

FRANCHISE DISCLOSURE DOCUMENT

Split Rock Management, Inc.
d/b/a Vanguard Cleaning Systems of Minnesota
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Our franchisees operate independent businesses (each a “VCS Business”) providing commercial janitorial and building maintenance services under the Vanguard Cleaning Systems® trademarks and system.

The total estimated investment necessary to begin operation of a VCS Business franchise is between \$7,110-\$23,700. This includes \$4,000 that 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, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

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

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

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

Issuance Date: March 20, 2024

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 Exhibits C, D, and E.
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 G 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 VCS Business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a VCS Business franchisee?	Item 20 or Exhibits C, D, and E 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 the 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 J.

Your state may also 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 Minnesota. 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 Minnesota than in your own state.

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

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor, Its Predecessors, Parents and Affiliates

In this Disclosure Document, “us”, “we” or the “Region” means Split Rock Management, Inc. d/b/a Vanguard Cleaning Systems of Minnesota, the company offering this franchise. “You” means the entity that buys the franchise and each shareholder or member of that franchisee entity. Capitalized terms not defined in this Disclosure Document have the meaning described in the Franchise Agreement (“Franchise Agreement” or “Agreement”) attached as Exhibit A to this Disclosure Document.

We are an S Corporation formed in the State of Minnesota on July 7, 2005. We do business under the name “Vanguard Cleaning Systems of Minnesota.” Our principal office is located at 3459 Washington Drive, Suite 109, Eagan MN 55122.

Our agents for service of process are listed on Exhibit J.

We have an affiliate, Saint Croix Management Incorporated (“Saint Croix”), a Wisconsin corporation, that does business under the name “Vanguard Cleaning Systems of Wisconsin.” Its principal place of business is 11220 West Burleigh Street, #100, Wauwatosa, WI 53222. Saint Croix has a Master Franchise Agreement with Vanguard Cleaning Systems, Inc. to offer Vanguard Cleaning Systems franchised businesses franchises in the entire State of Wisconsin. It sells the same type of franchises that are offered and sold under this disclosure document, and has been doing so since November 2022. They have not conducted the type of business you will operate, and Saint Croix has never offered franchises in any other line of business.

We do not have any other parents, predecessors or affiliates that need to be disclosed in this Disclosure Document.

Business of the Franchisor and the Franchise Offered

Our business is the offer and sale of franchises for independently owned and operated businesses that specialize in commercial janitorial services under the form of Franchise Agreement attached as Exhibit A and are licensed to operate under the Vanguard Cleaning Systems Marks (each, a “VCS Business”). Neither we nor our employees perform commercial cleaning services.

We have a Master Franchise Agreement with Vanguard Cleaning Systems, Inc. (“Vanguard”) to offer these VCS Business franchises in our Development Area. Our Development Area (also referred as a (“Region”)) consists of the entire State of Minnesota and the following counties in Wisconsin: Polk, St. Croix, Dunn, Chippewa, Pierce, Pepin, Eau Claire, Buffalo, Trempealeua, Jackson, and LaCrosse. Our Master Franchise Agreement is dated November 9, 2005 and has an initial term of 20 years and is renewable by us for an additional 20 years, subject to certain conditions. We have offered VCS Business franchises since March 2006. We have never offered franchises in any other line of business.

Our franchisees are sublicensed to use processes, standards, know-how and other proprietary information, called the “System” as well as the Vanguard Cleaning Systems® Marks, logo and other commercial symbols (the “Marks”). We are licensed by Vanguard to grant these sublicenses.

There are no regulations specific to the janitorial business known to us. Like other businesses, you may be subject to generally applicable laws like worker's compensation, OSHA regulations, environmental regulations and others. These regulations may require you to undertake measures for the protection of employees and the public. You should contact local and state authorities for detailed information on these requirements.

The market for your VCS Business, commercial janitorial services, is fairly well developed. Additional growth is expected from new business construction and the trend toward outsourcing janitorial work. Accounts include owners or operators of business and professional offices, as well as commercial, industrial and medical facilities. Competition includes nationally franchised and local commercial janitorial businesses.

