate assumes you will lease a new or used vehicle and includes the initial down payment and first 3 months of lease payments.
4. You will need to purchase a trailer that meets our standards and specifications and that is upfitted with our required wrap (i.e., branded decals). You will use the trailer to transport prizes, equipment and other supplies to schools and Apex events.
5. You must purchase a computer system that meets our standards and specifications. Because our standards and specifications are minimal, we assume most franchisees will already have a satisfactory computer system. We do not require that you purchase any specialized software other than Google Docs and Google Calendar (which do not require any additional cost).
6. This estimates your expenses for the equipment that you will need to purchase to run an event, such as Apex Tunnels, Apex orange and blue flags, checkered flags, bang sticks, banners, beach balls, Apex pens, Apex team shirts, Apex themed suits, speakers and stands, sound board, microphones and cables, extension cords, cones and saucers, water jugs, tents, clipboards, tables prize cards and collection bins.
7. Some franchisees store their inventory of prizes and equipment at their homes while others choose to store these items at a separate storage facility. The low estimate assumes you store these items in your home while the high estimate assumes you choose to purchase storage space.
8. You should expect to spend \$1,500 to \$3,000 in marketing to launch your new territory. This may be spent with luncheons, dropping off Starbucks at schools, or a variety of other ideas which are included in the Manual. This investment will vary based on your decisions of types of events planned and the amount you choose to spend on each. We do not require that you spend any minimum amount of money on local marketing.
9. Before you open your Business, you must obtain certain insurance coverages that we require, with coverage limits, endorsements, and other terms and conditions we require. Our insurance underwriter has

provided us with estimates of the costs for the insurance we require; however, insurance costs vary widely and depend on a number of factors, including without limitation the carrier you choose, the amount of your deductibles, the area where your Business is located, the number of persons you employ, and your insurer's evaluation of the risk of insuring you. As a result, you should consult your own insurance broker to review the estimates. The low estimate above assumes you pay premiums on a semi-annual basis while the high estimate assumes you pay the full annual premium up front.

10. You should retain the services of an attorney and other consultants to advise and assist you in entering into the agreement(s), forming a business entity and purchasing and establishing your Business. However, our experience has shown that some franchisees choose not to hire a professional for these purposes.
11. This item estimates the expenses you will incur in attending the "hands on" portion of our initial training program, which lasts approximately 5 to 7 days. These expenses are in addition to the initial training fee. The remainder of our initial training program is conducted remotely. You will need to arrange for transportation, food and lodging for your designated attendees. The costs you incur will depend on the distance you must travel and the type of accommodations you choose. The low estimate assumes 4 people attend training and you choose lower end accommodations while the high estimate assumes 5 people attend and you chose slightly higher end accommodations.
12. We recommend you register for Amply, which is an optional third-party service that links donors to a database of employers that routinely match donations. This service currently costs approximately \$500.
13. You may choose to hire an existing team from an existing Apex franchisee to assist you during the start-up phase of your franchise. If you choose to hire an existing team, we estimate you will pay up to \$5,000 to cover the cost of travel, housing, meals and other incidentals.
14. This estimates other start-up expenses for the Business's first three months of operation. These expenses include payroll costs, advertising expenditures, fees payable under the Franchise Agreement and other miscellaneous operating costs. Your costs will depend upon various factors including your adherence to our methods and procedures; your management skills, experience and business acumen; local economic conditions; the local market for the product; the prevailing wage rate; competition; and the sales level reached during the initial period. This is only an estimate, however, and you may need additional working capital during this start-up period or after. These estimated ranges are based on our Predecessor's experience and information provided by franchisees.
15. These estimated ranges (including Additional Funds) are based on our Predecessor's experience and information provided by our franchisees. We have assumed you will have 1 team. If you have more Apex teams, your initial investment will increase.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain "source restricted" goods and services for the development and ongoing operation of your Business. By "source restricted," we mean that the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). Our specifications and list of approved and designated suppliers are contained in the Manual. We will notify you within 30 days of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication.

We expect changes in the demands of consumers, the market, and business and economic conditions. As a result, we may change the Apex System, including miscellaneous items you offer; the prizes, products, equipment, services, and supplies we require you to use; and the sources from which you purchase them, and you must comply with all the changes we make.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. The supplier must demonstrate they have adequate capacity to supply our franchisees' quantity and delivery needs and meet our quality standards. Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you want to purchase or lease a source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information that we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within 30 days after we receive your request for approval plus all additional information and samples that we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. We do not charge you any fee associated with our review of a supplier.

Current Source Restricted Items

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: inventory, vehicle and trailer, equipment, signs and marketing materials, computer equipment, insurance and in certain limited circumstances, bookkeeping services. We estimate that nearly 90% of the total purchases and leases that will be required to establish your Business and 80% of your ongoing operating expenses will consist of source restricted goods or services.

Inventory

All of your inventory, including prizes for students, packages for teachers and t-shirts provided to students for events, must meet our standards and specifications. You must purchase these items only from approved or designated suppliers. We may designate ourselves or an affiliate as the exclusive supplier for these items in the future. You may not utilize any inventory items that we have not approved.

Vehicle and Trailer

You must purchase, lease or rent on a temporary basis a vehicle and trailer that you will use to transport inventory and equipment to the schools. Your vehicle must have a tow package to allow you to connect your trailer. We have no other standards or specifications for your vehicle and you may purchase, lease or rent your vehicle from any supplier of your choosing. You must also purchase a trailer that must meet our standards and specifications (essentially dimensions and storage capacity) and cause the trailer to be upfitted with our required wrap (i.e., branded decals). You may purchase your trailer from any supplier of your choosing.

Equipment

All of your equipment must meet our standards and specifications. We may require that you use certain brands of equipment for certain items. Your equipment must be purchased from third party suppliers that we approve or designate. We may designate ourselves or an affiliate as an exclusive supplier for equipment in the future.

Signs and Marketing Material

All of your signs and marketing materials must comply with our standards and requirements. We must approve all of your marketing materials before you use them. You must purchase all signs and branded marketing materials exclusively from approved or designated suppliers. We may designate ourselves or an affiliate as the exclusive supplier for these items in the future.

Computer Equipment; Payment Processor

Your computer must meet our standards and specifications. You must purchase all software that we specify. You may purchase your computer hardware and software from any supplier of your choosing. Our affiliate Heritage Pay is currently an approved supplier for payment processing.

Insurance Policies

You must obtain the insurance coverage that we require from time to time (whether in the Franchise Agreement or in the Manual). You must purchase these policies from a carrier rated "A" or better by Alfred M. Best and Company Inc. The required coverage currently includes: commercial general liability insurance, including products liability and contractual liability, with minimum liability protection of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; professional liability insurance, with minimum liability protection of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; automobile liability and property damage insurance containing minimum liability protection of \$1,000,000 combined single limit per occurrence (for all vehicles owned, leased, rented or used by you in your Business); workers' compensation (coverage B) as required by law; and any other limits and coverage that we periodically require. The required coverage and policies are subject to change. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. You must also obtain and maintain unemployment compensation, disability insurance, social security, and other insurance coverages required by law.

Bookkeeping Services

We reserve the right to require you to use accounting or bookkeeping services from a designated or approved supplier. If you default on your obligations under the Franchise Agreement related to late payment of any amounts you owe us, or related to late or inadequate reporting, we may, in addition to any of our other rights under the Franchise Agreement, require you to obtain third-party accounting or bookkeeping services from a party we designate for a period of 12 months from the date of each notice of default, regardless of whether you cured the prior default.

Purchase Agreements

We have currently negotiated purchase agreements with suppliers, including price terms, for certain items you must purchase, including prizes, equipment and supplies in bulk at discounted prices.

In the future, we may negotiate relationships with other suppliers to enable our affiliates and franchisees to purchase other items directly from the third-party suppliers at the discounted prices that we negotiate. If we succeed, you will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us).

There are no purchasing cooperatives, although we reserve the right to establish one or more purchasing cooperatives in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate.

Franchisor Revenues from Source Restricted Purchases

At this time, neither we nor any affiliate of ours is a designated or approved supplier for any required purchases or leases by franchisees. We may designate ourselves and our affiliates as an approved or designated supplier for certain items in the future. Except for Heritage Pay, no persons affiliated with us are currently approved suppliers. Except for our affiliates, there are no approved or designated suppliers in which any of our officers owns an interest.

We and our affiliates may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner unless we have agreed with a supplier to use them in a particular manner. These payments may range from less than 1% up to 30% or more of the total purchase price of those items. For our fiscal year ended June 30, 2023, our affiliate received rebates from our supplier based upon our and our franchisees’ product purchases. Our affiliate also receives a rebate, equal to less than 1%, for credit card processing services.

During our last fiscal year, which ended June 30, 2023, we did not collect any revenue as a result of franchisee’s purchases of products and services.

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 other items in this Disclosure Document.

Obligation	Sections in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	Items 7 & 11
b. Pre-opening purchases/leases	Sections 6.3, 7.1, 12.6 & 16.1	Items 5, 7, 8 & 11
c. Site development and other pre-opening requirements	Section 7.3	Items 6, 7 & 11
d. Initial and ongoing training	Section 5	Items 6 & 11
e. Opening	Section 7.3	Item 11
f. Fees	Section 4.2, 5.11, 6.5, 6.7, 12.6, 12.8, 12.11, 14, 15.8, 16.1, 17.2 & 20.2	Items 5 & 6
g. Compliance with standards and policies/Operating Manuals	Section 6.1, 11.1, 12 & 18.1	Items 11, 14 & 16
h. Trademarks and proprietary information	Section 18	Items 13 & 14
i. Restrictions on products/services offered	Section 12.3	Item 16
j. Warranty and client service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 13	Item 12
l. Ongoing product/service purchases	Section 12.6	Items 6 & 8
m. Maintenance, appearance and remodeling requirements	Section 12.7	Item 11
n. Insurance	Section 16.1	Items 6, 7 & 8
o. Advertising	Section 11	Items 6, 7 & 11
p. Indemnification	Section 19	Item 6
q. Owner’s participation/ management/staffing	Section 8	Items 11 & 15
r. Records/reports	Sections 16.2 & 16.3	Item 6
s. Inspections/audits	Section 17	Items 6 & 11
t. Transfer	Section 20	Item 17
u. Renewal	Section 4	Item 17

Obligation	Sections in Franchise Agreement	Disclosure Document Item
v. Post termination obligations	Section 22	Item 17
w. Non-competition covenants	Section 15	Item 17
x. Dispute resolution	Section 23	Item 17
y. Franchise Owner Agreement (the personal guarantee that covers brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	ATTACHMENT "C"	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

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

Before you open your Franchise, we will:

(1) Provide you with our "System Standards" that you must use or satisfy before you open your Business. The System Standards may include minimum standards for: (i) communications with schools; (ii) completion of event; (iii) rebooking of schools; (iv) other items of equipment, signs, inventory, and supplies required for the operation of the Business (which we may provide directly if we are an approved supplier for any such items, but we do not install any such items for you); (v) financial performance; (vi) leadership training curriculum; (vii) other matters as we deem appropriate. (Sections 12.1 & 12.2)

(2) Provide you with the event theme that was developed for the current school year that may be used in advertising. We do not pay for any advertising and must approve any advertising before it is used. The theme and prizes are only for the current school year and are not allowed to be used in any subsequent school year, as we develop a new theme, curriculum and prizes each year for you, which helps you rebook schools. (Section 6.2)

(3) Provide you with the names and contact information of any suppliers you are required or authorized to use to supply you with products or services complying with System Standards. (Section 12.2)

(4) Provide our initial training program. (Section 5.1) See section below entitled "Training Program" for additional information.

(5) Loan you one copy of, or provide you with electronic access to, the Manual. The Manual may consist of printed manuals, computerized documents or software, information we provide on the internet or an extranet, audiotapes, videotapes, or any other medium we adopt periodically for use with the Apex System and designate as part of the Manual. (Section 6.1) The Table of Contents of the Manual is attached to this disclosure document as EXHIBIT "C". As of the issuance date of this disclosure document, there are 34 pages in the Operating Manual and 8 pages in the Operations Standards Manual.

During the operation of your Franchise, we will:

(1) Provide your Managing Owner, Team Leader and Sales Professional with additional training or retraining, at a location and time convenient for us. (Section 5)

(2) Provide our coaching program. (Section 5.2) See section below entitled “Training Program” for additional information.

(3) At our discretion, provide you with on-site visits and consultation by an Area Representative or an Apex Franchise Business Consultant for 2 days during one of your first events (Pep rally or Teacher huddle or Theme day or Race day) held during the first 90 days of operation (we may delay these visits due to COVID-19 related travel restrictions or school closures). (Section 6.4)

(4) Provide you reasonable periodic advice and assistance in the ongoing operation of the Business to the extent we determine such advice and assistance is necessary. (Section 6.6) Our assistance may include advice and guidance on: (i) methods of signing schools; (ii) training your employees; (iii) advertising and promotional programs; and (iv) administrative, bookkeeping, accounting, and general operating procedures. We may provide our assistance in the Manual, in periodic updates or in bulletins, in emails, in extranet postings, or as we otherwise distribute information to the Apex System generally. We will not charge you for this operating assistance; however, we may charge you a reasonable fee (up to \$500 per day) for special operating assistance that we determine is necessary due to your failure to comply with the Franchise Agreement or System Standards, or special operating assistance you request in excess of the assistance we normally provide. (Section 5.11)

(5) Evaluate suppliers you propose to use and the products, services, supplies, or materials they offer. (Section 12.6)

We are not obligated to provide you with any supervision, assistance, or services related to the ongoing operation of your Business, except as described above and in the Franchise Agreement. We may, however, voluntarily provide you with services, which we may add to, delete from, or modify at our discretion. We may, but are not required to, assist you with establishing prices, such as setting minimum and/or maximum prices at which you must sell products and services, to the extent permitted by applicable law. We may delegate any of our obligations under the Franchise Agreement or any other agreement to any of our designees, employees, or other authorized entities, as we deem appropriate.

Advertising and Marketing (Section 11)

While we currently do not operate a marketing and promotional fund to advertise and promote Apex franchised Businesses in the System (the “Marketing Fund” or “Fund”), we anticipate doing so (and collecting fees) beginning in 2024. When established, you will pay us for deposit in the Fund our then-current weekly marketing fee (the “Marketing Fee”), which will not exceed 2% of Gross Revenues. When established, we anticipate that the Marketing Fee will be 2% of Gross Revenues. We will place all Marketing Fees we receive in the Marketing Fund and will manage the Fund. We also will contribute to the Marketing Fund for each Apex Fun Run business that we operate in the United States at the same percentage rate as a majority of Apex Fun Run franchised businesses must pay to the Marketing Fund. Reasonable disbursements from the Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System, including the cost of formulating, developing and implementing national, regional and local marketing advertising, marketing, promotional and public relations campaigns; and the reasonable costs of administering the Fund, including the cost of employing advertising, public relations and other third party agencies to assist us and providing promotional brochures and advertising materials to Apex businesses, and to regional and local advertising cooperatives, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Fund. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Fund. We cannot ensure that you will benefit directly or on a pro rata basis from the future placement of any such advertising in your local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of Apex businesses to the Marketing Fund in that year, and any unused amounts in a given year would roll over to the next year. We may have the Marketing Fund borrow from us or other lenders to cover any Marketing Fund deficits. We will not use any of the Marketing Funds for advertising that is principally to

solicit the sale of new franchisees. We may, through the Marketing Fund, furnish you with approved local marketing plans and materials on the same terms and conditions as plans and materials we furnish to other Apex businesses. We will determine the methods of advertising, media employed and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Upon written request, we will provide you an annual unaudited statement of the receipts and disbursements of the Marketing Fund for the most recent calendar year.

We have not yet established the Fund as of the issuance date of this disclosure document, and therefore, we did not collect any Marketing Fees or make any expenditures from the Fund in our prior fiscal year. We anticipate establishing the Fund in 2024.

We do not require that you spend any minimum amount of money on local marketing of your Business. We will provide you with marketing techniques and strategies in the Manual and during initial training. We will also create and make available to you advertising and marketing materials for you to utilize. You must arrange for printing the materials and paying all printing costs. Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase.

You will also have an opportunity to create advertising for your own use, provided we approve it in advance. You may not use any advertising materials that have not been approved by us. You must submit to us any advertising materials that you prepare or modify and we will have 30 days to review and either approve or reject the materials. Our failure to disapprove any advertising materials within the 30-day period will constitute our approval of the materials. We may disapprove of advertising materials we previously approved and you must stop using them within 3 days after notice from us.

At this time, we do not allow our franchisees to maintain their own websites or market their Apex businesses on the Internet. Therefore, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to the Franchise Agreement or a separate Internet usage agreement that will govern your ability to maintain a website and/or market on the Internet.

You may market your Business through approved social media sites, but you must comply with any social media policy that we adopt from time to time.

We have not established, and you are not required to contribute to a regional advertising cooperative. We are not required to spend any of our funds on marketing in your territory.

There is no franchisee advertising council that advises the Franchisor on advertising policies.

Computer Systems

You are required to purchase or own a computer system (your “Computer System”) that consists of the following items: 1 late model desktop or laptop with the current Microsoft Operating System or MAC OS, the current version of Microsoft Office (Word, Excel, PowerPoint) or better, Google docs and Google Calendar. The Computer System will generally be used to communicate with us via email, receive electronic information that we send, utilize the Internet, store and print business documents and forms, record operating data and appointments, schedule events and appointments and prepare operational reports. Your Computer System will collect basic operational data, such as contact information for schools, inventory data and operational data.

We estimate the cost of your Computer System will range from \$500 to \$1,000. However, we anticipate most franchisees will already own an adequate computer system, in which case no additional cost will be incurred. There is no cost for using Google Docs or Google Calendar. We estimate you will pay between \$20 and \$50 per month for Internet access. You must also, at your cost, maintain membership in a designated third-party network and maintain an active email account as assigned by us at a cost of approximately \$5/month/user (i.e. Joe@apexfunrun.com). Neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your Computer System. We are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your Computer System. Upon 30 days' written notice to you, we may require you to pay us a Technology Fee, which we may use for developing, researching, operating, maintaining, implementing, modifying, and/or upgrading any technology used in connection with the System as we deem appropriate in our sole discretion.

You must maintain the Computer System in good working order at your cost. During the term of your franchise, you may be required to upgrade or update your computer hardware and/or software to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades. We reserve the right to change the software or technology that you must use or add new software or technology at any time.

We also may independently access financial information and customer data produced by or otherwise located on your Computer System (collectively the "Customer Data"). During the term, we and you will have joint ownership of the Customer Data that is stored on the Computer System, although you will be responsible for obtaining all customer consents necessary to allow us to use the Customer Data for various purposes as we may identify. We will periodically establish policies respecting the Customer Data. You must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You cannot use the Customer Data for any purpose other than the operation of the Business consistent with our standards of use. There are no contractual limitations on our right to access the information and data.

Training (Apex University) (Section 5)

Overview

We will provide an initial training program for up to 2 of your owners (one of whom must be your Managing Owner) and 3 team members. Your Managing Owner and your Team Leaders must complete the initial training program to our satisfaction and pass the Apex University tests. If your Managing Owner and/or Team Leader do not successfully complete the initial training, we may terminate the Franchise Agreement on written notice to you. Our initial training program also includes marketing/sales techniques training that we provide to your Sales Professional.

Our initial training program consists of two phases. The first phase ("classroom training") is conducted remotely via conference calls and an in-depth e-learning module and is designed to teach you how to solicit and contract with schools, as well as in running programs and business operations specific to the Apex franchise. This training typically lasts 3 to 4 days and includes self-study as well as videos and live training via video calls. The second phase of training consists of training and coaching during the lead-up to your first program to help you successfully execute the aspects of an Apex program and event. Additional classroom training is conducted via self-study through the e-learning module.

The Managing Owner must attend and successfully complete the remotely conducted training within 30 days after you sign the Franchise Agreement and prior to contacting and marketing the Apex program to schools and other groups in your territory. Your Sales Professional must successfully complete our marketing/sales techniques

training program prior to contacting and marketing the Apex program to schools in your territory. Each Team Leader must successfully complete our initial training program before he or she may serve a school.

Training Topics

You will receive the following training before you open your Apex Business:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours on the job Training	Location
Marketing/Sales Techniques	12	16	Classroom training remotely conducted (e.g., utilizing Zoom or another virtual interface); on the job training in Phoenix or other location we designate
Administrative and Business Skills	4	2	Classroom training remotely conducted (e.g., utilizing Zoom or another virtual interface); on the job training in Phoenix or other location we designate
Operations	5	2	Classroom training remotely conducted (e.g., utilizing Zoom or another virtual interface); on the job training in Phoenix or other location we designate
Employee Policies	2	0	Classroom training remotely conducted (e.g., utilizing Zoom or another virtual interface); on the job training in Phoenix or other location we designate
Teacher Huddle	2	1	Classroom training remotely conducted (e.g., utilizing Zoom or another virtual interface); on the job training in Phoenix or other location we designate
Pep Rally	2	1	Classroom training remotely conducted (e.g., utilizing Zoom or another virtual interface); on the job training in Phoenix or other location we designate
Theme curriculum days	2	1	Classroom training remotely conducted (e.g., utilizing Zoom or another virtual interface); on the job training in Phoenix or other location we designate
Event day	2	1	Classroom training remotely conducted (e.g., utilizing Zoom or another virtual interface); on the job training in Phoenix or other location we designate
TOTAL	31 hours	24 Hours	

Training Materials

For the remotely conducted classroom training, the training materials will consist of the Manual, handouts and our e-learning module. In addition, there is a self-study handbook for you to complete during the initial phase of our on-the-job training, and monthly follow-up telephone calls from training staff during your first year of operation. You will not be charged an additional fee for any of the training materials.

Instructors

Our current instructors include Alex Osborne, Scott Mackowski, and Oscar Espinoza.

Alex Osborne provides sales and marketing training. She joined the Apex system in August 2014 and currently serves as our Marketing Director. She has approximately 9 years of experience in sales, all of which has been with Apex.

Scott Mackowski provides operations and quality control training. He joined the Apex system in January 2016 as its Director of Quality Control and Operations. He has approximately 24 years of experience in business operations.

Oscar Espinoza provides team member experience training. He has approximately 13 years of experience in employee experience, all of which has been with Apex.

Coaching Program

We will administer a coaching program to assist you with the development and launch of your Business. Pursuant to the program, a consultant will visit your Territory or send you to an existing Territory at least two (2) times within the first few months after you sign the Franchise Agreement. However, we may postpone these visits to a later date if COVID-19 related restrictions prevent travel or require schools to be closed in your Territory. The consultant will either be an existing franchisee who has demonstrated competence and a solid understanding of our System or a representative of ours. We may adjust the number of visits and time period during which they take place in our reasonable discretion. The consultant will help you launch your sales efforts through drop byes, launch lunches or sales meetings in an effort to get your first schools signed quickly. During each visit, the consultant will provide support for meetings (you have scheduled with decision makers at a minimum of three (3) schools in your Territory. You must have at least three (3) confirmed meetings scheduled before each visit by the consultant. If we determine that a third (3rd) visit is needed (or you request a (3rd) visit), then we will send the consultant, provided that you set up a minimum of three (3) sales meetings. If you require additional local sales support and fail to satisfy certain criteria in holding at least 3 sales meetings for the third visit, then we may charge you our additional support fee and require you to reimburse all travel expenses of the consultant (flights, hotel, meals, transportation) as described more fully below in this Item 11.

Ongoing Training

After you complete initial training, we will provide ongoing training via weekly conference calls. Currently, we also conduct an annual refresher training program via webinar and checklists that must be attended. If you want additional training or retraining for your Managing Owner or Team Leader, we may provide it at a location and time convenient for us. If we agree to provide additional training, we may provide such additional training at your facility or ours.

We may require that your Managing Owner and previously trained or experienced Team Leaders attend periodic refresher training courses. We will provide this training at the times and locations we designate. We also require that all new or replacement Team Leader you hire, or any new Managing Owner you appoint, complete all or part of our standard initial training program (at our discretion). You may send your new or replacement personnel to attend training at our corporate headquarters or you can send them to any certified trainer located elsewhere in the country. We will have an annual training to roll out the new year's theme, prizes and curriculum, which your Managing Owner, Team Leaders and other team members must attend. This will generally occur in early August of each year. You may also choose to have your team "shadow" a more experienced team, and you will be responsible to pay the costs of labor, travel, meals, lodging and related expenses.

With the exception of (i) the initial training program we conduct before you open and (ii) the initial training program that we provide to any new Managing Owner that you appoint after opening, we may require that you provide initial and/or ongoing training for your Team Leaders, Sales Professionals and other employees utilizing our online library of training modules that we make available to you. The online training program includes tests that each trainee must pass before he or she will be deemed to have successfully completed the training program. We do not anticipate offering an online version of the annual training to roll out the new year's theme, prizes and curriculum.

Training Fees and Costs

We will provide the pre-opening initial training program for an initial training fee of \$10,000. You must pay us (or our certified trainer, if applicable) a training fee of up to \$500 per person per day: (i) for each person who we retrain after he or she failed initial training on a prior attempt and (ii) for each person you send to initial training after you open (such as a new Managing Owners or Team Leaders). We may charge you a training fee of up to \$500 per person per day for: (i) providing system-wide refresher or additional training courses; (ii) conducting remedial training that is required due to your defaults or operational deficiencies; (iii) providing additional training that you request; or (iv) providing training for the roll out of the new year's theme, prizes and curriculum (however, this training will not exceed \$500 per person total). We may charge you the same fee regardless of whether we conduct the training in person or you provide the training to your employees utilizing our online training platform. If we provide any training at your location (excluding the portion of the coaching program covered by the initial training fee), you must also reimburse us for all costs that we incur for food, lodging and travel. You are also responsible for all food, lodging and travel costs that your owners and employees incur while attending a training program together with all salary and fringe benefits for your employees.

The initial training fee also covers the costs of the initial 2 visits associated with the coaching program, as well as a 3rd visit (if requested by you or deemed necessary by us) unless you fail to book at least 3 sales meetings during the 3rd visit. If you require additional local sales support (or if we visit for a 3rd meeting but you fail to book at least 3 sales meetings), then you must also pay us in advance: (i) the standard additional support fee (\$500/day) and (ii) all travel expenses (flights, hotel, meals, and transportation). If you inform us that you have booked at least 3 sales meetings for a 3rd visit, but less than 3 are actually held during the visit (i.e., due to cancellation by you or the school), then we may charge the additional amounts referenced in this paragraph unless you can demonstrate to our satisfaction that: (i) you had in fact booked at least 3 sales meetings for the day of the visit; (ii) the cancellation(s) were initiated by the school(s) and not due to anything within your control; and (iii) you were made aware of the cancellation(s) no more than 2 days prior to the scheduled visit. The coaching program may be conducted, in whole or in part, in your market, in another franchisee's market, or another location we designate.

Site Selection

The Apex franchise is a home-based opportunity. We do not require that you purchase or lease an office or separate commercial space although you may do so in your discretion. We do not approve the site or provide you with an area in which you must identify a site. We do not have any standards, specifications or other requirements for your office if you choose to establish a separate office or commercial facility. Some franchisees may rent storage space for their equipment and inventory although this is not required. We do not have any standards, specifications or other requirements for storage space.

Opening (Section 7.3)

You must open your Business by contacting and marketing the Apex program to schools and other groups in your territory within 90 days after you sign the Franchise Agreement. We may terminate your Franchise Agreement if you fail to meet this deadline. However, we will grant you a reasonable extension if your inability to meet the 90-day deadline is a direct result of COVID-19. You may not conduct your first Apex event before: (i) successful

completion of the initial training program by your Managing Owner, Team Leaders (who will participate in that event) and Sales Professional; (ii) you obtain all required licenses, permits and other governmental approvals; (iii) you purchase all required insurance; and (iv) you purchase, lease or rent all required equipment, inventory and operating supplies. Your Business will be deemed to be open when you begin contacting schools to market the Apex program. We anticipate that a typical franchisee will open his or her business within 15 to 30 days after signing the Franchise Agreement. Some of the factors that may affect this time are completion of training, obtaining insurance, and complying with local laws and regulations.

ITEM 12 TERRITORY

Your Territory

Each Franchise Agreement grants you the right to operate your Business and contract with schools that are located in your assigned territory, which will be defined by and includes the zip codes listed on ATTACHMENT “B” to your Franchise Agreement. The term schools include public elementary schools and middle schools as well as private schools. We define our territories according to a point system, with each territory including a minimum of 170 points. Of the 170 points, 50 points are automatically attributed to the Anython program while the remaining 120 points are assigned based on the percentage of free or reduced lunches of the schools included in the territory. Specifically, the points from schools are allocated as follows:

- Schools with less than 30% free or reduced lunches and private schools with over 100 students – 3 points each;
- Schools with more than 30% but less than 55% free or reduced lunches – 2 points each;
- Schools with more than 55% but less than 75% free or reduced lunches – 1 point each; and
- Schools with more than 75% free or reduced lunches – 0 points each.

You may relocate your territory with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, we will attempt to assign you a comparable geographic territory, but only if such a territory is available and not held by another franchisee.

Exclusive Rights

Your territory will be exclusive. No person other than you will be authorized to contract with: (i) schools that are located in your territory for purposes of conducting an Apex; or (ii) organizations that are located in your territory for purposes of engaging in fundraising activities utilizing the Anython platform.

Alternative Channels of Distribution

We will not sell or license others to sell competitive or identical goods or services (whether under the Marks or under different trademarks) through alternative channels of distribution, such as the Internet or catalog sales, within your territory.

Restrictions on Your Sales and Marketing Activities

You are not permitted to market or sell through alternative channels of distribution, such as the Internet or catalog sales. All of your marketing activities must be primarily directed towards schools within your territory. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled “Local Advertising.”

You may contract with and provide fundraising services to schools that are physically located outside your territory, but only if: (i) the school contacts you without being solicited by you or you have a personal relationship with an administrator, teacher or PTO member at the school; and (ii) the school is not located within a territory operated by us or assigned to another franchisee. If you contract with a school outside of your territory and another franchisee subsequently purchases the territory in which the school is located, you must transition the school to the franchisee in the manner that we specify unless the franchisee consents to you continuing to service that school.

There are no other restrictions on your right to solicit customers, whether from inside or outside of your territory. To the extent that we or our affiliates are permitted to solicit or accept orders within your territory, if at all, then you will not be entitled to any compensation in connection with such sales.

Minimum Performance Requirements

We require that you meet certain minimum performance requirements, including the following:

- You must complete your onboarding training, deliver a marketing item to each qualified school in your territory, conduct a launch luncheon, attend at least 4 sales/PTA meetings within 90 days after signing the franchise agreement, and send follow up electronic communications;
- You must contract with at least 3 schools within 6 months after signing the franchise agreement;
- You must rebook at least 70% of the schools where you completed an event the prior year; and

If you fail to meet any of these requirements, we may terminate your Franchise Agreement.

In addition to the minimum performance requirements listed above, you must meet the following minimum performance requirements with respect to the Anython program.

- By the end of your 2nd year of operation you must have generated minimum royalties of \$2,500 on an aggregate basis from utilization of the Anython platform with Middle Schools or organizations;
- During each subsequent year of operation you must generate minimum royalties of \$2,500 per year from utilization of the Anython platform with Middle Schools or organizations.

If you fail to meet the minimum performance requirements listed above with respect to Anython, we may terminate your right to operate the Anython program (but we will not terminate your Franchise Agreement) and you will lose your exclusive rights with respect to Anython, meaning that we and other third parties may contract with organizations (other than schools) located within your territory for purposes of engaging in fundraising activities utilizing the Anython platform.

If you utilize good faith efforts to achieve the minimum performance requirements listed above but are unable to do so as a direct result of COVID-19, then you will not be deemed in default and we will provide you with reasonable extensions of time to meet the applicable minimum performance requirements.

Additional Territories


You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises. If we allow you to purchase additional franchises, you may be entitled to receive the discounted initial franchise fee disclosed in Item 5 for your second and subsequent territories (but only if all franchises are purchased at the same time).

Competitive Businesses Under Different Marks


Neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered by Apex franchisees. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

Our affiliate, Apex Leadership IP, LLC (“Apex IP”), owns the following service marks registered on the Principal Register with the United States Patent and Trademark Office (“USPTO”) and it intends to file all required affidavits and renewals:

Mark	Registration Number	Registration Date (Renewal Date)
APEX	4316674	April 9, 2013
APEX FUN RUN	4374895	July 30, 2013
	4374896	July 30, 2013
ANYTHON	4814008	September 15, 2015
APEX LEADERSHIP CO.	5814265	July 23, 2019
APEX	5285340	September 12, 2017
APEX	5441365	April 10, 2018

Apex IP also claims common law rights in the following trademark:

Mark	Registration Number	Registration Date (Renewal Date)
	Common Law	Common Law

Apex IP has granted us the perpetual right to use and sublicense others to use the principal Marks, as well as other Marks under a trademark license agreement with an effective date of November 23, 2021. Apex IP may terminate the trademark agreement if any misuse of these Marks materially impairs the goodwill associated with these Marks, if we violate any provision of the license agreement or we do not comply with Apex IP’s instruction concerning the quality of these Marks, or if we fail to pay Apex IP a fee upon meeting certain conditions. If the trademark agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the

sublicenses, provided that the sublicensees (franchisees) comply with all other terms of their franchise agreements. The trademark license agreement contains no other limitations.

We do not have a federal registration for our common law trademark listed above. Therefore, this trademark does not have as many legal benefits and rights as a federally registered Trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We grant you the right to operate a franchise under the name “APEX”, “APEX LEADERSHIP CO.” and logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your Apex franchise or the products or services sold at your Business. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, you must change to the new trademark at your expense (we have no obligation to reimburse you for these expenses).

You must follow our rules when using the Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the “Apex” or “Apex Leadership Co.” name relating to the sale of any product or service that is not previously authorized by us in writing.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our right to the Marks.

We will indemnify you against and reimburse you for certain amounts if you are held liable in a judicial or administrative proceeding arising out of your use of the Marks in strict compliance with the Franchise Agreement and Manual. Our indemnity will cover damages for which you are held liable, reasonable legal fees you incur in defending against the claim, and your costs to change signage and other written materials to comply with a court order. However, our indemnity and reimbursement obligation shall be limited to a maximum of \$3,000. Our indemnification obligation will only apply if you notify us of the claim or proceeding in writing in a timely manner (i.e., no later than 10 days after learning of the claim), we control the response to the claim, and you are in full compliance with the Franchise Agreement and Manual.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks. There are no agreements that materially limit our right to use or sublicense the use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents or pending patent applications are material to the franchise.

Copyrights

Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a common law copyright to these items.

Proprietary Information

During the term of your Franchise Agreement, we will allow you to use our proprietary information relating to the development, marketing and operation of an Apex franchise, including, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

Use and Protection of Copyrights and Proprietary Information

You are required to maintain the confidentiality of all of our proprietary information and use it only in strict compliance with the terms of the Franchise Agreement and the Manual. This information consists of the Manual and its systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the franchise System Standards. Also confidential are records of customers and billings, methods of advertising and promotion, instructional materials, and other matters. Much of our proprietary information is contained in the Manual. You must restrict employee access to the Manual on a need-to-know basis, and take reasonable steps to prevent unauthorized disclosure or copying of any information in any printed or computerized Manual. All of your employees, officers, directors, partners, members, independent contractors and other persons associated with you or your Business who may have access to our confidential information must sign our Confidentiality Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT “E”. You may not disclose any information contained in the Manual to anyone not employed by you relating to your Business. Similarly, you may only utilize our copyrights in strict compliance with the terms of the Franchise Agreement and the Manual. You may only utilize this intellectual property relating to the development, marketing and operation of your Business. We have the right to modify or discontinue the use of all materials used in the Apex System and you must comply with our standards for their use as modified.

You must promptly tell us when you learn about unauthorized use of our copyrights or proprietary information. We are not obligated to act, but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information.

We will indemnify you against and reimburse you for certain amounts if you are held liable in a judicial or administrative proceeding arising out of your use of our copyrighted items in strict compliance with the Franchise Agreement and Manual. Our indemnity will cover damages for which you are held liable, reasonable legal fees you incur in defending against the claim, and your costs to change signage and other written materials to comply with a court order. However, our indemnity and reimbursement obligation shall be limited to a maximum of \$3,000. Our indemnification obligation will only apply if you notify us of the claim or proceeding in writing in a timely manner (i.e., no later than 10 days after learning of the claim), we control the response to the claim and you are in full compliance with the Franchise Agreement and Manual.