The Franchised Business

If you become a franchisee, you will operate a VCS Business. You will be licensed to use the Vanguard Cleaning Systems business System to offer and perform commercial janitorial services under the Vanguard Cleaning Systems Marks to customers that we have a contractual relationship with (each, a "VCS Account" or an "Account"). Currently, we only intend to offer and sell VCS Businesses to established janitorial businesses that are already in operation.

As detailed further in Item 6 below, after all pre-opening obligations have been satisfied, we will begin offering to Transfer to you certain Accounts. A "Transfer" of an Account to your VCS Business gives you ownership and control of the Account and Account relationship, subject to our reversion rights. In accepting an Account Transfer, you will assume our position under the applicable Account Cleaning Service Agreement, including the responsibility of ensuring that the services promised to the Account in the Account Cleaning Service Agreement are satisfied according to System standards. In connection with accepting a Transfer of an Account, you and we will sign a Cleaning Account Referral Agreement – Transfer Acceptance (a copy of which is attached as Exhibit H to this Disclosure Document). You will have the right to accept or reject a Transfer of any Account we offer to you. Prior to accepting or rejecting a Transfer of any Account, you will have an opportunity to evaluate the terms of each offered Account and the Account's related Account Cleaning Service Agreement.

This Disclosure Document summarizes certain key features of our VCS Business franchise. You must refer to the Franchise Agreement attached as Exhibit A to this Disclosure Document for complete information. If we grant you a franchise, your contractual relationship will be with us. Vanguard does not sign and is not a party to the agreements we make with our franchisees. You should understand that if you become an owner of a Vanguard Cleaning Systems franchise, you will be an independent business owner and responsible for the day-to-day operations of your VCS Business, including the hiring, training, firing, management, scheduling and disciplining of your own employees and all other terms and conditions of their employment. The individuals you select to work in your VCS Business will be your agents and employees. They will not be our or Vanguard's employees or agents.

Owning a franchised business also involves economic risks. These risks may be greater for a new business with limited experience, such as a new franchise business. Any revenue, sales volume, profit and possible success you achieve are primarily dependent on your financial, management and other resources; your business, marketing, management judgment and other personal skills; and your

dedication to growing your business and your proper use of the Vanguard Cleaning Systems franchised System. We cannot and do not guarantee your success or any income level.

Master Franchisor Information

As previously noted, Vanguard is our master franchisor. Vanguard is a California corporation incorporated in April 1984. Vanguard does business under the name “Vanguard Cleaning Systems” and “Vanguard.” Vanguard’s principal office is located at 655 Mariners Island Blvd., Suite 303, San Mateo, California, 94404. Vanguard offers an Area Franchise (also known as a “Master Franchise”) for qualified persons to operate as Vanguard’s subfranchisors (such as we do with respect to the Region) within certain geographic markets. The Area Franchise is not being offered to you. It is the subject of a separate Disclosure Document. The System and the Marks belong to Vanguard, and the Region has a license to use them in offering and supporting our franchises. Vanguard is engaged exclusively in the business of licensing the System and providing support services to “Area Franchisors” like us. Neither it nor its employees perform commercial cleaning services.

Vanguard offered VCS Business franchises from April 1984 through June 2013, but no longer does so. Vanguard has never offered or sold any other franchises.

ITEM 2 **BUSINESS EXPERIENCE**

Our Management:

Cindy M. Banchy: President and Director

Ms. Banchy has served as our President, Chief Executive Officer, Chief Financial Officer, and as our sole Director since November 2005, and has served those same roles for Saint Croix Management Incorporated since August 2022. Ms. Banchy received her MBA from the University of Wisconsin in 1986.

John Banchy: Secretary

Mr. Banchy has served as our Secretary since July 2005. From January 2022 to January 2023, Mr. Banchy also served as a Power Architect for CDW in Chicago, IL. From February 2017 to December 2021, Mr. Banchy served as a Power Architect for Sirius location in Bloomington, MN. Prior to that, from June 1980 to January 2017, Mr. Banchy served as a Systems Architect for IBM located in Minneapolis, MN.