There are no current material determinations of the United States Copyright Office or a court regarding our copyrights. There are no agreements that limit our right to use or sublicense the use of our copyrights or proprietary information. We are not aware of any superior rights or infringing uses of any copyright that could materially affect your use of the copyrights.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

The Franchise Agreement requires that you designate an owner who will be primarily responsible for management and supervision of the Business (the “Managing Owner”). The Managing Owner must hold at least a 25% ownership interest in the franchise. The Managing Owner must either: (i) be directly and personally involved with the operation of your Business; or (ii) supervise and manage your Team Leaders and other staff. Either the Managing Owner or a Team Leader must be actively involved with the operation of the Business on a full-time basis and provide on-site management and supervision.

Your Business must have at least one Team Leader and one Sales Professional that you designate. The Managing Owner (or another owner) may serve as a Team Leader and/or Sales Professional (if he or she has the appropriate background experience) but it is not required. Your Team Leaders and Sales Professionals do not need to have an ownership interest in the franchise.

The Managing Owner and each Team Leader and Sales Professional must attend and successfully complete all training that we require.

If you are a corporation, partnership, limited liability company, or other legal entity, you must have all your owners sign a Franchise Owner Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT “C”.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

To protect the Apex System, we must approve all goods and services that you sell or provide as part of your Business (including prizes that are given away). You must offer and provide all goods and services that we require. You may not sell or provide any goods or services that we have disapproved. We have the unrestricted right to change the goods and/or services that you are required to sell and provide as part of your Business at any time in our sole discretion, and you must comply with any such change. You must only offer the current school year’s annual theme and prizes for events and may not offer any prior year themes, prizes or create custom or local programs to the same school you served in a prior year. You may use any remaining supply of the prior year’s prizes for Fun Runs and Summer Camps at new schools that you sign. You must follow our suggestions on fundraising revenue percentage splits you charge your schools except for certain limited time offers. You must use our approved form of event agreement unless otherwise approved by us in writing. If you use an unapproved event agreement, we may adjust the Royalty based on the standard split contained in the Manual.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
Provision	Section in Franchise Agreement	Summary
(a) Length of the franchise term	Section 4.1	10 years.
(b) Renewal or extension of the term	Sections 4.1 & 4.2	If you are in good standing, you can renew the Franchise Agreement for 3 additional 10-year terms.
(c) Requirements for you to renew or extend	Sections 4.1 & 4.2	You must: not be in default; give us timely notice; sign our then-current form of franchise agreement and related documents (e.g., Franchise Owner Agreement, etc.); sign a general release (subject to state law); pay the renewal fee; upgrade your equipment to comply with our then-current standards and specifications. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
(d) Termination by you	Section 21.1	You can terminate if we breach any of the terms or conditions of the Franchise Agreement and fail to cure the breach within 60 days.
(e) Termination by us without cause	Section 21.4	We can terminate without cause if you and we mutually agree to terminate.
(f) Termination by us with cause	Sections 21.2 & 21.3	We can terminate only if you default.

THE FRANCHISE RELATIONSHIP		
Provision	Section in Franchise Agreement	Summary
(g) "Cause" defined- curable defaults	Sections 21.2 & 21.3	You have 10 days to cure any monetary default and 72 hours to cure any health or safety hazard. You have 60 days to cure any other default (other than defaults described below under "non-curable defaults").
(h) "Cause" defined-non-curable defaults	Section 21.2	The following defaults cannot be cured: failure to successfully complete training; failure to open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment of franchise (including failure to complete an event in any 6-month period); failure to complete an event for a school as contracted; failure to follow program scripts or making statements against our corporate values or mission; failure to complete required classroom time for an Apex program or deviation from required curriculum; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; material misrepresentations; improper removal of money from business, school or customer; 2nd underreporting of any amount due by at least 3%; intentional understatement of or failure to report Gross Revenues; unauthorized transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement by owner or spouse; failure to meet any minimum performance requirement; committing same default twice in 12-month period or receiving 3 default notices in any 12 month period; or termination of any other agreement between you and us or an affiliate due to your default.
(i) Your obligations on termination/ nonrenewal	Section 22	Obligations include: complete deidentification; cease use of intellectual property; return of Manuals and all branded materials; assignment of telephone numbers, listings and domain names; assignment of customer information and accounts; cancellation of fictitious names; and payment of amounts due (also see "r", below).
(j) Assignment of agreement by us	Section 20.1	No restriction on our right to assign.
(k) "Transfer" by you defined	Section 20.2 & <u>Attachment A</u> (definition of "Transfer")	Includes transfer of contract or assets, or ownership change.
(l) Our approval of transfer by you	Section 20.2, 20.3 & <u>Attachment A</u> (definition of "Transfer")	If certain conditions are met, you may transfer to a newly formed entity owned by you, or in certain instances, to an existing owner, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval.
(m) Conditions for our approval of transfer	Section 20.2	Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; and sign a new franchise agreement for the remainder of the term (or at our option, take assignment of existing franchise agreement). You must: be in compliance with Franchise Agreement; pay us the transfer fee; and sign a general release (subject to state law) and subordination agreement. We must notify you that we do not intend to exercise our right of first refusal.
(n) Our right of first refusal to acquire your business	Section 20.5	We can match any offer.
(o) Our option to purchase your business	Section 22.2	We have an option on termination or expiration of your Franchise Agreement to purchase the assets of your Business.

THE FRANCHISE RELATIONSHIP		
Provision	Section in Franchise Agreement	Summary
(p) Your death or disability	Section 20.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate manager to operate the Business prior to transfer.
(q) Non-competition covenants during the term of the franchise	Sections 15.2 & 15.3	No involvement in competing business; comply with non-solicitation and non-disclosure covenants.
(r) Non-competition covenants after the franchise is terminated or expires	Sections 15.2, 15.4 & 22.1	For 2 years after termination or expiration of your Franchise Agreement, you may not have any direct or indirect interest in any competing business within your territory or the territory of any other Apex franchisee; comply with non-solicitation and non-disclosure covenants; cease use of intellectual property.
(s) Modification of the agreement	Sections 25.3 & 25.8	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
(t) Integration/ merger clause	Section 25.8	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. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.
(u) Dispute resolution by arbitration or mediation	Section 23	All disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants (except as otherwise disclosed in <u>EXHIBIT "H"</u> to this Disclosure Document).
(v) Choice of forum	Section 23	All mediation, arbitration and litigation must take place in the county where we maintain our principal place of business (currently, Harris County, Texas) at time dispute arises (except as otherwise disclosed in <u>EXHIBIT "H"</u> to this Disclosure Document) (applicable to state law).
(w) Choice of law	Section 25.1	Texas law applies (except as otherwise disclosed in <u>EXHIBIT "H"</u> to this Disclosure Document) (applicable to state law).

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our 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.

Overview

As of June 30, 2023, we had a total of 45 franchisees in operation (these franchisees operated a total of 104 territories). The financial performance representations below contain data for all Apex franchised businesses that

provided financials to Apex and who were open and fully operating at least 12 months as of June 30, 2023, which consists of 37 franchisees. These 37 franchised businesses operated in a total of 94 territories.

Excluded from this Item 19 are 8 franchisees operating in 10 territories because they are either (i) currently inactive and not marketing in their territory (3 territories), (ii) have been operating for less than one year (3 territories), or (iii) did not provide financials (4 territories). No corporate owned or unopened franchise outlets are included in the analysis.

This Item 19 is separated into three sections. The first section reflects financial performance representations for all 37 franchisees operating in 94 territories. The second section reflects financial performance representations for the 26 franchisees operating in 83 territories that operate in multiple territories. The third section reflects financial performance representations for 11 single-territory franchisees operating in 11 territories.

The financial performance representations below include the following historical information pertaining to certain franchised Apex businesses:

- i. Territories: “Territories” refers to the number of Territories that each respective Franchisee operates in.
- ii. Gross Fundraising: “Total Fundraising” refers to the total amount of funds raised by the schools, sports teams, clubs or groups from the Apex program, including amounts retained by the schools, sports teams, clubs or groups and amounts paid to the Apex business; and
- iii. Gross Revenues: “Gross Revenues” refers to the gross amount of all of sales or other income from in connection with the operation of the franchised business. Gross Revenues includes amounts they received from the sale of goods and merchandise, promotional or otherwise, and for services performed by their Apex team, together with the amount of all fundraising receipts that are paid to them, and any business interruption insurance they received. Gross Revenues does not include any amount of sales tax collected and paid, refunds, allowances, or discounts, or fundraising receipts that are retained by the schools.
- iv. Profit (\$): “Profit (\$)” refers to Gross Revenue minus “Expenses” and before interest, taxes, depreciation, amortization, and owner’s compensation. “Expenses” for purposes of this Item 19 includes “Labor”, “Prizes”, “Overhead”, and “Royalties.”
 - a. Labor costs includes the cost of labor for event execution (team leaders and members) as well as all supporting administrative salaries, but excludes owner’s compensation.
 - b. Prize costs include event rewards (earned by students and teachers based on participation) as well as miscellaneous supplies used in event execution.
 - c. Overhead captures all back-office and administrative costs, but excludes expenses relating to the franchisee’s entity type and financing structure, as well as non-cash expenses (interest, taxes, depreciation and amortization).
 - d. Royalties are the royalty fees that each franchised business paid during the fiscal year ended June 30, 2023.
- v. Profit (%): “Profit (%)” refers to Profit (\$) as a percentage of Gross Revenue.
- vi. Top Quartile and Bottom Quartile: The top quartile and bottom quartiles are based on Profit (\$).

Section I. The below tables reflect summary results for 37 franchisees covering 94 territories as described above.

A. Consolidated Table of Summary Financial Results for the Fiscal Year Ended June 30, 2023

	Mean (37 franchisees)	Median (37 franchisees)	Maximum	Top Quartile (9 franchisees)	Bottom Quartile (9 franchisees)	Minimum
Territories	2.4	2.0	10.0	4.2	1.8	1.0
Gross Fundraise	\$1,543,311.73	\$925,334.49	\$6,772,737.68	\$3,915,720.42	\$367,991.14	\$144,730.17
Gross Revenue	\$665,929.69	\$374,265.97	\$2,775,882.52	\$1,685,281.33	\$158,071.36	\$78,005.89
Profit (\$)	\$148,503.77	\$113,512.95	\$581,686.12	\$367,511.54	\$8,614.77	(\$30,795.44)
Profit (%)	19.9%	22.5%	42.0%	22.2%	3.0%	(35.7%)

B. Count of Franchisees at or Above the Consolidated Average, Fiscal Year Ended June 30, 2023

	Average		Top Quartile		Bottom Quartile	
	Count	%	Count	%	Count	%
Territories	10	27.0%	3	33.3%	6	66.7%
Gross Fundraise	11	29.7%	5	55.6%	4	44.4%
Gross Revenue	11	29.7%	5	55.6%	3	33.3%
Profit (\$)	13	35.1%	4	44.4%	6	66.7%
Profit (%)	24	64.9%	5	55.6%	6	66.7%

Section II. The below tables reflect summary results for 26 multi-territory franchise owners (83 territories)

C. Summary Financial Results for Multi-Territory Owners, Fiscal Year Ended June 30, 2023

	Mean (26 franchisees)	Median (26 franchisees)	Maximum	Top Quartile (6 franchisees)	Bottom Quartile (6 franchisees)	Minimum
Territories	3.2	2.0	10.0	5.0	2.0	2.0
Gross Fundraise	\$1,936,565.41	\$1,135,856.88	\$6,772,737.68	\$4,755,901.78	\$435,959.77	\$223,871.00
Gross Revenue	\$831,135.84	\$459,891.92	\$2,775,882.52	\$1,987,828.24	\$183,838.44	\$86,270.03
Profit (\$)	\$169,605.57	\$116,098.33	\$581,686.12	\$427,044.12	\$10,688.25	(\$30,795.44)
Profit (%)	18.4%	21.1%	40.4%	21.7%	1.5%	(35.7%)

D. Count of Franchisees at or Above the Multi-Territory Average, Fiscal Year Ended June 30, 2023

	Average		Top Quartile		Bottom Quartile	
	Count	%	Count	%	Count	%
Territories	7	26.9%	3	50.0%	6	100.0%
Gross Fundraise	9	34.6%	3	50.0%	3	50.0%
Gross Revenue	10	38.5%	3	50.0%	2	33.3%
Profit (\$)	9	34.6%	3	50.0%	4	66.7%
Profit (%)	17	65.4%	3	50.0%	4	66.7%

Of the 26 franchisees that operate in multiple territories: (i) 16 franchisees operate in 2 territories; (ii) 3 operate in 3 territories; (iii) 3 operate in 4 territories; 2 operate in 6 territories; (iv) 1 operates in 8 territories; (v) and 1 operates in 10 territories.

Section III. The below table reflects summary results for 11 single-territory franchise owners (11 territories)

E. Summary Financial Results for Single-Territory Owners, Fiscal Year Ended June 30, 2023

	Mean (11 franchisees)	Median (11 franchisees)	Maximum	Top Quartile (3 franchisees)	Bottom Quartile (3 franchisees)	Minimum
Territories	1.0	1.0	1.0	1.0	1.0	1.0
Gross Fundraise	\$748,713.13	\$629,646.01	\$2,314,022.26	\$1,465,993.97	\$319,272.17	\$144,730.17
Gross Revenue	\$344,127.17	\$256,691.45	\$1,114,094.45	\$709,671.55	\$153,837.88	\$78,005.89
Profit (\$)	\$87,432.45	\$62,209.50	\$250,130.19	\$174,977.75	\$14,768.04	(\$15,929.70)
Profit (%)	23.4%	27.5%	42.0%	25.6%	5.9%	(20.4%)

F. Count of Franchisees at or Above the Single-Territory Average, Fiscal Year Ended June 30, 2023

	Average		Top Quartile		Bottom Quartile	
	Count	%	Count	%	Count	%
Territories	11	100.0%	3	100.0%	3	100.0%
Gross Fundraise	4	36.4%	1	33.3%	1	33.3%
Gross Revenue	4	36.4%	1	33.3%	1	33.3%
Profit (\$)	5	45.5%	1	33.3%	2	66.7%
Profit (%)	8	72.7%	2	66.7%	2	66.7%

Notes:

In making the above financial performance representation, we have relied upon financial statements prepared and sent to us by our franchisees and our affiliate. Neither we nor any independent certified public accountant has independently audited or verified the information.

Some Apex businesses have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Tony Nicholson at 9225 Katy Fwy #490, Houston, Texas 77024, 602-857-8640 or tony.nicholson@apexleadershipco.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table 1 - System-wide Outlet Summary For Years 2020/2021 to 2022/2023				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020/2021	95	100	+5
	2021/2022	100	104	+4
	2022/2023	104	104	0
Company-Owned	2020/2021	12	12	0
	2021/2022	12	9	-3
	2022/2023	9	8	-1
Total Outlets	2020/2021	107	112	+5
	2021/2022	112	113	+1
	2022/2023	113	112	-1

Table 2 - Transfers of Outlets from Franchisees to New Owners (Other than The Franchisor) For Years 2020/2021 to 2022/2023		
State	Year	Number of Transfers
Minnesota	2020/2021	0
	2021/2022	0
	2022/2023	4
Ohio	2020/2021	0
	2021/2022	2
	2022/2023	0
Texas	2020/2021	5
	2021/2022	0
	2022/2023	4
Total	2020/2021	5
	2021/2022	2
	2022/2023	8

Table 3 - Status of Franchised Outlets For Years 2020/2021 to 2022/2023								
State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Arizona	2020/2021	0	0	0	0	0	0	0
	2021/2022	0	0	0	0	0	0	0
	2022/2023	0	2	0	0	0	0	2
California	2020/2021	26	0	0	0	0	0	26
	2021/2022	26	0	0	0	0	0	26
	2022/2023	26	0	0	0	0	0	26
Colorado	2020/2021	5	0	0	0	0	0	5
	2021/2022	5	0	0	0	0	0	5
	2022/2023	5	0	0	0	0	0	5
Connecticut	2020/2021	3	0	0	0	0	0	3
	2021/2022	3	0	0	0	0	0	3
	2022/2023	3	0	0	0	0	1	2
Florida	2020/2021	4	0	0	0	0	0	4
	2021/2022	4	0	0	0	0	0	4
	2022/2023	4	0	0	0	0	0	4

**Table 3 - Status of Franchised Outlets
For Years 2020/2021 to 2022/2023**

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Georgia	2020/2021	2	0	0	0	0	0	2
	2021/2022	2	0	0	0	0	0	2
	2022/2023	2	0	0	0	0	0	2
Illinois	2020/2021	4	0	0	0	0	0	4
	2021/2022	4	0	0	0	0	0	4
	2022/2023	4	1	0	0	0	1	4
Indiana	2020/2021	1	0	0	0	0	0	1
	2021/2022	1	0	0	0	0	0	1
	2022/2023	1	0	0	0	0	1	0
Kansas	2020/2021	1	0	0	0	0	0	1
	2021/2022	1	0	0	0	0	0	1
	2022/2023	1	0	0	0	0	0	1
Kentucky	2020/2021	1	0	0	0	0	0	1
	2021/2022	1	0	0	0	0	0	1
	2022/2023	1	0	0	0	0	0	1
Louisiana	2020/2021	0	1	0	0	0	0	1
	2021/2022	1	0	0	0	0	0	1
	2022/2023	1	0	0	0	0	0	1
Maryland	2020/2021	0	0	0	0	0	0	0
	2021/2022	0	0	0	0	0	0	0
	2022/2023	0	1	0	0	0	0	1
Michigan	2020/2021	0	1	0	0	0	0	1
	2021/2022	1	0	0	0	0	0	1
	2022/2023	1	0	0	0	0	0	1
Minnesota	2020/2021	4	0	0	0	0	0	4
	2021/2022	4	0	0	0	0	0	4
	2022/2023	4	0	0	0	0	0	4
Missouri	2020/2021	2	0	0	0	0	0	2
	2021/2022	2	0	0	0	0	0	2
	2022/2023	2	2	1	0	0	0	3
Nevada	2020/2021	2	0	0	0	0	0	2
	2021/2022	2	0	0	0	0	0	2
	2022/2023	2	0	0	0	0	0	2
New Jersey	2020/2021	5	0	0	0	0	0	5
	2021/2022	5	0	0	0	0	0	5
	2022/2023	5	0	0	0	0	2	3
New York	2020/2021	1	0	0	0	0	0	1
	2021/2022	1	0	0	0	0	0	1
	2022/2023	1	0	0	0	0	0	1
North Carolina	2020/2021	5	1	0	0	0	0	6
	2021/2022	6	0	0	0	0	0	6
	2022/2023	6	0	0	0	0	0	6
Ohio	2020/2021	2	0	0	0	0	0	2
	2021/2022	2	0	0	0	0	0	2
	2022/2023	2	0	0	0	0	0	2
Oregon	2020/2021	1	0	0	0	0	0	1
	2021/2022	1	0	0	0	0	0	1
	2022/2023	1	1	0	0	0	0	2

**Table 3 - Status of Franchised Outlets
For Years 2020/2021 to 2022/2023**

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Pennsylvania	2020/2021	1	1	0	0	0	0	2
	2021/2022	2	0	0	0	0	0	2
	2022/2023	2	0	0	0	0	0	2
Tennessee	2020/2021	3	1	0	0	0	0	4
	2021/2022	4	0	0	0	0	0	4
	2022/2023	4	0	0	0	0	1	3
Texas	2020/2021	16	0	0	0	0	0	16
	2021/2022	16	1	0	0	0	0	17
	2022/2023	17	0	0	0	0	0	17
Utah	2020/2021	1	0	0	0	0	0	1
	2021/2022	1	0	0	0	0	0	1
	2022/2023	1	0	0	0	0	0	1
Virginia	2020/2021	2	0	0	0	0	0	2
	2021/2022	2	0	0	0	0	0	2
	2022/2023	2	0	0	0	0	1	1
Washington	2020/2021	1	0	0	0	0	0	1
	2021/2022	1	0	0	0	0	0	4*
	2022/2023	4*	1	0	0	0	0	5
Wisconsin	2020/2021	2	0	0	0	0	0	2
	2021/2022	2	0	0	0	0	0	2
	2022/2023	2	0	0	0	0	0	2
Total	2020/2021	95	5	0	0	0	0	100
	2021/2022	100	1	0	0	0	0	104*
	2022/2023	104	8	1	0	0	7	104

*Our predecessor's owner and a partner owned three territories in Washington under a franchise agreement, but it was previously recorded as a company-outlet. The partner subsequently bought out our predecessor's owner during the 2021-2022 fiscal year. Therefore, it is now reflected as a franchised outlet in Table 3, even though it was not sold by the company to a franchisee, nor is it a territory that "opened" in the fiscal year.

Table 4 - Status of Company-Owned Outlets For Years 2020/2021 TO 2022/2023

State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Re-Acquired From Franchisees	Outlets Closed	Outlets Sold To Franchisees	Outlets At End Of Year
Arizona	2020/2021	8	0	0	0	0	8
	2021/2022	8	0	0	0	0	8
	2022/2023	8	0	0	0	1	7
Virginia	2020/2021	1	0	0	0	0	1
	2021/2022	1	0	0	0	0	1
	2022/2023	1	0	0	0	0	1
Washington	2020/2021	3	0	0	0	0	3
	2021/2022	3	0	0	0	0	0*
	2022/2023	0	0	0	0	0	0
Total	2020/2021	12	0	0	0	0	12
	2021/2022	12	0	0	0	0	9*
	2022/2023	9	0	0	0	1	8

*Our predecessor's owner and a partner owned three territories in Washington under a franchise agreement, but it was previously recorded in Item 20 as a company-outlet. The partner subsequently bought out our predecessor's owner during the 2021-2022 fiscal year. Therefore, it is now reflected as a franchised outlet in Table 3, even though it was not sold by the company to a franchisee.

TABLE 5 - PROJECTED OPENINGS AS OF JUNE 30, 2023

State	Franchise Agreements Signed But Outlets Not Open as of 6/30/23	Projected New Franchised Outlets In 2023/2024	Projected New Company-Owned Outlets In 2023/2024
Arizona	1	0	0
New Jersey	1	0	0
Ohio	2	0	0
Virginia	2	0	0
Total	6	0	0

Notes to Tables:

1. Our fiscal year ends on June 30th. All references to years in these tables refer to June 30th of that year.
2. One of our franchisees resides in Illinois and operates a territory that is located in both Illinois and Missouri. This franchisee's territory is included in Table 3 as an Illinois outlet.
3. Our franchisee in Arizona owned and operated all 8 outlets. The franchisee developed a serious medical condition that resulted in filing for bankruptcy. We purchased the assets out of bankruptcy and began operating them as corporate outlets.
4. We reacquired a territory in Virginia from a franchisee in the 2018/2019 fiscal year. However, we are currently allowing another franchisee to operate the territory even though the territory is owned by us. We anticipate reselling this territory to a franchisee in the future.
5. Some of our franchisees operate multiple territories. For purposes of the Item 20 tables, each separate territory is listed as a separate outlet, even though multiple territories can be operated by a single franchisee.
6. Certain franchisees in California and Nevada operate a partial territory in addition to a full territory. For purposes of the Item 20 tables, each of these partial territories are combined with the full territory and reported as a single territory.

A list of all current Apex franchisees is attached to this Disclosure Document as EXHIBIT "D" (Part A), including their names and the addresses and telephone numbers of their outlets as of June 30, 2023. In addition, (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with our Predecessor. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you. There are no (i) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (ii) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Our audited financial statements for the period from November 15, 2021 (inception) through June 30, 2022, and for the fiscal period ended June 30, 2023, are attached to this Disclosure Document as EXHIBIT "B". The

franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years.

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT “A”	Franchise Agreement
EXHIBIT “E”	Franchisee Disclosure Questionnaire
EXHIBIT “F”	General Release

Exhibits to Franchise Agreement

ATTACHMENT “C”	Franchise Owner Agreement
ATTACHMENT “D”	ACH Authorization Form
ATTACHMENT “E”	Confidentiality Agreement

ITEM 23 RECEIPTS

EXHIBIT “J” to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT “A”
TO DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

[See Attached]



APEX FRANCHISE AGREEMENT

FRANCHISEE: _____

DATE: _____

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ATTACHMENTS

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ATTACHMENT “E”	Confidentiality Agreement

APEX FRANCHISE AGREEMENT

This Apex Franchise Agreement (this "Agreement") is entered into as of _____, 20____ (the "Effective Date") between Apex Leadership Franchising, LLC, a Delaware limited liability company ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement are defined either in the body of this Agreement or in ATTACHMENT "A". For capitalized terms that are defined in the body of this Agreement, ATTACHMENT "A" lists the Sections of this Agreement in which such terms are defined.

2. GRANT OF FRANCHISE. We hereby grant you a license to own and operate an Apex franchise (your "Business") using our Intellectual Property. As an Apex franchisee, you will establish and operate a business that provides a fundraising solution for schools, sports teams, clubs and other groups while developing students into leaders utilizing a proprietary two-week curriculum that includes health, fitness and leadership training. You will develop one or more Apex teams that will provide the leadership training at the schools and conduct the fun runs and related events. You will operate your Business within, and contract with schools located within, the geographic area identified in ATTACHMENT "B" (your "Territory"). You may contract with and provide fundraising services to schools that are physically located outside your Territory ("Extraterritorial Sales"), but only if: (i) the school contacts you without being solicited by you or you have a personal relationship with an administrator, teacher or PTO member at the school; and (ii) the school is not located within a territory operated by us or assigned to another franchisee. If you contract with a school outside of your Territory and another franchisee subsequently purchases the territory in which the school is located, you must transition the school to the franchisee in the manner that we specify unless the franchisee consents to you continuing to service that school. We reserve all rights not expressly granted to you. You may also provide fundraising utilizing the Anython platform to organizations (other than schools) that are located outside of your Territory.

3. TERRITORIAL RIGHTS AND LIMITATIONS. Your Territory will be exclusive, meaning that no person other than you will be authorized to contract with: (i) schools that are located in your Territory for purposes of conducting an Apex; or (ii) organizations that are located in your Territory for purposes of engaging in fundraising utilizing the Anython platform.

4. TERM AND RENEWAL

4.1. Generally. The term of this Agreement will begin on the Effective Date and expire ten (10) years thereafter (the "Term"). If this Agreement is the initial franchise agreement for your Business, you may enter into a successor franchise agreement (each, a "Successor Agreement") for three (3) additional terms of ten (10) years each, provided you meet the conditions for renewal specified below in each instance. The Successor Agreement shall be the current form of franchise agreement that we use in granting Apex franchises as of the expiration of the Term or renewal term, as applicable. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 360 days before the expiration of the Term or renewal term, as applicable; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) sign the Successor

Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) pay us a \$5,000 renewal fee; (vi) upgrade all of your equipment and supplies to comply with our then-current standards and specifications; and (vii) take any additional action that we reasonably require.

4.3. Interim Term. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the “Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

Except as otherwise permitted by this Section 4, you have no right to continue to operate your Business following the expiration of the Term.

5. TRAINING AND ANNUAL CONVENTION

5.1. Initial Training Program. Your Managing Owner must attend and successfully complete our initial training program, including: (i) approximately three (3) to four (4) days of remotely conducted training to teach you how to solicit and contract with schools and other groups; and (ii) further training and coaching during the lead up to your first program. The Managing Owner must complete the remotely conducted training within 30 days after the Effective Date and prior to contacting and marketing the Apex program to schools and other groups. Your Sales Professional must successfully complete our marketing/sales techniques training program prior to contacting and marketing the Apex program to schools and other groups. Each Team Leader must successfully complete our initial training program before he or she may serve a school.

5.2. Coaching Program. We will administer a coaching program to assist you with the development and launch of your Business. Pursuant to the program, a consultant will visit your Territory or send you to an existing Territory at least two (2) times within the first few months after you sign the Franchise Agreement. However, we may postpone these visits to a later date if COVID-19 related restrictions prevent travel or require schools to be closed in your Territory. The consultant will either be an existing franchisee who has demonstrated competence and a solid understanding of our System or a representative of ours. We may adjust the number of visits and time period during which they take place in our reasonable discretion. The consultant will help you launch your sales efforts through drop byes, launch lunches or sales meetings in an effort to get your first schools signed quickly. During each visit, the consultant will provide support for meetings you have scheduled with decision makers at a minimum of three (3) schools in your Territory. You must have at least three (3) confirmed meetings scheduled before each visit by the consultant. If we determine that a third (3rd) visit is needed (or you request a (3rd) visit), then we will send the consultant but you must set up a minimum of three (3) sales meetings for the day of the third (3rd) visit. If you require additional local sales support (or if the consultant visits for a third (3rd) meeting but you fail to book at least three (3) sales meetings), then you must also pay us in advance: (i) the standard additional support fee (\$500/day); and (ii) all travel expenses of the consultant (flights, hotel, meals, transportation). If you inform us that you have booked at least three (3) sales meetings for a third (3rd) visit, but less than three (3) sales meetings are actually held during the visit (i.e., due to cancellation by you or the school(s)), then we may charge you the additional support fee and expense reimbursement unless you can demonstrate to our satisfaction that: (i) you had in fact booked at least 3 sales meetings for the day of the visit; (ii) the cancellation(s) were initiated by the school(s) and not due to anything within

your control; and (iii) you were made aware of the cancellation(s) no more than 2 days prior to the scheduled visit.

5.3. Weekly Company Calls. At no additional charge, we will conduct periodic training via conference calls. Your participation on these calls is mandatory.

5.4. Initial Training For New Owners/Team Leaders/Sales Professionals. If you appoint a new Managing Owner or hire a new Team Leader or Sales Professional after we conduct our pre-opening initial training program, the new Managing Owner, Team Leader or Sales Professional, as applicable, must promptly attend and successfully complete our then-current initial training program prior to working with a school (utilizing untrained Team Leaders is a material default under this Agreement). New Team Leaders must be trained by a certified trainer.

5.5. Periodic Training. We may offer periodic refresher or additional training courses for your Managing Owner, Sales Professional and Team Leaders. We may require that training be conducted at a location that we designate. We will have an annual training program to roll out the new year's theme, prizes and curriculum. Currently, we also conduct an annual refresher training program via webinar and checklists that must be attended. Attendance at our periodic training programs is mandatory.

5.6. Additional Training Upon Request. Upon your written request, we may provide additional assistance or training to you at a mutually convenient time.

5.7. Remedial Training. If we conduct an inspection or evaluation of your Business and determine that you are not operating your Business in compliance with this Agreement and/or the Manual, we may, at our option, require that your Managing Owner and Team Leaders attend remedial training that is relevant to your operational deficiencies.

5.8. Online Training Platform. With the exception of (i) the initial training program we conduct before you open and (ii) the initial training program that we provide to any new Managing Owner that you appoint after opening, we may require that you provide initial and/or ongoing training for your Team Leaders, Sales Professionals and other employees utilizing our online library of training modules that we make available to you. The online training program includes tests that each trainee must pass before he or she will be deemed to have successfully completed the training program. We do not anticipate offering an online version of the annual training to roll out the new year's theme, prizes and curriculum.

5.9. Conferences. We may hold periodic national or regional conferences, as well as an annual convention, to discuss various business issues and operational and general business concerns affecting Apex franchisees. Attendance at these conferences is mandatory for the franchisee and employees we designated.

5.10. Training Fees and Expenses. Upon execution of this Agreement, you agree to pay us a nonrefundable \$10,000 initial training fee. You must pay us a training/support fee of up to \$500 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners or Team Leaders), including initial training conducted by a certified trainer; (ii) any person who must retake initial training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; (iv) each person to whom we provide additional training that you request; (v) each person who attends any system-wide or additional training that we conduct; (vi) providing training for the roll out of the new year's theme, prizes and curriculum (however, this training will not exceed \$500 per person total); and (vii) for any specialized support that you request beyond what we are required to provide under this Agreement. We may charge you the same training fee regardless of whether the training is conducted by us or is conducted by you utilizing our online training platform. We may charge you a conference registration fee of up to \$300 per

conference or convention. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs that your trainees incur for training or attending conferences/conventions, including wages, travel and living expenses. All training fees and expense reimbursements are due 10 days after invoicing.

6. OTHER FRANCHISOR ASSISTANCE

6.1. Manual. During the Term, we will lend you or provide you with electronic access to our confidential Operating Manual and Operations Standards Manual (collectively, the “Manual”). The Manual will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. Event Theme. On an annual basis, we will provide you with the Event Theme that we develop for the current school year that may be used in advertising. The theme and prizes are only for the current school year and may not be used in any subsequent school year. We will develop a new theme, curriculum and prizes each year for you, which helps you rebook schools.

6.3. Inventory. You will purchase your entire supply of inventory items (such as prizes, teacher packages, t-shirts worn by students during Apex events, etc.) exclusively from the supplier that we designate (which may be us or an affiliate of ours). You will be required to purchase the minimum supply of inventory we specify based upon the size and type of Apex event you conduct.

6.4. Event Consultation. We may, but need not, send a representative to your Territory to provide up to two (2) days of on-site consultation during one of your first events (Pep rally or Teacher huddle or Theme day or Race day).

6.5. Administrative Support. Our support personnel will provide you with a variety of administrative services, including answering all email inquiries sent to our website to ensure timely responses, consistent messaging and accurate information (rather than forwarding the emails to you to respond to), assisting with uploading of new employee data, obtaining employee background checks and such other tasks that we reasonably determine from time to time. In consideration of these services, you agree to pay us an administrative support fee for each school that you contract with. The amount of the administrative support fee is \$75 per contracted school per year. The administrative support fee is due the month in which you are scheduled to conduct the Apex program at the school.

6.6. General Guidance. We will provide periodic guidance and recommendations on ways to improve the marketing and/or operation of your Business, including in the areas of: (i) methods of signing schools; (ii) training your employees; (iii) advertising and promotional programs; and (iv) administrative, bookkeeping, accounting, and general operating procedures. We may provide our assistance in the Manual, live consultation or in any other manner we deem appropriate.

6.7. Purchase Agreements. We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, we will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

7. ESTABLISHING YOUR APEX BUSINESS

7.1. Equipment. Prior to opening, we will arrange with a third party supplier to provide you with the branded equipment, supplies and other materials necessary to conduct your events. You must purchase this equipment from the supplier we designate (which may be us or an affiliate of ours). You must also purchase, lease or rent (on a temporary basis) a vehicle to travel to schools and Apex events. You must have a tow package to enable you to tow your trailer to Apex events. Your trailer must meet our standards and specifications and be upfitted with our required wrap (i.e., branded decals). You will use the trailer to transport prizes, equipment and other supplies to schools and Apex events. You must also purchase or lease all other equipment and supplies that we designate for purposes of operating your Business.

7.2. Storage Space. You may wish to obtain storage space to store your supply of prizes, inventory and other equipment. Your storage space may be in your home or you may rent commercial storage space.

7.3. Opening. You must begin contacting and marketing the Apex program to schools in your Territory within 90 days after the Effective Date. However, we will grant you a reasonable extension if your inability to meet the 90-day deadline is a direct result of COVID-19. The minimum standards that constitute opening your Business include delivering a marketing item to each qualified school in your Territory, conducting a launch luncheon, attending four (4) sales/PTA meetings, completing the Apex training/onboarding process, and send follow up electronic communications. You may not conduct your first Apex event before: (i) successful completion of the initial training program by your Managing Owner, Team Leaders (who will participate in the event) and Sales Professional; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; (iv) you purchase, lease or rent all required equipment, inventory and operating supplies. BY VIRTUE OF OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

8. MANAGEMENT AND STAFFING.

8.1. Owner Participation. At least one of your individual owners must serve as your Managing Owner. Your Managing Owner must either: (i) be directly and personally involved with the operation of your Business; or (ii) supervise and manage your Team Leaders and other staff. Either the Managing Owner or a Team Leader must be actively involved in the operation of the Business on a full-time basis and provide on-site management and supervision. Any new Managing Owner that we approve must successfully complete the initial training program.