Michael Hamerlind: Regional Director

Mr. Hamerlind has served as our Regional Director since January 2020, and has had that same role for Saint Croix Management Incorporated since August 2022. Prior to that Mr. Hamerlind was the Assistant Regional Director from June 2017 to January 2020, and out our Senior Sales Account Executive from December 2009 to June 2017.

Ramona Mueller: Controller

Ms. Mueller has served as our Controller since February 2023, and has had that same role for Saint Croix Management Incorporated since February 2023. Prior to that, Ms. Mueller was the

Controller for Nexstar Network from May 2022 to December 2022 in St. Paul, MN, the Controller for Durag, Inc. from October 2020 to May 2022 in Minnetonka, MN, the Controller for Brown and Bigelow from May 2019 to October 2020 in Eagan, MN, the Controller for Erskine Interiors from September 2018 to April 2019, and the Controller for Oxbow Sunworks from September 2017 to July 2018 in Lake Elmo, MN.

Vanguard's Management:

Raymond Lee: President; Director; Chief Financial Officer

Mr. Lee has been the President and Chief Financial Officer for and a Director of Vanguard since February 1995, and Chief Financial Officer and a Director of RR Franchising, Inc. since its inception in February 2013.

David Lee: Chief Strategy and Growth Officer

Mr. Lee joined Vanguard as Senior Vice President in August 2023 and was appointed Chief Strategy and Growth Officer in February, 2024. Mr. Lee previously served as Chief Operating Officer for Public Storage headquartered in Glendale, California, from September 2021 to August 2023. He was Senior Vice President Operations from September 2019 through September 2021, for The UPS Store located in San Diego, California, and served as that company's Vice President of Product Development & Print Services from May 2014 to September 2019.

Margaret Narodick: Chief Legal Officer

Ms. Narodick has been our Chief Legal Officer since August 2018. From June 2002 until that time she served as Senior Counsel with Holmes Lofstrom, PC (previously Holmes Lofstrom, LLP) in Long Beach, California.

Eric Tanner, Vice President

Mr. Tanner joined Vanguard as Vice President in February 2024. Mr. Tanner previously served as Senior Vice President of Franchise Marketing for Scorpion in Valencia, California, from January 2020 to February 2024. He was Vice President of Franchise Marketing for that company from August 2018 to January 2020, and Senior Internet Marketing Manager from June 2016 to August 2018.

Eric Last: Franchise Development Director

Mr. Last has been Vanguard's Franchise Development Director since January 2005.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item about the Region.

Vanguard: Pending Litigation

Alida Mazariegos, Paula Gonzalez, Jaime Amaya, Adrianna Tello, and Ryne Bass, Plaintiffs, on behalf of themselves and all others similarly situated v. Vanguard Cleaning Systems, Inc.; RR Franchising, Inc., d/b/a Vanguard Cleaning Systems of Southern California and d/b/a Vanguard

Cleaning Systems of Northern California; Buddha Capital Corporation, d/b/a Vanguard Cleaning Systems of Sacramento, d/b/a Vanguard Cleaning Systems of the Central Valley, and d/b/a Vanguard Cleaning Systems of the Central Coast; and Wine Country Ventures, Inc., d/b/a Vanguard Cleaning Systems of the North Bay, and DOES 1 through 10, inclusive, (Superior Court of the State of California County of San Mateo, Case No. 20-CIV-04267 (Filed October 1, 2020)).