8.2. Team Leaders. You must designate at least one (1) individual to serve as a “Team Leader” who will be responsible for directing and supervising your staff, conducting Apex events and otherwise managing and supervising your Business. You must hire or contract with a third party to serve as a Team Leader. Your Team Leader must complete all training that we require. The Managing Owner must assume responsibility for the daily on-site management and supervision of your Business if the Team Leader is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement Team Leader. Should you expand beyond a single team, all members of any additional team are required to pay us a one-time training module fee of \$75 per user.

8.3. Sales Professional. You must designate at least one (1) individual to serve as your “Sales Professional” who will be responsible for marketing your Business to schools. Your Sales Professional must complete all training that we require. Your Managing Owner or Team Leader may serve as your Sales Professional or you may hire or contract with a third party to serve as your Sales Professional.

8.4. Employees. You must hire, train, and supervise honest, reliable, competent and courteous employees for the operation of your Business. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. You must ensure that a sufficient number of trained employees are available to meet the operational standards and requirements of your Business at all times. You must ensure that your employees perform their duties in compliance with the terms of the Manual and any other materials applicable to employees that we communicate to you. You may give your employees only the minimum amount of information and material from the Manual that is necessary to enable them to perform their assigned tasks. You must ensure that your employees do not make or retain any copies of the Manual or any portion of the Manual. We do not control the day to day activities of your employees or the manner in which they perform their assigned tasks. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. You must require that your employees review and sign any acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer.

8.5. Interim Manager. We have the right, but not the obligation, to designate an individual of our choosing (an "Interim Manager") to manage your Business if either: (i) your Managing Owner ceases to perform the responsibilities of a Managing Owner (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Managing Owner within 30 days; or (ii) you are in material breach. The Interim Manager will cease to manage your Business at such time that you hire an adequate replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to pay us (in addition to the royalty fee) an additional 3% of Gross Revenues generated by the Business while under the management of an Interim Manager. The Interim Manager will have no liability to you except for gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

9. FRANCHISEE AS ENTITY. If you are an Entity, you agree to provide us with a list of all of your Owners. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

10. FRANCHISE OWNER AGREEMENT. If you are an Entity, all Owners (whether direct or indirect) and their spouses must sign a Franchise Owner Agreement, the current form of which is attached as ATTACHMENT "C".

11. ADVERTISING & MARKETING.

11.1. Your Marketing Activities.

(a) Generally. Although you are encouraged to engage in local advertising, you are not required to spend any minimum amount on local advertising to promote your Business. With our assistance, you may develop and implement a grand opening promotion to introduce your Business within your Territory within 120 days after you begin operating your Business.

(b) Standards for Advertising. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with

all federal, state and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others.

(c) Approval of Advertising. Before you use them, we must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved and you modify). We will be deemed to have approved the materials if we fail to issue our disapproval within 30 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove) and you must cease use of any such materials within three (3) days after notification from us.

(d) Internet and Websites. You may market your Business through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services. At this time, we do not allow our franchisees to maintain their own websites or market their Apex businesses on the Internet (other than through approved social media outlets). Accordingly, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your Business. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to this Agreement that will govern your ability to maintain a website and/or market on the Internet. The Apex program is currently administered through our website, which has been designed, hosted and maintained by a third party supplier. You understand that, from time to time, events outside of our control may cause errors in functionality of the website or may cause the website to cease to perform altogether. You hereby waive any and all claims against us for any damages caused by problems associated with our website.

11.2. Marketing Assistance From Us. We will provide you with marketing techniques and strategies in the Manual and during initial training. We will also create and make available to you advertising and marketing materials for you to utilize. You must arrange for printing the materials and paying all printing costs. Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase.

11.3. Marketing Fund. If we establish a marketing and promotional fund (the “Marketing Fund” or “Fund”), then upon 30 days’ written notice, you must pay us for deposit in the Fund our then-current weekly marketing fee (the “Marketing Fee”). We may adjust the amount of the then-current Marketing Fee following thirty (30) days’ written notice to you, provided that the Marketing Fee will not exceed 2% of Gross Revenues. The Marketing Fee is due and payable in the same manner as the Royalty Fee. We will place all Marketing Fees we receive in the Marketing Fund and will manage such Fund. We also will contribute to the Marketing Fund for each Apex Fun Run business that we operate in the United States at the same percentage rate as a majority of Apex Fun Run businesses must pay to the Marketing Fund. Reasonable disbursements from the Marketing Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System, including the cost of formulating, developing and implementing advertising, marketing, promotional and public relations campaigns; and the reasonable costs of administering the Marketing Fund, including the cost of employing advertising, public relations and other third party agencies to assist us in providing promotional brochures and advertising materials to Apex businesses and to regional and local advertising cooperatives, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Marketing Fund. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Marketing Fund. We cannot ensure that you will benefit directly or on a pro rata basis from the future placement of any such advertising in your local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of Apex businesses to the Marketing Fund in that year. We may have the Marketing Fund borrow from us or other lenders to cover any Marketing

Fund deficits. We may, through the Marketing Fund, furnish you with approved local marketing plans and materials on the same terms and conditions as plans and materials we furnish to other Apex businesses. We will determine the methods of advertising, media employed and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Upon written request, we will provide you an annual unaudited statement of the receipts and disbursements of the Marketing Fund for the most recent calendar year.

12. OPERATING STANDARDS.

12.1. Generally. You agree to operate your Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Agreement and the Manual. Our system standards (which may be set forth in the Manual) may regulate a variety of aspects of your Business, including: event design, layout, décor and appearance; types, models and brands of prizes, signs, materials and supplies; scripts used for pep rallies; curriculum for leadership training in classrooms; standards for reporting results of runs; standards and practices for communications with parents, teachers and school administrators; cooperation with and participation in sales, marketing, advertising and promotional programs and materials and media used in those programs; staffing levels for your Business and matters relating to managing the Business; qualifications, training, dress, mandatory uniforms and appearance of Team Leaders and employees; days and hours of operation; bookkeeping, accounting, data processing and record keeping systems; computer hardware and software; connections to the internet or to proprietary networks; forms, methods, formats, content and frequency of reports of Gross Revenues, financial performance and condition; adherence to the Manual or written directions; and furnishing tax returns and other operating and financial information to us; or regulation of any other aspect of the operation and maintenance of the Business that we deem appropriate.

12.2. Operating Manual. You agree to establish and operate your Business in accordance with the Manual. The Manual may contain, among other things: (i) a description of the authorized goods and services that you may offer at your Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Apex franchisees; (iii) system standards; (iv) mandatory reporting and insurance requirements; and (v) a written list of goods and services (or specifications for goods and services) you must purchase for the development and operation of your Business and a list of any designated or approved suppliers for these goods or services. We can modify the Manual at any time. The modifications will become binding 30 days after we send you notice of the modification. All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

12.3. Authorized Goods and Services. You agree to offer or use all goods, services and prizes that we require from time to time in our commercially reasonable discretion. The currently authorized programs include Apex Live, Apex Flex, Anython and Middle School Programs. You may not offer or provide any other goods or services (including prizes that are given away) without our prior written permission. You may not use your Business or permit your Business to be used for any purpose other than offering the goods and services that we authorize. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of the franchise or this Agreement. You must only offer the current school year's annual theme and prizes for events. You may not offer any prior year's themes, prizes or create custom or local programs. Upon our request, you agree to participate at your expense in any market research and test-marketing programs that we specify, including promoting and using test-market products and providing us with related reports and information. Currently, we allow you to refer groups, clubs and other organizations to Anython, which is an online fundraising platform, and receive commissions from revenues generated from such referrals. You may not refer any school to Anython that is located in the territory of another Apex business. The details of the

Anython referral program (and the policies for participation in the program by franchisees and commissions paid) may be set forth in the Manual and changed by us from time to time. We may terminate the Anython referral program at any time.

12.4. Pricing. We may periodically offer suggestions to you regarding the fundraising revenue percentage splits you charge the schools. You are required to follow our suggestions on fundraising revenue percentage splits, except for certain limited time offers, which must be approved in writing by us. You may not charge more than the percentage splits we specify. You must use our approved form of event agreement unless otherwise approved by us in writing. If you use an unapproved event agreement, we may adjust the Royalty based on the standard split contained in the Manual.

12.5. Payment Processing System. We may require that you have each school open a payment processing account, using the specific vendor and system that we specify, to allow the school to collect pledges through credit card payments, which improves percentage and timeliness of collections.

12.6. Suppliers and Purchasing. You agree to purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you agree to purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate). You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of Apex businesses, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based upon franchisee purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If you want us to approve a supplier that you propose, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information that we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 30-day period.

12.7. Equipment Maintenance and Changes. You agree to maintain all of your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System and you agree to comply with any such required change within the time period that we reasonably prescribe.

12.8. Software and Technology. You must purchase and use all hardware, software and technology that we specify (the "Computer System"). We may change the software or technology that you must use at any time. We may also develop proprietary software or technology that must be used by Apex franchisees. If this occurs, you agree to enter into a license agreement with us (or an affiliate of ours) and pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. The terms of the license agreement will govern the terms pursuant to which you may utilize this software or technology. We also reserve the right to enter into a master software or technology license agreement with a third party licensor and then sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We also may access financial information and customer data produced by or otherwise located on your Computer System (collectively the "Customer Data"). During the Term, we and you will have joint ownership of the Customer Data that is stored on the Computer System, although you will be responsible for obtaining all customer consents necessary to allow us to use the Customer Data for various purposes as we may identify. We will

periodically establish policies respecting the Customer Data. You must comply with all laws and regulations relating to privacy and data protection, and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us immediately of any suspected data breach at or in connection with the Business.

12.9. Complaints. If you receive a complaint from a school, teacher, parent, student or other person in connection with your Business, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks. You must promptly notify us in writing of all such complaints.

12.10. Surveys. To ensure you are complying with this Agreement and servicing clients in a manner that reflects favorably upon our Marks, you must provide each school you service with the client survey that we specify from time to time and you must send us copies of all completed surveys. If we notice any deficiency in your operations based upon our assessment of the surveys, you agree to take all action we reasonably require to correct such deficiency.

12.11. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our standards or operating procedures and you fail to correct the non-compliance within the period of time that we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to \$500 per occurrence.

13. MINIMUM PERFORMANCE REQUIREMENTS. You are required to meet the following minimum performance requirements: (i) complete your onboarding training, deliver a marketing item to each qualified school in your Territory, conduct a launch luncheon, attend at least four (4) sales/PTA meetings within 90 days after the Effective Date, and send follow up electronic communications; (ii) contract with at least three (3) schools within the first six (6) months after the Effective Date; (iii) you must rebook at least 70% of the schools where you completed an Apex event the prior year; and (iv) you must generate and pay us minimum royalties in the amount of: (a) \$9,000 per year during your first year of operation (first 12 months after signing the franchise agreement); and (b) \$18,000 during each subsequent year of operation for the remainder of the Term. Your failure to comply with any of these requirements constitutes an event of default under this Agreement, in which case we have the right to terminate this Agreement.

In addition to the minimum performance requirements listed above, you must meet the following minimum performance requirements with respect to the Anython program: (i) by the end of your second (2nd) year of operation you must have generated minimum royalties of \$2,500, on an aggregate basis, from utilization of the Anython platform with Middle Schools or organizations; and (ii) during each subsequent year of operation you must generate minimum royalties of \$2,500 per year from utilization of the Anython platform with Middle Schools or organizations. If you fail to meet the minimum performance requirements listed above with respect to Anython, we may terminate your right to operate the Anython program (but we will not terminate your Franchise Agreement) and you will lose your exclusive rights with respect to Anython, meaning that we and other third parties may contract with organizations (other than schools) located within your Territory for purposes of engaging in fundraising activities utilizing the Anython platform.

If you utilize good faith efforts to achieve the minimum performance requirements listed above but are unable to do so as a direct result of COVID-19, then you will not be deemed in default and we will provide you with reasonable extensions of time to meet the applicable minimum performance requirements.

14. FEES

14.1. Initial Franchise Fee. You agree to pay us a \$49,500 initial franchise fee in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed.

14.2. Royalty Fee. On the day of each week that we specify (currently Friday), you agree to pay us a royalty fee equal to (a) 8% of your Gross Revenues (excluding Anython Revenues) generated from your Territory *plus* (b) 16% of your Gross Revenues (excluding Anython Revenues) generated from Extraterritorial Sales. The foregoing royalties are exclusive of any revenues from the Anython program. In addition to the royalty fee described above, you agree to pay us on the day of each week that we specify (currently Friday), a royalty fee equal to (a) 6% of all dollars raised utilizing the Anython platform for organizations within your Territory *plus* (b) 12% of all dollars raised utilizing the Anython platform for organizations located outside your Territory. If you fail to report your Gross Revenues in a timely manner, we may debit your Account for assumed royalty fees equal to the highest weekly royalty fee reported during the preceding 52-week period. Once actual Gross Revenues are reported: (i) any deficiency in the royalty fee charged for that week will be due and payable immediately together with interest and a late fee; or (ii) any overpayment in the royalty fee charged for that week will be credited against your next royalty payment owed (without interest).

14.3. Marketing Fee. As further described in Section 12 above, if a Marketing Fund is established, then upon thirty (30) days' written notice to you, you will pay us our then-current weekly Marketing Fee. We may adjust the amount of the then-current Marketing Fee following thirty (30) days' written notice to you, provided that it will not exceed 2% of Gross Revenues. We will deposit the Marketing Fee into the Marketing Fund described in Section 12 above. The Marketing Fee is due and payable at the same time and in the same manner as the Royalty Fee.

14.5. Technology Fee. Upon thirty (30) days' written notice, you must pay us our then-current technology fee ("Technology Fee"), which we may use for developing, researching, operating, maintaining, implementing, modifying, and/or upgrading any technology used in connection with the System as we deem appropriate in our sole discretion.

14.7. Other Fees and Payments. You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this [Section 14](#). You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon goods or services that you sell or based upon goods or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

14.8. Late Fee. If any sums due under this Agreement have not been received by us when due (or there are insufficient funds in your Account to cover any sums owed to us when due) then, in addition to those sums, you must pay us interest on the amounts past due at the rate equal to the lesser of 18% per annum (pro-rated on a daily basis), or the highest rate permitted by your State's law. If no due date has been specified by us, then interest begins to run 10 days after we bill you. We will not impose a late fee for any amounts paid pursuant to [Section 14.9](#) if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payments at the time the payments became due and payable. However, we may impose a late fee for any amounts that we are unable to reasonably determine due to your failure to furnish us with a report required by [Section 16.3](#) within the required period of time or record sales in a timely manner, in which case we may assess a late fee on the entire amount that was due and payable. In addition to interest, we may charge an administrative late fee of \$100 for each late royalty payment. You acknowledge that this [Section 14.8](#) shall not constitute our agreement to accept the late payments after same are due, or a commitment by us to extend credit to or otherwise finance the operation of your Business.

14.9. Method of Payment. You must complete and send us an ACH Authorization Form allowing us to electronically debit a banking account that you designate (your “Account”) for: (i) all fees payable to us pursuant to this Agreement (other than the initial franchise fee); and (ii) any amounts that you owe to us or any of our affiliates for the purchase of goods or services. We will debit your Account for these payments on or after the due date. Our current form of ACH Authorization Form is attached to this Agreement as ATTACHMENT “D”. You must sign and deliver to us any other documents that we or your bank may require to authorize us to debit your Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Business. You must make sufficient funds available for withdrawal by electronic transfer before each due date. If there are insufficient funds in your Account to cover all amounts that you owe, any excess amounts that you owe will be payable upon demand, together with any late charge imposed pursuant to Section 14.8. We may also charge you an additional \$50 NSF fee for each electronic debit or returned check that is not honored due to insufficient funds.

14.10. Application of Payments. We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.

15. BRAND PROTECTION COVENANTS.

15.1. Reason for Covenants. You acknowledge that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, the Owners or persons associated with you or the Owners (including family members) could seriously jeopardize the entire franchise system because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our franchise system.

15.2. Our Know-how. You and the Owners agree: (i) neither you nor any Owner will use the Know-how in any business or capacity other than the operation of your Business pursuant to this Agreement; (ii) you and the Owners will maintain the confidentiality of the Know-how at all times; (iii) neither you nor any Owner will make unauthorized copies of documents containing any Know-how; (iv) you and the Owners will take all reasonable steps that we require from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you and the Owners will stop using the Know-how immediately upon the expiration, termination or Transfer of this Agreement, and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement will stop using the Know-how immediately at the time he or she ceases to be an Owner.

15.3. Unfair Competition During Term. You and your Owners agree not to unfairly compete with us during the Term by engaging in any of the following activities (“Prohibited Activities”): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of 2% or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any contracted Apex school to transfer their business to you or to any other person that is not then a franchisee of ours.

15.4. Unfair Competition After Term. During the Post-Term Restricted Period, you and your Owners agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, you and your Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within, and does not provide competitive goods or services to

schools that are located within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

15.5. Immediate Family Members. The Owners acknowledge that they could circumvent the purpose of Section 15 by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). The Owners also acknowledge that it would be difficult for us to prove whether the Owners disclosed the Know-how to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 15 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses the Know-how. However, the Owner may rebut this presumption by furnishing evidence conclusively showing that the Owner did not disclose the Know-how to the family member.

15.6. Employees and Others Associated with You. You must ensure that each of your Team Leaders and Sales Professionals, and all of your other employees, officers, directors, partners, members, independent contractors and other persons associated with you or your Business who may have access to our Know-how, sign and send us a Confidentiality Agreement before having access to our Know-how. You must use your best efforts to ensure that these individuals comply with the terms of the Confidentiality Agreements and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Confidentiality Agreement, including reasonable attorneys' fees and court costs.

15.7. Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other Apex franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 15 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

15.8. Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 15 will cause substantial and irreparable damage to us and/or other Apex franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 15 will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. In addition to the remedies above, you must pay us a fee equal to our then-current initial franchise fee for each Competitive Business operated in violation of this Agreement, plus 8% of the gross revenues generated by such Competitive Business during the period of time that you held an interest in such Competitive Business in violation of this Agreement. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 15.

16. YOUR OTHER RESPONSIBILITIES

16.1. Insurance. For your protection and ours, you agree to maintain the following insurance policies: (i) comprehensive general liability insurance (including products and contractual liability) against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business, containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$2,000,000 in the aggregate; (ii) professional liability insurance containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$2,000,000 in the aggregate (iii) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased, rented or used by you, or your officers, directors, employees, partners or agents, in the operation of your Business, containing minimum liability protection of \$1,000,000 combined single limit per occurrence; (iv) worker's compensation insurance and employer's liability insurance as required by law; and (v) any other insurance that we specify in the Manual from time to time. You agree to provide us with proof of coverage prior to opening, within 10 days of any renewal of a policy and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Business. All insurance policies must endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon 10 days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within 10 days after invoicing, all costs and premiums that we incur.

16.2. Books and Records. You agree to prepare and maintain for at least two (2) years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Business in the format we specify. You must maintain a bookkeeping, accounting and recordkeeping system that complies with our system standards. You must send us copies of your books and records within seven (7) days of our request. We reserve the right to require you to use accounting or bookkeeping services from a designated or approved supplier. If you commit any monetary default under this Agreement or default on any reporting obligation, we may, in addition to any of our other rights and remedies, require you to obtain third-party accounting or bookkeeping services from a party we designate for a period of 12 months from the date of each notice of default, regardless of whether you cured the prior default.

16.3. Reports. You must prepare and provide to us weekly statements of your Gross Revenues for the prior week's operations, together with any other information we require from time to time. You must separately report all funds generated through fundraising efforts utilizing the Anython platform. The Anython funds you must report refer to the total amount of funds raised, not the amounts you receive from the Anython program. You must provide us with all completed client surveys that you receive on a weekly basis. We currently require that you submit weekly reports to us every Tuesday for your operations during the preceding week (Monday through Sunday). We may change the date on which you must submit your reports from time to time. You also agree to prepare and send us all other reports that we require in the form and manner that we require. If we require that you purchase a computer or other technology that allows us to electronically retrieve information concerning your sales transactions, you agree that we will have the

right to electronically poll your computer and/or automated cash management system to retrieve and compile information regarding the operation of your Business.

16.4. Financial Statements. In addition to your weekly Gross Revenues reports, you agree to prepare and send us the following financial reports: (i) a semi-annual internal balance sheet (including detailed inventory listing) and profit and loss statement and an annual balance sheet and profit and loss statement; (ii) an annual copy of your signed 1120 or 1120S tax form as filed with the Internal Revenue Service (or any forms which take the place of those forms), all state and local sales and use tax reports you are required to file and, upon our request, copies of all tax returns or reports filed by you for the periods specified in our notice. All financial statements must be: (i) verified and signed by you certifying to us that the information is true, complete, and accurate; and (ii) submitted in any format that we reasonably require. If you submit materially inaccurate financial statements, then we may require that your future financial statements be reviewed or audited (at our discretion) by a certified public accountant. You agree to send us a copy of any financial statement required by this Section upon request. You authorize us to disclose the financial statements, reports, and operating data to prospective franchisees, regulatory agencies and others at our discretion, provided the disclosure is not prohibited by applicable law.

16.5. Legal Compliance. You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Business and operate and manage your Business in full compliance with all applicable laws, ordinances, rules and regulations. You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

17. INSPECTION AND AUDIT

17.1. Inspections. To ensure compliance with this Agreement, we or our representatives will have the right to monitor and evaluate your operations and inspect or examine your books, records, accounts and tax returns. Our evaluation may include watching, recording and participating in your Apex events, pep rallies, leadership training and other events and activities, contacting and speaking with the teachers and schools you have contracted with as well as students (and their parents) who participate in the program and your employees and independent contractors. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection.

17.2. Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. If an audit reveals an understatement of your Gross Revenues or any amount that you owe us, you agree to immediately pay to us any additional fees that you owe us together with any late fee and interest payable pursuant to Section 14.8. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Agreement; or (ii) reveals an understatement of any amount due to us by at least 5% over the period of the audit, in which case you agree to reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due 10 days after invoicing. We

shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

18. INTELLECTUAL PROPERTY

18.1. Ownership and Use of Intellectual Property. You acknowledge that: (i) we are the sole and exclusive owner of the Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Business during the Term pursuant to, and only in compliance with, this Agreement, the Manual, and all applicable standards, specifications and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property.

18.2. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days at your expense. We will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

18.3. Use of Marks. You agree to use the Marks as the sole identification of your Business; provided, however that you must identify yourself as the independent owner of your Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

18.4. Use of Know-how. We will disclose the Know-how to you in the initial training program, the Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Know-how other than the right to utilize it in strict accordance with the terms of this Agreement in the development and operation of your Business. You acknowledge that the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Business during the Term.

18.5. Improvements. If you conceive of or develop any improvements or additions to the marketing, method of operation or the services or products offered by an Apex business (collectively, "Improvements"), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate an Apex franchise, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we

will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of an Apex business.

18.6. Notification of Infringements and Claims. You must immediately notify us of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

19. INDEMNITY. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following: (i) the marketing, use or operation of your Business or your performance and/or breach of any of your obligations under this Agreement; (ii) any other Claim arising from alleged violations of your relationship with and responsibility to us; or (iii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within 10 days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees.

Provided that you are not in default under this Agreement or any other agreement with us, we will indemnify you and your Owners and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any Claim asserted against you and/or your Owners based upon the violation of any third party's intellectual property rights caused by your use of our Marks or items bearing our Copyrights in strict compliance with the terms of this Agreement and the Manual. You must notify us of any such Claim within 10 days of learning of the Claim and fully cooperate with us in the defense of such Claim or else we shall not be obligated to indemnify you. The maximum amount of our indemnification obligation hereunder shall be limited to \$3,000.

20. TRANSFERS

20.1. By Us. This Agreement and the franchise is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

20.2. By You. You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners.

Therefore, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to own and operate an Apex business and otherwise meets all of our then applicable standards for franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate;

(iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program;

(iv) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Business;

(v) the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;

(vi) you or the transferee pay us a transfer fee equal to the greater of \$7,500 or 5% of the purchase price for your Business being transferred;

(vii) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(viii) you enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement;

(ix) we do not elect to exercise our right of first refusal described in Section 20.5; and

(x) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

20.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must give us at least 10 days prior written notice. You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer and you agree to pay us a transfer fee equal to our actual costs incurred in documenting the transfer (which in no event will exceed the transfer fee listed in Section 20.2(vi)).

20.4. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 20.2 unless the assignment qualifies as a Permitted Transfer. For

purposes of this Section, an Owner is deemed to have a “permanent disability” only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

20.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 20.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

21. TERMINATION

21.1. By You. You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 60 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 22 and all other obligations that survive the expiration or termination of this Agreement.

21.2. Termination By Us Without Cure Period. We may, in our sole discretion, terminate this Agreement upon five (5) days’ written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

(i) if the Managing Owner and/or Team Leader fails to satisfactorily complete the initial training program in the manner required by Section 5.1;

(ii) if you fail to open your Business within the time period required by Section 7.3 (subject to any COVID-19 related extensions contemplated by Section 7.3);

(iii) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(iv) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you in the amount of \$10,000 or more remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within 30 days of the levy;

- (v) if you abandon or fail to operate your Business for three (3) consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve (you are also deemed to have abandoned the business if you fail to sign a school or complete an Apex event in any six (6) month period);
- (vi) if you fail to complete an Apex event for a school as contracted;
- (vii) if you fail to follow the program scripts as provided for Pep Rally, Team Days and events or make any statements at such events that go against our corporate values or the mission of the organization as reflected in our Manual;
- (viii) if you fail to complete the required classroom time for an Apex event or deviate from the curriculum that we provide;
- (ix) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Business, even if you or the Owner still maintain appeal rights;
- (x) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material federal, state or local law or regulation applicable to your Business;
- (xi) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;
- (xii) if you manage or operate your Business in a manner that presents a health or safety hazard to your customers, employees or the public and do not begin to cure the issue immediately and complete the cure within 72 hours (or any lesser period of time required by law);
- (xiii) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;
- (xiv) if you fail to pay any amount owed to us or an affiliate of ours within ten (10) days after receipt of a demand for payment;
- (xv) if you or any of your Owners or officers improperly removes money from your Business or any school or other customer;
- (xvi) if you underreport any amount owed to us by at least three percent (3%), after having already committed a similar breach that had been cured in accordance with Section 21.3;
- (xvii) if you intentionally understate Gross Revenues in any report or financial statement or if you intentionally fail to report Gross Revenues to us, maintain intentionally false books or records or otherwise defraud us;
- (xviii) if you make an unauthorized Transfer;
- (xix) if you make an unauthorized use of the Intellectual Property;
- (xx) if you breach any of the brand protection covenants described in Section 15;

(xxi) if any Owner, or the spouse of any Owner, breaches a Franchise Owner Agreement;

(xxii) if you fail to meet any minimum performance requirements described in Section 13 (other than your failure to meet the minimum performance requirements specifically applicable to the Anython program, and subject to any COVID-19 related extensions contemplated by Section 13);

(xxiii) if you commit the same default two (2) or more times within any 12-month period (regardless of whether such default(s) is cured) or if we send you valid notice of default more than three (3) times in any 12-month period (regardless of whether such default(s) is cured); or

(xxiv) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your default.

21.3. Additional Conditions of Termination. In addition to our termination rights in Section 21.2, we may, in our sole discretion, terminate this Agreement upon 60 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 60-day notice period. If we deliver a notice of default to you pursuant to this Section 21.3, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

21.4. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

22. POST-TERM OBLIGATIONS.

22.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease to use the Intellectual Property;
- (ii) pay us all amounts that you owe us;
- (iii) comply with all covenants described in Section 15 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;
- (iv) return all copies of the Manual, or any portions thereof, as well as all signs, sign faces, brochures, handbooks, drawings, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights or other identification relating to an Apex business, unless we allow you to transfer such items to an approved transferee;
- (v) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;
- (vi) provide us with a list of all of your current, former and prospective schools and your contacts at such schools;
- (vii) upon our request, assign all Apex contracts with your schools to us (unless we allow you to transfer those contracts to an approved transferee);

(viii) notify all telephone companies, listing agencies and domain name registration companies (collectively, the “Agencies”) of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(ix) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

22.2. Right to Purchase Assets. Upon termination or expiration of this Agreement for any reason, we will have the right, but not the obligation, to purchase all or part of the assets of your Business exercisable by written notice delivered to you at any time prior to the effective date of termination (unless we terminate you for cause, in which case, we may deliver notice at any time up to 30 days following the effective date of termination). There will be no compensation for goodwill, and the purchase price for the assets will be equal to their fair market value less goodwill. If you and we cannot agree on the purchase price for the assets within 10 days following our exercise of this option, an independent appraiser that we designate will determine the fair market value and you and we will share equally the cost of the appraiser. The appraiser’s decision will be final and binding with no appeal. The closing of the purchase will take place at the location and on the date we choose. At closing, you will deliver a bill of sale for the assets in a form acceptable to us. We will be entitled to set-off against the purchase price any amount you owe us or our affiliates, and to pay all or a portion of the purchase price to satisfy claims of your unpaid creditors.

23. DISPUTE RESOLUTION. The parties agree to submit any claim, dispute or disagreement, including any matter pertaining to the interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a “Dispute”) to mediation before a mutually-agreeable mediator prior to arbitration. If the Dispute is not resolved by mediation within 90 days after either party makes a demand for mediation, the parties will submit the dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Notwithstanding the foregoing, any Dispute that involves an alleged breach of Section 15 or Section 18 will not be subject to mediation or arbitration unless otherwise agreed to by both parties, and either party may immediately file a lawsuit in accordance with this Section with respect to any alleged breach of Section 15 or Section 18. All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Harris County, Texas) and the parties irrevocably waive any objection to such venue. If we or you must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you breach any term of this Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF SECTION 15 OR SECTION 18) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR ARBITRATION (OR IF PERMITTED, LITIGATION) WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO ARBITRATE OR LITIGATE

ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

24. YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT: (i) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR REPRESENTATIVES ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED (1) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT IS EXECUTED; AND (2) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (A) 14 CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; (v) YOU ARE AWARE OF THE FACT THAT WE MAY HAVE NEGOTIATED TERMS OR OFFERED CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS; AND (vi) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

25. GENERAL PROVISIONS

25.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the State of Texas (without reference to its principles of conflicts of law), but any law of the State of Texas that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

25.2. Relationship of the Parties. You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

25.3. Severability and Substitution. Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

25.4. Waivers. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other Apex franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

25.5. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

25.6. Force Majeure. Neither we nor you shall 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 any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances.

25.7. Binding Effect. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the additional insureds listed in Section 16.1 and the Indemnified Parties are intended third party beneficiaries under this Agreement with respect to Section 16.1 and Section 19, respectively.

25.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 25.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically

contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document.

25.9. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

25.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

25.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, Section 14, Section 15, Section 17, Section 19, Section 22, Section 23 and Section 25.

25.12. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

25.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

25.14. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

25.15. Notice. All notices given under this Agreement must be in writing, delivered by hand or first class mail, to the following addresses (which may be changed upon 10 business days' prior written notice):

YOU: As set forth below your signature on this Agreement

US: Apex Leadership Franchising, LLC
9225 Katy Fwy #490
Houston, Texas 77024

WITH A COPY TO:

Lathrop GPM
Attn: Sandra Y. Bodeau
80 South Eighth Street
3100 IDS Center
Minneapolis, MN 55402

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by fax, e-mail or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

APEX LEADERSHIP FRANCHISING, LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: _____

YOU (If you are an entity):

_____,
a(n) _____

By: _____
Name: _____
Its: _____

YOU (If you are not an entity):

Name: _____

Name: _____

Name: _____

Name: _____

Franchisee's Principal Business Address:

ATTACHMENT “A”
TO FRANCHISE AGREEMENT

DEFINITIONS

“*Account*” is defined in Section 14.9.

“*Agencies*” is defined in Section 22.1(viii).

“*Agreement*” is defined in the Introductory Paragraph.

“*Anython Revenues*” means the gross amount of all of your sales and other income derived from utilization of the Anython platform, whether by check, cash, credit, charge account, barter, exchange, or otherwise

“*Business*” is defined in Section 2.

“*Claim*” or “*Claims*” means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

“*Competitive Business*” means any business competitive with us (or competitive with any of our affiliates or our franchisees) that: (i) provides fundraising solutions for schools; or (ii) licenses, franchises, finances or otherwise assists third parties to operate a business that provides fundraising solutions for schools.

“*Computer System*” is defined in Section 12.8.

“*Confidentiality Agreement*” means our form of Confidentiality Agreement, the most current form of which is attached to this Agreement as ATTACHMENT “E”.

“*Copyrights*” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Apex franchisees to use, sell or display in connection with the marketing and/or operation of an Apex business, whether now in existence or created in the future.

“*Customer Data*” is defined in Section 12.8.

“*Dispute*” is defined in Section 23.

“*Effective Date*” is defined in the Introductory Paragraph.

“*Entity*” means a corporation, partnership, limited liability company or other form of association.

“*Extraterritorial Sales*” is defined in Section 2.

“*General Release*” means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities.

“*Gross Revenues*” means the gross amount of all of your sales or other income from whatever source derived, from or in connection with the operation of your Business and any business conducted by your Apex team, whether by check, cash, credit, charge account, barter, exchange, or otherwise. Gross Revenues

include amounts you receive from the sale of goods and merchandise, promotional or otherwise, and for services performed by your Apex team, together with the amount of all fundraising receipts that are paid to you. Gross Revenues also include the proceeds of any business interruption insurance you may receive. Gross Revenues will not include the amount of any: (i) sales tax, to the extent you add such taxes to the selling price and actually pay them to the taxing authority; or (ii) refunds, allowances, or discounts to customers (including coupon sales), provided you have previously included the related sales in your Gross Revenues; or (iii) fundraising receipts that are retained by the schools.

“*Improvements*” is defined in [Section 18.5](#).

“*Indemnified Party*” or “*Indemnified Parties*” means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, System Improvements, and Customer Data.

“*Interim Manager*” is defined in [Section 8.5](#).

“*Interim Term*” is defined in [Section 4.3](#).

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, marketing and/or operation of an Apex business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Losses and Expenses*” means all compensatory, exemplary, and punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as an indemnifiable event.

“*Managing Owner*” means the Owner that you designate and we approve who is primarily responsible for the daily management and supervision of the Business. The Managing Owner must hold at least a 25% ownership interest in the franchisee Entity while serving as the Managing Owner.

“*Manual*” is defined in [Section 6.1](#).

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Apex business, including “Apex,” “Apex Leadership Co.,” the associated Apex logo and any other trademarks, service marks or trade names that we designate for use in an Apex business.

“*Owner*” or “*Owners*” means any individual who owns a direct or indirect ownership interest in the franchise or the Entity that is the franchisee under this Agreement. “Owner” includes both passive and active owners.

“*Permitted Transfer*” means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner holding less than a 25% interest in the franchisee Entity; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

“Post-Term Restricted Period” means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the *“Post-Term Restricted Period”* means, with respect to you, a period of one (1) year after the termination, expiration or Transfer of this Agreement. *“Post-Term Restricted Period”* means, with respect to an Owner, a period of two (2) years after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner’s Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the *“Post-Term Restricted Period”* means, with respect to an Owner, a period of one (1) year after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner’s Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable.

“Prohibited Activities” is defined in Section 15.3.

“Restricted Territory” means the geographic area within: (i) your Territory; and (ii) the assigned territory of any other Apex franchise existing as of the Effective Date; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the *“Restricted Territory”* means the geographic area within your Territory.

“Sales Professional” is defined in Section 8.3.

“Successor Agreement” is defined in Section 4.1.

“System” means our proprietary and confidential system using the Marks and consisting of color schemes, layouts, designs, prizes, themes, curriculum, equipment specifications, techniques, methods and procedures we have developed for the operation of a fundraising franchise operating under the trade names *“Apex”* and *“Apex Leadership Co.”* and completing events for schools, sports teams, clubs and other groups, all of which we may periodically change, improve, update and develop further from time to time.

“Team Leader” is defined in Section 8.2.

“Term” is defined in Section 4.1.

“Territory” is defined in Section 2.

“Transfer” means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the franchise (or any interest therein), the Business (or any portion thereof) or an ownership interest in an Entity that is the franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

“We” or “us” is defined in the Introductory Paragraph.

“You” is defined in the Introductory Paragraph.

ATTACHMENT “B”
TO FRANCHISE AGREEMENT

TERRITORY

The Territory referenced in the Franchise Agreement shall consist of the geographic area comprised by the following zip codes:

[_____]

*** If there are any changes to the zip codes that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes in effect as of the Effective Date.