Alida Mazariegos is a former franchisee of Wine Country Ventures, Inc. (“WCV”). Paula Gonzalez is a franchisee of RR Franchising, Inc. (“RR”). Jaime Amaya originally signed a franchise agreement with a predecessor of Buddha Capital Corporation (“Buddha”), which Buddha later assumed, and Mr. Amaya currently operates his janitorial franchise business under D & J Cleaning, LLC. Plaintiffs filed this action on behalf of themselves and seeking to represent a class of franchisees in California under the theory that they were or are employees of WCV, RR, and Buddha, respectively, as well as master franchisor, Vanguard Cleaning Systems, Inc. (“VCS”). Ms. Gonzalez and Mr. Amaya have also filed an initial Private Attorneys General Act (“PAGA”) complaint with the California Labor and Workforce Development Agency on behalf of themselves and other California franchisees. Plaintiffs claim in this action and in the PAGA complaint to have been misclassified as independent contractors in violation of California law. Plaintiffs in this action originally requested certification of seven wage-based claims, but subsequently limited their request for certification to four claims, alleging Wage Order violations, Labor Code violations and a violation of the state unfair competition law. They seek class certification, declaratory judgments with respect to the purported violations and the nature of the defendants’ liability, attorneys’ fees and costs, as well as an order for unspecified damages, penalties and restitution of all amounts owed plaintiffs under the Labor Code. Plaintiffs in the PAGA representative action seek enforcement of fourteen alleged Labor Code violations against VCS and all California Area Franchisors, including Prestige Worldwide, Inc., d/b/a Vanguard Cleaning Systems of the Southern Valley, and an unspecified amount of related penalties, liquidated damages and interest. Each of the named defendants has independently indicated its intention to defend these matters vigorously. The complaint was amended to include 2 additional Plaintiffs, Tello and Bass, both of whom operate or operated their franchise businesses under franchise agreements including arbitration clauses. Ryne Bass is an owner of RNL, LLC, which is a former franchisee of RR. Adriana Tello is a franchisee of WCV. Defendants filed a motion to compel such Plaintiffs to arbitrate their claims, and in January 2024, the court ordered Plaintiffs Tello and Bass to submit their claims to arbitration to allow an arbitrator to determine the enforceability of their arbitration agreements and, if found enforceable, to arbitrate Plaintiffs’ respective claims. The court also agreed to the parties’ stipulation and order to vacate deadlines relating to Plaintiffs’ motion for class certification pending arbitration on the enforceability issue.

Vanguard: Concluded Litigation

Luiz Tomaz Da Costa, Flavio Melo Filho, Geraldo Dimas Figueiredo and Sebastiao Matos, Dominga Almonte, Laura Abreu, and Rafael Abreu on behalf of themselves and all others similarly situated v. Vanguard Cleaning Systems, Inc., and Ztico, Inc. d/b/a Vanguard Cleaning Systems of Southern New England (Commonwealth of Massachusetts Superior Court, Middlesex County, Docket No. 1581CV04743 (Filed June 26, 2015). A First Amended Class Action Complaint was filed on August 19, 2015.

The plaintiffs are former unit franchisees of Ztico, Inc. (“Ztico”). They filed this action seeking to represent a class of franchisees in Massachusetts and/or Connecticut under the theory that they were employees of Ztico and Vanguard Cleaning Systems, Inc. (“Vanguard”) who had been misclassified as independent contractors in violation of Massachusetts and Connecticut law and other wage-based

claims. They sought statutory trebling (in Massachusetts) and doubling (in Connecticut) of damages. Ztico, which was an independently owned and operated Rhode Island-based Area Franchisor of Vanguard, with regional rights in Massachusetts and Connecticut as well, was dismissed from the lawsuit with prejudice on November 12, 2015 when Ztico reached an independent settlement agreement with the plaintiffs. On September 29, 2017 there was a finding against Vanguard regarding liability for certain test case plaintiffs. Vanguard vigorously defended this action for some time thereafter, and while the court did not make any findings on class-wide liability or certify a class, and while there was no final judgment as to whether Ztico or Vanguard misclassified any franchisee, Vanguard ultimately chose to enter into a settlement agreement as well, which was approved by the court on March 6, 2019. Vanguard agreed in its settlement agreement to pay approximately \$559,450 as payments to the named plaintiffs and any possible class members, in exchange for full releases and other consideration. As part of the settlement, Vanguard paid \$275,550 to plaintiffs' counsel in legal fees. A stipulation of dismissal was filed with the court on April 2, 2019.