ATTACHMENT “C”
TO FRANCHISE AGREEMENT
FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (i) each of the undersigned owners of Franchisee (defined below); and (ii) the spouse of each such owner, in favor of Apex Leadership Franchising, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you”.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business competitive with us (or competitive with any of our affiliates or our franchisees) that: (i) provides fundraising solutions for schools; or (ii) licenses, franchises, finances or otherwise assists third parties to operate a business that provides fundraising solutions for schools.

“*Copyrights*” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Apex franchisees to use, sell or display in connection with the marketing and/or operation of an Apex business, whether now in existence or created in the future.

“*Franchise Agreement*” means the Apex Franchise Agreement executed by Franchisee with an effective date of _____.

“*Franchised Business*” means the Apex franchise operated by Franchisee pursuant to the Franchise Agreement.

“*Franchisee*” means _____.

“*Improvements*” means any additions, modifications or improvements to (i) the goods or services offered at an Apex business, (ii) the method of operation of an Apex business or (iii) any marketing or promotional ideas relating to an Apex business, whether developed by you, Franchisee or any other person.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, marketing and/or operation of an Apex business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual and operations standards manual for the operation of an Apex business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Apex business, including “Apex,” “Apex Leadership Co.,” the associated Apex logo and any other trademarks, service marks or trade names that we designate for use in an Apex business.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of 2% or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any contracted Apex school to transfer their business to you or to any other person that is not then a franchisee of ours.

“*Restricted Period*” means the two (2) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable; provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the one (1) year period after

the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

“*Restricted Territory*” means the geographic area within: (i) Franchisee’s Territory; and (ii) the assigned territory of any other Apex franchise existing as of the date of this Agreement; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within Franchisee’s Territory.

“*System*” means our proprietary and confidential system using the Marks and consisting of color schemes, layouts, designs, prizes, themes, curriculum, equipment specifications, techniques, methods and procedures we have developed for the operation of a fundraising franchise operating under the trade names “Apex” and “Apex Leadership Co.” and completing events for schools, sports teams, clubs and other groups all of which we may periodically change, improve, update and develop further from time to time.

2. Background. In your capacity as an owner of Franchisee, or the spouse of an owner of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to “owners” and not just Franchisee. You agree to comply with the terms of this Agreement In order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

(a) Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Franchised Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an owner of Franchisee or your spouse is an owner of Franchisee, as applicable. You further agree that you will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an owner of Franchisee or while your spouse is an owner of Franchisee, as applicable, by engaging in any Prohibited Activities.

(c) Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to schools that are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

(d) **Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

(e) **Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of the system protection covenants in Section 3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 3 of this Agreement to ensure that the terms and covenants are enforceable under applicable law

(f) **Breach.** You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other Apex franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. In addition to the remedies above, you must pay us a fee equal to our then-current initial franchise fee for each Competitive Business operated in violation of this Agreement, plus 8% of the gross revenues generated by such Competitive Business during the period of time that you held an interest in such Competitive Business in violation of this Agreement. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. Transfer Restrictions. If you are an owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in Franchisee except in accordance with the terms and conditions set forth in Section 20.2 or Section 20.3, as applicable, of the Franchise Agreement.

5. Financial Security. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreement; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the

indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (1) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. Dispute Resolution. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with the terms thereof.**

7. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party in relating to and alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of Texas and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT “D”
TO FRANCHISE AGREEMENT
ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee E-mail Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
	<input type="checkbox"/> Checking <input type="checkbox"/> Savings	
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

Authorization:

Franchisee hereby authorizes Apex Leadership Franchising, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____	Date: _____
Name: _____	
Its: _____	
Federal Tax ID Number: _____	

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT “E”
TO FRANCHISE AGREEMENT
CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Apex Leadership Franchising, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Copyrights*” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Apex franchisees to use, sell or display in connection with the marketing and/or operation of an Apex business, whether now in existence or created in the future.

“*Franchisee*” means the Apex franchisee for whom you are a partner, member, officer, director, employee or independent contractor.

“*Improvements*” means any additions, modifications or improvements to (i) the goods or services offered at an Apex business, (ii) the method of operation of an Apex business or (iii) any marketing or promotional ideals relating to an Apex business, whether developed by you, Franchisee or any other person.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, marketing and/or operation of an Apex business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual and operations standards manual for the operation of an Apex business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Apex business, including “Apex,” “Apex Leadership Co.,” the associated Apex logo and any other trademarks, service marks or trade names that we designate for use in an Apex business.

“*System*” means our proprietary and confidential system using the Marks and consisting of color schemes, layouts, designs, prizes, themes, curriculum, equipment specifications, techniques, methods and procedures we have developed for the operation of a fundraising franchise operating under the trade names “Apex” and “Apex Leadership Co.” and completing events for schools, sports teams, clubs and other groups, all of which we may periodically change, improve, update and develop further from time to time.

2. Background. You are a partner, member, officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Apex business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time

to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a partner, member, officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Apex franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of Texas and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

[Signature page follows]

This Confidentiality Agreement is executed as of the date set forth below.

RESTRICTED PARTY

By: _____

Name: _____

Date: _____

By signing below, I hereby affirm that I witnessed the person named above execute this Agreement on the date set forth below his or her name.

WITNESS

By: _____

Name: _____

Date: _____

EXHIBIT “B”
TO DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

[See Attached]

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 AND
PERIOD FROM NOVEMBER 15, 2021 (INCEPTION)
THROUGH JUNE 30, 2022

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
FOR THE YEAR ENDED JUNE 30, 2023 AND
FOR THE PERIOD FROM NOVEMBER 15, 2021 (INCEPTION)
THROUGH JUNE 30, 2022

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Citrin Cooperman & Company, LLP
Certified Public Accountants

50 Rockefeller Plaza
New York, NY 10020
T 212.697.1000 F 212.697.1004
citrincooperman.com

INDEPENDENT AUDITOR'S REPORT

To the Member
Apex Leadership Franchising, LLC

Opinion

We have audited the accompanying financial statements of Apex Leadership Franchising, LLC (a limited liability company), which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of operations and member's equity (deficit), and cash flows for the year ended June 30, 2023 and for the period from November 15, 2021 (inception) through June 30, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Apex Leadership Franchising, LLC as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the year ended June 30, 2023 and for the period from November 15, 2021 (inception) through June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

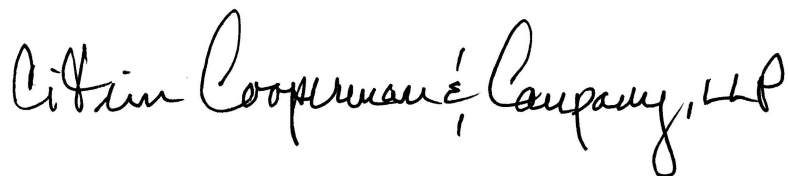
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



New York, New York
October 19, 2023

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
BALANCE SHEETS
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash	\$ 282,634	\$ 99,692
Accounts receivable	100,350	62,500
Prepaid commissions, current portion	21,343	-
Prepaid expenses	<u>1,667</u>	<u>-</u>
Total current assets	405,994	162,192
Other assets:		
Prepaid commissions, net of current portion	<u>177,580</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 583,574</u>	<u>\$ 162,192</u>
<u>LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</u>		
Current liabilities:		
Accrued expenses	\$ 28,066	\$ 8,800
Deferred revenue, current portion	100,850	62,500
Due to parent	<u>-</u>	<u>1,725</u>
Total current liabilities	128,916	73,025
Long-term liabilities:		
Deferred revenue, net of current portion	<u>554,721</u>	<u>-</u>
Total liabilities	683,637	73,025
Commitments and contingencies (Notes 4, 5 and 6)		
Member's equity (deficit)	<u>(100,063)</u>	<u>89,167</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)	<u>\$ 583,574</u>	<u>\$ 162,192</u>

See accompanying notes to financial statements.

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2023 AND
FOR THE PERIOD FROM NOVEMBER 15, 2021 (INCEPTION)
THROUGH JUNE 30, 2022

	<u>2023</u>	<u>2022</u>
Revenues:		
Royalties	\$ 175,698	\$ -
Franchise fees	85,429	-
Service fees	<u>23,025</u>	<u>-</u>
Total revenues	284,152	-
Selling, general and administrative expenses	<u>522,390</u>	<u>200,450</u>
Net loss	(238,238)	(200,450)
Member's equity - beginning	89,167	-
Member contributions	<u>49,008</u>	<u>289,617</u>
MEMBER'S EQUITY (DEFICIT)- ENDING	<u>\$ (100,063)</u>	<u>\$ 89,167</u>

See accompanying notes to financial statements.

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023 AND
FOR THE PERIOD FROM NOVEMBER 15, 2021 (INCEPTION)
THROUGH JUNE 30, 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net loss	\$ (238,238)	\$ (200,450)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(37,850)	(62,500)
Prepaid commissions	(198,923)	-
Prepaid expenses	(1,667)	-
Accrued expenses	19,266	8,800
Due to parent	47,283	1,725
Deferred revenue	<u>593,071</u>	<u>62,500</u>
Net cash provided by (used in) operating activities	182,942	(189,925)
Cash provided by financing activity:		
Member contributions	<u>-</u>	<u>289,617</u>
Net increase in cash	182,942	99,692
Cash - beginning	<u>99,692</u>	<u>-</u>
CASH - ENDING	<u>\$ 282,634</u>	<u>\$ 99,692</u>
Supplemental schedule of non-cash operating and financing activities:		
Contributions made on behalf of member	<u>\$ 49,008</u>	<u>\$ -</u>

See accompanying notes to financial statements.

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Apex Leadership Franchising, LLC (the "Company"), a wholly-owned subsidiary of Heritage Acquisition, LLC (the "Parent"), was formed on November 15, 2021, as a Delaware limited liability company to sell franchises pursuant to a license agreement dated November 23, 2021, between the Company and Apex Leadership IP, LLC (the "Licensor"), an entity related to the Company by common ownership and control. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "Apex" name and system that provides, to its customers in the United States, a fundraising solution for schools, sports teams, clubs and other groups utilizing a curriculum that includes health, fitness and leadership training.

The Company is a limited liability company and, therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

The preparation of the Company's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Company's financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisee accounts: franchisee creditworthiness, past transaction history with the franchisee, and current economic industry trends. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Generally, the Company does not require collateral to support accounts receivable. There was no allowance for doubtful accounts at June 30, 2023 and 2022.

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income taxes. As a single-member limited liability company and, therefore, a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the Parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

Uncertain tax positions

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at June 30, 2023 and 2022.

The Parent will file income tax returns in the U.S. federal jurisdiction and in various state jurisdictions.

Revenue and cost recognition

The Company derives substantially all its revenue from franchise agreements related to franchise fee revenue, royalty revenue, transfer fees, and marketing and promotional fund revenue.

Contract consideration from franchisees consists primarily of initial or renewal franchise fees, sales-based royalties, sales-based marketing and promotional fund fees, technology fees and transfer fees payable by a franchisee for the transfer of their franchise unit to another franchisee. The initial franchise fees are nonrefundable and collectible when the underlying franchise agreement is signed by the franchisee. Sales-based royalties, sales-based marketing and promotional fees, and technology fees are payable on a weekly basis. Renewal and transfer fees are due from franchisees when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement includes granting certain rights to the Company's intellectual property in addition to a variety of activities relating to opening a franchise unit. Those services include training and other such activities commonly referred to collectively as "pre-opening activities." Pre-opening activities consistent with those under FASB Accounting Standards Update ("ASU") No. 2021-02, *Franchisors - Revenue from Contracts with Customers* (Subtopic 952-606) ("ASU 2021-02"), are recognized as a single performance obligation. For all other pre-opening activities, if any, the Company determines if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a Company-branded franchise unit. The portion of pre-opening activities that is not brand specific are deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property, and will therefore be accounted for as a separate performance obligation. All other pre-opening activities are

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

expected to be highly interrelated to the use of the Company's intellectual property and will therefore be accounted for as a single performance obligation, which is satisfied by granting certain rights to use the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, other than those included under ASU 2021-02, which are not brand specific will be recognized when those performance obligations are satisfied. Consideration allocated to pre-opening activities included under ASU 2021-02 is recognized when those performance obligations are satisfied.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Royalties are earned as a percentage of franchisee gross sales ("sales-based royalties") over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties which represent sales-based royalties that are related entirely to the use of the Company's intellectual property are recognized as franchisee sales occur and the royalty is deemed collectible.

Marketing and promotional fund

The Company may maintain a marketing and promotional fund which will be established to collect and administer funds contributed for use in marketing and promotional programs for franchise units. Marketing and promotional fund fees will be collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the marketing and promotional fund and therefore will recognize the revenues and expenses related to the marketing and promotional fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the brand fund are highly interrelated and therefore will be accounted for as a single performance obligation. As a result, revenues from the marketing and promotional fund represent sales-based royalties related to the right to access the Company's intellectual property, which will be recognized as franchisee sales occur.

If marketing and promotional fund fees exceed the related marketing and promotional fund expenses in a reporting period, advertising costs will be accrued up to the amount of marketing and promotional fund revenues recognized.

Other revenues

The Company recognizes revenue from other fees and other services provided to the franchisees as a single performance obligation, when the services are rendered.

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

Incremental costs of obtaining a contract

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortize them over the term of the franchise agreement.

Advertising

Advertising costs are expensed as incurred. There were no advertising costs for the year ended June 30, 2023 and for the period from November 15, 2021 (inception) through June 30, 2022.

Variable interest entities

In accordance with the provisions of the FASB ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*, FASB no longer requires nonpublic companies to apply variable interest entity guidance to certain common control arrangements, including leasing arrangements under common control. The Company has applied these provisions to the accompanying financial statements and has determined that the Licensor, as described in Note 6, meets the conditions under the standard, and accordingly, the Company is not required to include the accounts of the Licensor in the Company's financial statements.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through October 19, 2023, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. FRANCHISED OUTLETS

The following data reflects the status of the Company's franchises as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Franchises sold	13	9
Franchises purchased	-	-
Franchised outlets in operation	16	-
Franchisor-owned outlets in operation	-	-

NOTE 4. REVENUES AND RELATED CONTRACT BALANCES

Disaggregated revenues

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States, and the Company's ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenue, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Disaggregated revenues (continued)

Revenues by timing of recognition for the year ended June 30, 2023 and for the period from November 15, 2021 (inception) through June 30, 2022, were as follows:

	<u>2023</u>	<u>2022</u>
<i>Point in time:</i>		
Franchise fees	\$ 47,500	\$ -
Royalties	175,698	-
Service fees	<u>23,025</u>	<u>-</u>
Total point in time	246,223	-
<i>Over time:</i>		
Franchise fees	<u>37,929</u>	<u>-</u>
Total revenues	<u>\$ 284,152</u>	<u>\$ -</u>

Contract balances

Contract assets include accounts receivable. The balances net of allowance for doubtful accounts as of June 30, 2023 and 2022, are \$100,350 and \$62,500, respectively.

Contract liabilities are comprised of unamortized initial franchise fees and training fees related to unopened locations of franchisees, which are presented as "Deferred revenue" in the accompanying balance sheets. A summary of significant changes in deferred revenue during the year ended June 30, 2023 and for the period from November 15, 2021 (inception) through June 30, 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Deferred revenue - beginning	\$ 62,500	\$ -
Additions for initial franchise fees	678,500	62,500
Revenue recognized	<u>(85,429)</u>	<u>-</u>
Deferred revenue - ending	<u>\$ 655,571</u>	<u>\$ 62,500</u>

At June 30, 2023, deferred revenue is expected to be recognized as revenue over the remaining term of the associated franchise agreements as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2024	\$ 100,850
2025	65,850
2026	65,850
2027	65,850
2028	65,850
Thereafter	<u>291,321</u>
Total	<u>\$ 655,571</u>

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Deferred revenue consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Franchise units not yet opened	\$ 308,021	\$ 62,500
Opened franchise units	<u>347,550</u>	<u>-</u>
Total	<u>\$ 655,571</u>	<u>\$ 62,500</u>

The direct and incremental costs, principally consisting of commissions, are included in "Prepaid commissions" in the accompanying balance sheets. Amortization expense for the year ended June 30, 2023 and for the period from November 15, 2021 (inception) through June 30 2022, amounted to \$24,502 and \$-, respectively. The direct and incremental costs expected to be recognized over the remaining term of the associated franchise agreements at June 30, 2023 are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2024	\$ 21,343
2025	21,343
2026	21,343
2027	21,343
2028	21,343
Thereafter	<u>92,208</u>
Total	<u>\$ 198,923</u>

NOTE 5. CONCENTRATIONS OF CREDIT RISK

Cash

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

Accounts receivable

Concentration of credit risk with respect to receivables is limited due to the large number of franchisees in the Company's customer base and their geographic dispersion. The Company provides an allowance for doubtful accounts equal to the estimated collection losses based on historical experience coupled with a review of the current status of existing receivables.

Two franchisees accounted for 100% of the accounts receivable as of June 30, 2023. Three franchisees accounted for 100% of the accounts receivable as of June 30, 2022.

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6. RELATED-PARTY TRANSACTIONS

License agreement

On November 23, 2021, the Company entered into a perpetual license agreement with the Licensor for the use of various registered names, including but not limited to "Apex" and "Apex Fun Run," as defined in the agreement (the "License Agreement"). Pursuant to the License Agreement, the Company acquired the right to sell Apex franchises, and the right to earn franchise fees, royalties and other fees from franchisees. In accordance with the License Agreement, at such time as the Company is profitable during its fiscal year, the Company will be required to pay the Licensor a license fee, resulting from the use or exploitation of the licensed property, as defined.

Service agreement

On November 23, 2021, the Company entered into a service agreement with the Parent (the "service agreement"), as amended November 26, 2021, whereby the Company will provide franchise support services on behalf of the Parent. Commencing on November 26, 2021, the Parent will pay the Company a management fee equal to costs incurred by the Company for performing these services, plus a markup, as defined. Effective June 22, 2022, the service agreement was terminated. There was no management fee charged to the Company for the period from November 15, 2021 (inception) through June 30, 2022.

Due (to) from Parent

In the ordinary course of business, the Company periodically advances funds to and receives funds from the Parent. Advances to and from the Parent are noninterest-bearing and have no specific date for repayment. The balance due to Parent amounted to \$1,725 at June 30, 2022.