Other than these two actions, no litigation is required to be disclosed in this Item about Vanguard or the Region.

ITEM 4 **BANKRUPTCY**

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

ITEM 5 **INITIAL FEES**

Initial License Fee

You must pay us an Initial License Fee of \$4,000. The Initial License Fee is due in full at the time you sign your Franchise Agreement. The Initial License Fee is payable when you sign the Franchise Agreement. The Initial License Fee shall only be refunded to you if, during the first 120 days signing the Franchise Agreement, either we do not offer you any VCS Accounts or if you fail to accept any VCS Accounts that are offered to you. The Initial License Fee is non-refundable in all other circumstances. In addition, we may choose to waive or to offer a discounted Initial License Fee to a candidate who is an existing franchisee of a Vanguard Cleaning Systems® master franchisee in a different region in the System and is relocating to our Region and who has already received start up assistance from the master franchisee.

ITEM 6 **OTHER FEES**

The fees described below are paid to us and none are collected on behalf of any third party. Except as noted, the fees listed below are currently uniform as to all new franchisees who receive this offer. However, we may negotiate different rates or fees with other franchisees when we think appropriate and to the extent permitted under applicable law. Additionally, we may permit renewing franchisees to carry forward certain fees/percentages under their expired franchise agreement for the term of their renewal franchise agreement. We also may change the type and amount of fees offered to new or renewing franchisees in the future.

Name of Fee (See Notes 1 and 6)	Amount (See Note 2)	Due Date	Remarks
Royalty	6% of your monthly Gross Revenues.	Deducted on the 28th day of each month from amounts we collect and deposit into the Franchisee Escrow Account from Accounts your VCS Business services. (See Note 3.)	See Note 3.
Business Support Fee	19% of your monthly Gross Revenues.	Deducted on the 28 th day of each month from amounts we collect and deposit into the Franchisee Escrow Account from Accounts your VCS Business services. (See Note 3.)	See Note 3.
Special Services	Varies and is a percentage of the Service Billings for the requested services Currently between 15% and 30%.	Deducted on 28 th day of each month from amounts we collect and deposit into the Franchisee Escrow Account from Accounts your VCS Business services. (See Note 3.)	See Note 4.
Substitute Services Reimbursement	Expenses we incur in arranging for a substitute third party to service an Account on your behalf.	Deducted on the 28 th day of each month from amounts we collect from Accounts your VCS Business services. (See Note 3.)	May be necessary for brand protection if your VCS Business does not meet the requirements outlined in an Account's Cleaning Service Agreement or you fail to arrange in advance for schedule substitutions as needed. You authorize us under the Franchise Agreement to arrange for these services for the Account when necessary to preserve the good will associated with the Marks.
Training Fee	Currently, \$5,000	Upon Demand	If we permit you to pay a reduced Initial License Fee based upon your experience, but you still wish to attend the non-abbreviated Business System Program, then you must pay us our then-current training fee.
Loss of Account	An amount equal to the first full month's billing	Upon demand	See Note 6.
Indemnity	You must hold us and our related parties harmless from claims connected to you and/or your VCS Business; Amount varies with claim and related costs and fees.	Upon demand.	Includes all liability, costs of defense, obligations, damages and expenses.
Assignment/Transfer Fee	\$1,000	Prior to assignment/transfer of the franchise.	Collected as a condition of assignment/transfer.