In 2023, the Parent collected receivables and paid expenses on behalf of the Company. The net amount of these transactions at June 30, 2023, was a payable balance to the Company amounting to \$49,008 which was ultimately treated as a contribution as the Parent does not expect it to be paid by the Company.

Shared-services arrangement

During the period from November 15, 2021 (inception) through June 30, 2022, the Company entered into a shared-services arrangement with the Parent. The Parent provides management oversight services and other services, as agreed upon. Pursuant to the shared-services arrangement, the Company was allocated \$166,827 and \$72,610 of shared-services costs for the year ended June 30, 2023 and the period from November 15, 2021 (inception) through June 30, 2022, respectively, which are included in "Selling, general and administrative expenses" in the accompanying statements of operations and member's equity (deficit).

NOTE 7. MARKETING AND PROMOTIONAL FUND FEE

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect marketing and promotional fund fees up to 2% of franchisees' reported sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees, with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. As of June 30, 2023 and 2022, the Company has not yet established a marketing and promotional fund.

APEX LEADERSHIP FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8. MEMBER'S EQUITY (DEFICIT)

Although the Company has generated positive cash flows from operations for the year ended June 30, 2023, it has incurred a net loss of \$238,238, and has an accumulated member's deficit of \$100,063 as of June 30, 2023. Since inception, the Company's operations have been funded through the initial capital contribution. The Company is growing and, as such, is incurring expenditures in the near term to benefit the future as it looks to grow the franchisee base and expand into new markets. Such expenses could be reduced or eliminated in order to improve operating cash flows needed in the future.

As of June 30, 2023, the Company had \$282,634 of unrestricted cash and \$100,350 accounts receivable.

The Company continues to sell franchises and royalties are increasing as the Company has more franchised units open and operating. Management of the Company has been advised that the Parent will continue to provide any financial assistance needed by the Company should its cash flows from operations combined with its cash balances not be sufficient to meet its working capital needs. Management believes that the Parent has the intent and ability to provide the funds needed, if any, to continue to fund the operations of the Company for at least one year from the date these financial statements were available to be issued.

EXHIBIT “C”
TO DISCLOSURE DOCUMENT
OPERATIONS MANUAL TABLE OF CONTENTS

[See Attached]

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EXHIBIT “D”
TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

Principal Business Address of Franchisee	Territory(ies)			Phone	Owner Name(s)
	State	City(ies)	Number		
26214 N 121st Ave Peoria, Arizona 85383	Arizona	Phoenix	2	623-687-0942	Rob Wozny
4162 E Blue Sage Rd. Gilbert, AZ 85297	Arizona	Gilbert	1	480-229-2983	Constance Srader*
7202 W. Melinda Lane Glendale, Arizona 85308	California	Sacramento	1	602-321-3721	Kim & Jason Freid
4037 Chessa Lane Clovis, California 93619	California	Fresno & Bakersfield	2	559-901-0011	Kim Fletcher
2686 Hemlock Ave. Morro Bay, California 93442	California	Santa Barbara	1		
1880 Froude St. San Diego, California 92107	California	San Diego & Bay Area	11	408-621-2244	Casey Furtado, Kim Freid & Jason Freid
45624 Jaguar Way Temecula, California 92592	California	Temecula	3	408-550-0187	Aaron Retford & Vauna Clifford
2395 Chiquita Lane Thousand Oaks, California 91362	California	Los Angeles & Orange County	7	310-403-9951	Ron & Christina Evans
1306 Chesham Circle Colorado Springs, Colorado 80907	California	Riverside	1	406-570-5037	Kisti and John Felps
	Colorado	Colorado Springs & Denver	5		
	Kansas	Kansas City	1		
	Missouri	Kansas City	1		
29 Lake St. Unionville, Connecticut 06085	Connecticut	Hartford	2	860-324-7133	Sean Gildea
520 SE 12th St, Unit 303 Dania, Florida 33004	Florida	Fort Lauderdale	2	469-642-4503	Ricardo & Regina Franco
632 Lake Forest Rd Clearwater, Florida 33765	Florida	Tampa	2	727-871-2501	Christie Jackson
10620 Haynes Forest Drive Alpharetta, Georgia 30022	Georgia	N. Georgia & N. Atlanta	2	770-827-4144	Eric & Camila Wickbold
0N718 W Curtis Sq. Geneva, Illinois 60134	Illinois	Geneva & Naperville	2	847-421-5537	Charlie Rucker
1213 W. Green Acres Lane Mount Prospect, Illinois 60056	Illinois	Mount Prospect	2	847-951-8532	Dean Tielbur
11900 Anoka Court Louisville, Kentucky 40245	Kentucky	Louisville	1	702-203-1306	Michael & Kristin Kamber
101 Alciatore Court Youngsville, Louisiana 70592	Louisiana	Lafayette	1	337-450-0642	Jason Lee
9219 Wendell St. Silver Spring, MD 20901	Maryland	Montgomery County	1	301-503-0642	Matthew Breman
14888 Patterson Drive Shelby Township, MI 48315	Michigan	Shelby Township	1	248-310-1282	Tina Fragnoli

Principal Business Address of Franchisee	Territory(ies)			Phone	Owner Name(s)
	State	City(ies)	Number		
9727 Valley View Rd Eden Prairie MN 55344	Minnesota	Minneapolis	4	612-790-3142	Jeff & Shonna Nelson
2025 E Jerez Rd, #405 Los Alamos, NM 87544	Missouri	St. Louis	2	636-383-0678	Corey & Krysta Madden
1824 Cholula Drive Reno, Nevada 89521	Nevada	Reno	1	702-467-3159	Brianna Silvernail
8117 Chestnut Hollow Ave, Las Vegas, Nevada 89131	Nevada	Las Vegas	1	702-498-1558	Frank Endellicate
10 Oakbourne Court Bordentown, New Jersey 08505	New Jersey	Bordentown	1	609-915-6992	Donna & Joe O'Connor-Keil
214 Lorraine Ave Mount Vernon, New York 10552	New Jersey	NE New Jersey	2	914-879-4442	Justin Harris
423 Steinway Rd. Saddle Brook, NJ 07663	New Jersey	Monmouth	1	862-221-8079	Jay Hersh*
3733 W. River Rd. Grand Island, New York 14072	New York	Buffalo	1	716-777-1082	Mike O'Neill
505 Alden Bridge Drive Cary, North Carolina 27519	North Carolina	Raleigh & Durham	3	631-513-8685	Michael Scroope
816 Garrison Grove Ln Waxhaw, North Carolina 28173	North Carolina	Charlotte	2	757-329-4748	Jay & Taiwana Burns
10209 Mariners Cove Court Belville, NC 28451	North Carolina	Wilmington	1	336-404-9317	Paige Jackson
1271 W. 1 st Ave Columbus, OH 43212	Ohio	Columbus	2	614-515-0919	Lauren & Ryan Edwards
559 Acorn Dr. Oakwood, OH 45419	Ohio	Dayton	2	937-238-0484	Christine Anthony*
14041 Browns Lane Tulare, CA 93274	Oregon	Portland	2	307-679-8016	Preston Pace / Kim Fletcher
511 Highspire Road Glenmoore, PA 19343	Pennsylvania	Glenmoore	1	610-655-7779	John Montgomery
732 Arden Rd. Jenkintown, Pennsylvania 19046	Pennsylvania	Philadelphia	1	603-828-5555	Ken Meyers
386 Ivy Way NW Cleveland, Tennessee 37312	Tennessee	Chattanooga	2	941-704-8816	Phil Garrett
604 Gardenia Way Murfreesboro, Tennessee 37130	Tennessee	Nashville	1	615-410-1087	Carrie & David Youell
5212 Crystal Water Dr Austin, TX 78735	Texas	Austin	2	512-426-0138	Christin Braeuer
1705 Iowa Dr. Plano, TX 75093	Texas	Fort Worth/Dallas	4	617-922-8826	Lorenza Alatorre
700 Ascot Park Drive Mansfield, Texas 76063	Texas	Fort Worth/Dallas	3	817-991-4817	Kevin Lewis
25507 River Ranch San Antonio, Texas 78255	Texas	San Antonio	6	626-524-4433	Chad Goetz
4616 Cattail Lane Longview, TX 75604	Texas	Longview	1	214-632-9242	Keith Dibble
2405 Kensington Drive Tyler, Texas 75703	Texas	Tyler	1	903-372-0269	Justin Hargrove
7904 Showcase Lane Sandy, Utah 84094	Utah	Salt Lake City	1	801-792-5113	Susie Carlson
3216 Trillium Place Glen Allen, Virginia 23060	Virginia	Richmond	1	804-241-2615	Don Goding

Principal Business Address of Franchisee	Territory(ies)			Phone	Owner Name(s)
	State	City(ies)	Number		
34905 Gidney Ct Round Hill, VA 20141	Virginia	Ashburn	2	703-402-5571	Dan & Bethany Skinner*
26508 52 nd Lane South Kent, Washington 98932	Washington	Kent	1	206-356-5874	Randy & Carl Ronish
726 10 th St, Sultan, WA 98294	Washington	Seattle	4	509-220-8636	Curran Scott
10530 N. Ironwood Circle Mequon, Wisconsin 53092	Wisconsin	Milwaukee	2	414-378-2757	Daren Allen

Notes:

1. The list of franchisees is organized based on the state and then city of the franchisee's principal business address. Some franchisees operate territories in states other than the state in which they maintain their principal place of business.
2. Some multi-territory franchisees operate a partial territory. Any partial territory is listed as a separate territory in the table above.
3. A "*" indicates that the franchisee signed a franchise agreement, but had not opened as of the fiscal year ended June 30, 2023.

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Number of Territories	Current Business Phone or Last Known Home Phone	Owner Name(s)
Connecticut	Dansbury	1	203-240-3739	Adam & Shannon Horosky
Illinois	Crystal Lake	1		Drew McCurdy
Indiana	Indianapolis	1	317-767-5807	Robb Reed
Minnesota	Minneapolis	4	612-310-6685	Cinnamon & Steve Glassbrenner*
Missouri	St. Louis	1	618-623-8128	Jim Macaluso
New Jersey	Eastern New Jersey	2	908-294-0813	Anna Marie Fisher
Tennessee	Clarksville	1	706-987-7375	Major Robinson
Texas	Dallas Fort-Worth	4	972-877-7838	Wesley Williams*
Virginia	Sterling	1	703-708-4878	Dina D'Ambrosi

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

EXHIBIT “E”
TO DISCLOSURE DOCUMENT
FRANCHISEE DISCLOSURE QUESTIONNAIRE

[See Attached]

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Apex Leadership Franchising, LLC (“we” or “us), and you are preparing to enter into a Franchise Agreement for the operation of an APEX franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

A. REPRESENTATIONS

- Yes__ No__ 1. Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
- Yes__ No__ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes__ No__ 3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
- Yes__ No__ 4. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
- Yes__ No__ 5. Did you receive the Franchise Disclosure Document at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?
- Yes__ No__ 6. Did you receive a complete execution copy of the Franchise Agreement at least seven (7) calendar days before you signed it?
- Yes__ No__ 7. Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes__ No__ 8. Have you discussed the benefits and risks of developing and operating an APEX franchise with an existing APEX franchisee?
- Yes__ No__ 9. Do you understand the risks of developing and operating an APEX franchise?
- Yes__ No__ 10. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
- Yes__ No__ 11. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Texas, if not resolved informally or by mediation?
- Yes__ No__ 12. Do you understand that you must satisfactorily complete the initial training course before we will allow your franchised business to open or consent to a transfer?

- Yes__ No__ 13. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an APEX franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes__ No__ 14. Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes__ No__ 15. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue an APEX franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes__ No__ 16. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the APEX business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

B. CONTACTS

You have met or spoken with certain AFR employees, and with other persons speaking on AFR’s behalf, with respect to the purchase of an AFR franchise. The persons you have met or spoken with are as follows:

_____	_____
_____	_____
_____	_____

If you need additional space, please use the “Explanations” page at the end of this Statement.

You certify, by your signature at the end of this Statement, that except as listed above (and on the “Explanations” page, as applicable), you have not met or spoken with any AFR employees or other persons speaking on AFR’s behalf with respect to the purchase of an AFR franchise.

C. DATES

I hereby certify that the following dates are true and correct:

1. The date of my first personal meeting with an AFR representative to discuss the possible purchase of an AFR franchise was:

_____, of the year 20_____

Initials: _____

2. The date that I received the AFR Franchise Disclosure Document was:

_____, of the year 20_____

Initials: _____

3. The earliest date that I delivered cash, a check, or other consideration to AFR related to the purchase of an AFR franchise was:

_____, of the year 20_____

Initials: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Do not sign this Questionnaire if you are a Maryland resident, or the franchise is to be located in Maryland.

You must sign and date this Statement the same day you sign the Franchise Agreement and pay your Initial Franchise Fee.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

EXPLANATION OF ANY RESPONSES [REFER TO QUESTION NUMBER]:

EXHIBIT “F”
TO DISCLOSURE DOCUMENT

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the “Release”) is made as of _____, 20____ by _____, a(n) _____ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of Apex Leadership Franchising, LLC, a Delaware limited liability company (“Franchisor,” and together with Releasor, the “Parties”).

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the “Agreement”) pursuant to which Franchisee was granted the right to own and operate an APEX franchise;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, [**enter into a successor franchise agreement**] and Franchisor has consented to such transfer [**agreed to enter into a successor franchise agreement**]; and

WHEREAS, as a condition to Franchisor’s consent to the transfer [**Franchisee’s ability to enter into a successor franchise agreement**], Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor’s consent to the transfer [**Franchisor entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. [] represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. Non disparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business or their reputation.

4. Miscellaneous. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Texas.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

[Signature Page Follows]

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

FRANCHISEE

_____, a

By: _____
Name: _____
Its: _____

FRANCHISEE’S OWNERS

Date _____

Signature

Typed or Printed Name

STATE OF _____)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this ____ day of _____, by
_____.

Notary Public

My commission expires:

EXHIBIT “G”**TO DISCLOSURE DOCUMENT****AGENCIES/AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT “H”

TO DISCLOSURE DOCUMENT

STATE ADDENDA TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

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.

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

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Item 3, Additional Disclosure:

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

Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute 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 there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

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

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

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee 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 agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The franchise agreement requires binding arbitration. The arbitration will occur in Texas with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

The financial performance 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.

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute 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 there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Texas with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
APEX LEADERSHIP FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____

By: _____
Its: _____

Date: _____

Date: _____

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

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

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

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

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

1. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

2. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
APEX LEADERSHIP FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____

By: _____
Its: _____

Date: _____

Date: _____

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 5 Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business. The deferral of the initial franchise fee is required by the Illinois Attorney General's Office based on our financial statements.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Franchisee Acknowledgment / Compliance Certification:

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

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business. The deferral of the initial franchise fee is required by the Illinois Attorney General's Office based on our financial statements.

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

[Signature page to follow]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
APEX LEADERSHIP FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____

By: _____
Its: _____

Date: _____

Date: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 5, Additional Disclosures:

Based upon the financial information submitted, the Commissioner has determined that all fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Franchisee Acknowledgment / Compliance Certification:

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

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

Based upon the financial information submitted, the Commissioner has determined that all fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee.

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

[Signature page to follow]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
APEX LEADERSHIP FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____

By: _____
Its: _____

Date: _____

Date: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure), 180 days' notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

Franchisee Acknowledgment / Compliance Certification:

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

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
APEX LEADERSHIP FRANCHISING, LLC

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT G OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

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

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
APEX LEADERSHIP FRANCHISING, LLC

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Item 5, Additional Disclosures. The following statements are added to Item 5:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

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

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

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

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
APEX LEADERSHIP FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____

By: _____
Its: _____

Date: _____

Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure. The following statement is added to Item 17:

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

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
APEX LEADERSHIP FRANCHISING, LLC

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

SOUTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the South Dakota Franchise Investment Act, S.D. Codified Laws §§37-5B-53 – 37-5B-53 applies, the terms of this Addendum apply.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

SOUTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the South Dakota Franchise Investment Act, S.D. Codified Laws §§37-5B-53 – 37-5B-53 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
APEX LEADERSHIP FRANCHISING, LLC

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

Franchisee Acknowledgment / Compliance Certification:

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

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
APEX LEADERSHIP FRANCHISING, LLC

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure:

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

Franchisee Acknowledgment / Compliance Certification:

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

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT,

FRANCHISEE COMPLIANCE QUESTIONNAIRE, AND RELATED AGREEMENTS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

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

[Signature page to follow]

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR:

APEX LEADERSHIP FRANCHISING, LLC

FRANCHISEE:

By: _____

Its: _____

By: _____

Its: _____

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
APEX LEADERSHIP FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____

By: _____
Its: _____

Date: _____

Date: _____

EXHIBIT “I”

TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT “J”
TO DISCLOSURE DOCUMENT
RECEIPTS

[See Attached]

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 Apex Leadership Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Apex Leadership Franchising, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "G" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

Jamie Krasnov, 9225 Katy Fwy #490, Houston, Texas 77024, 602-857-8640
Tony Nicholson, 9225 Katy Fwy #490, Houston, Texas 77024, 602-857-8640

_____ ; _____ ; _____

Issuance Date: October 20, 2023

Apex Leadership Franchising, LLC's agent to receive service of process is listed in EXHIBIT "G" to this Disclosure Document.

I received a Franchise Disclosure Document with an issuance date of October 20, 2023, that included the following Exhibits:

- EXHIBIT "A" APEX FRANCHISE AGREEMENT
- EXHIBIT "B" FINANCIAL STATEMENTS
- EXHIBIT "C" OPERATIONS MANUAL TABLE OF CONTENTS
- EXHIBIT "D" LIST OF FRANCHISEES
- EXHIBIT "E" FRANCHISEE DISCLOSURE QUESTIONNAIRE
- EXHIBIT "F" GENERAL RELEASE
- EXHIBIT "G" AGENCIES/AGENTS FOR SERVICE OF PROCESS
- EXHIBIT "H" STATE ADDENDA TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
- EXHIBIT "I" STATE EFFECTIVE DATES
- EXHIBIT "J" RECEIPTS

Print Name

Date

(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Apex Leadership Franchising, LLC.)

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 Apex Leadership Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Apex Leadership Franchising, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "G" to this Disclosure Document.

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Print Name

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