Name of Fee (See Notes 1 and 6)	Amount (See Note 2)	Due Date	Remarks
Insurance	<p>You pay the premium costs of coverage, plus our administrative fee, if you fail to maintain required insurance and we provide gap insurance on your behalf. Our administrative fee is currently 3%-5% of your Gross Revenues. You must obtain such coverage from a third-party carrier that meets our standards and requirements and ensure that we and Vanguard are named as additional insureds on the endorsement and certificate.</p> <p>In addition to the coverage identified above you must obtain workers compensation insurance coverage from a third-party source.</p>	<p>When due to insurance carrier or, if you fail to maintain the required insurance and we provide gap insurance on your behalf, then it is paid to us, with payments deducted on the 28th day of each month from amounts we collect and deposit into our Franchisee Escrow Account from Accounts your VCS Business services. (See Note 3.)</p>	<p>We are not obligated under the Franchise Agreement to offer an insurance program. (See Note 7.)</p>
Reproduction fee	\$25	Upon request	For copying of legal or financial documents you cannot locate or want to replace.
Bank Collection Fee	\$35	Upon request	Payable if we send you a check and you request that we cancel or stop payment on the check.
Cost of Collection and/or Enforcement	Cost of legal proceedings and other expenses to collect payments from you or to enforce other terms of the Franchise Agreement.	On demand if we prevail	Includes reasonable attorneys' fees.
Credit Card Processing Fee	3.5% processing fee to process any credit card payments	Deducted on the 28 th day of each month from amounts we collect from Accounts your VCS Business services. (See Note 3.)	Credit cards may be used to purchase franchise, additional business volume, equipment and chemicals.
Interest	1.5% per month or the highest rate allowable under applicable law, whichever is more	On demand	Incurred with late payments.

Note 1: Unless otherwise noted, all fees are paid to us, are uniformly imposed and non-refundable.

Note 2: Gross Revenues means the total monthly billings for all fees due from all Accounts serviced by your VCS Business, regardless of the source for such Account or whether the fees billed to the Account are collected (but excluding any Non-Vanguard Account revenue).

Note 3: Under the Franchise Agreement you authorize us, on an exclusive basis, to perform the billing and collection services for all Accounts your VCS Business services. All Account payments we collect will be deposited into a dedicated bank account used exclusively for receipt of all Vanguard Cleaning Systems Account funds (the "Franchisee Escrow Account"). All payments you are required to make to us or our affiliates (the "Deductions") will be deducted from the amounts (if any) we collect from Accounts serviced by your VCS Business. After all Deductions have been applied to the amount

collected (if any), we will remit the balance to you. If for any reason you collect any payment directly from an Account, you must report it to us and pay all applicable Deductions to us, or we will apply such Deductions from amounts we collect from other Accounts your VCS Business services before remitting any balance to you. You have the right to discontinue servicing any VCS Account if it does not pay for services rendered by your VCS Business within 60 days of its receipt of the related invoice. We will consult with you before discontinuing to invoice a VCS Account and before settling a delinquent Account matter. While we make reasonable efforts to collect amounts billed to Accounts, we do not promise that we will file suit to collect or otherwise be able to collect from any of the Accounts your VCS Business services. Funds advanced to you in connection with an uncollected Account can be deducted from amounts we owe you. If you ask us in writing, we will transfer to you our rights in an uncollected Account serviced by your VCS Business. You must follow the law in trying to collect on the Account and indemnify us if we incur any damages or other liabilities from your collection activity. If you service any Non-Vanguard Accounts (as defined in Item 16 below), you are solely responsible for all billing and collection activities related to those accounts.

Note 4: Special Services are Account orders for non-routine VCS Business services, such as carpet cleaning, floor finishing and initial cleaning. You must notify us of any Special Services orders that you receive from your accounts. If you generate the new order and price and secure the job, the fee to us is 15% of the invoice for the applicable service(s). If we generate the new order, price and secure the job, you pay us 30% of the invoice for the applicable service(s). In all instances, your VCS Business is responsible for furnishing the equipment, supplies and staffing necessary to complete any Special Services order accepted by you. Special Services Fees can vary and are in addition to the continuing royalty and Business Support Services fees we charge on Gross Revenues.

Note 5: If we have any fees, taxes, or other assessments imposed on us because of payments you make to us (or which are collected from Accounts that your VCS Business services) then we can require that you pay us an additional amount so that the net amount we actually receive after the deduction, payment or withholding is the full amount of the royalty, fee or other amount we are entitled to be paid under the Franchise Agreement.

Note 6: If you lose an Account due to client dissatisfaction, your inadequate or poor performance with respect to the Account, your failure to adhere to Brand Standards, your abandonment of the Account, you fail a background or drug test required by the Account, or if we terminate the Franchise Agreement due to your breach, then you must pay to us an amount equal to one (1) times the first full month's gross billings for each lost Account.

Note 7: If you obtain all required insurance policies, including commercial umbrella liability coverage of \$10,000,000, then you will not pay us this fee. If you obtain all required policies and coverages, but obtain a commercial umbrella liability coverage of less than \$10,000,000, then you will pay us our then-current fee, currently 3% of Gross Revenues. If at any time your insurance coverage lapses, then you must pay us our then-current fee, currently 5% of your Gross Revenues, until you obtain the required insurance, at which time it will revert back to either 0% or 3% of Gross Revenues, as applicable.

We may pay franchisees a franchisee referral fee ranging from \$300 to \$500 or offer equipment items or Additional Account Business Transfers of equivalent value for referred candidates who acquire a franchise, but we can change this policy at any time.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Description	Estimated Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Licensing Fee	\$4,000	Lump Sum	On Signing of Franchise Agreement	Us
Equipment and Supplies (See Note 1)	\$1,000 - \$4,000	As Arranged	As Required	Third Parties
Insurance (See Note 2)	\$1,110 - \$3,200	As Arranged; typically monthly	Minimum Required Coverage Must Be Obtained Before Commencing Business	Insurance carriers
Real Property/Leases (See Note 3)	\$0	Not Applicable	Not Applicable	We do not require you to operate your VCS Business from a separate location.
Additional Funds – 3 months (See Note 4)	\$1,000 - \$12,500	As Arranged	As Required	Third Parties
TOTAL (See Note 5)	\$7,110-\$23,700			

Currently, we only sell VCS Businesses to established and open janitorial businesses. Therefore, the above chart assumes that you will not need to incur costs and expenses that a start-up janitorial business would incur, such as certain equipment and supplies, permits and licenses, etc.

Note 1: You need to ensure that your VCS Business maintains the equipment and products necessary to provide the services specified by the Accounts you accept. The low estimate in the above chart assumes that you are an experienced candidate who is currently conducting commercial cleaning business operations and will not need to purchase additional equipment and supplies in order to establish and begin operations of your VCS Business. The high estimate in the above chart assumes that you are an established cleaning business, but will still need to purchase additional specialized equipment and supplies in order to meet the needs of various Accounts and overall demand for services, and establish and begin operations to accept facilities with unique cleaning requirements such as schools and medical facilities unique of your VCS Business. Your actual costs will vary depending on the products and equipment you require and the vendor you select.

Note 2: You must have insurance coverage meeting our then-current minimum coverage/policy requirements, which can change. If you don't already have the minimum required coverage when you become a franchisee, then you must purchase it. In all cases, insurance industry rates can change and you may need to pay more for coverage if they do. An estimate of worker's compensation coverage is not included in the range provided.

Note 3: Most franchisees manage their VCS Business operations from their homes. If you choose to operate your business from leased space, you will incur additional expenses depending on the size of space you select, local rent conditions and other site-specific variables.

Note 4: Additional funds are the estimated amounts you will need for the expenses of operation during the initial phase of the business, which is the initial 3 months after you begin operating your VCS Business. These expenses will be mainly for transportation (gas and vehicle maintenance) from your VCS Business location to Account locations. This estimate includes wages for the first owner employee, but does not include any owner's draw or salary. This estimate also includes additional

equipment purchases that may be required to satisfy an account's services requirements. Additional funds were estimated on the basis of experience with franchisees' operations and Vanguard's general knowledge of the industry.

Note 5: Most franchisees have an existing means of transportation sufficient to operate the VCS Business, so no costs to purchase or lease a vehicle are included in the range provided. If you choose to purchase or lease a vehicle specifically for your VCS Business, you will incur additional vehicle expenses and your costs of doing business will be higher than those reflected in the estimated range provided. Since most franchisees live within driving distance of the Region's principal place of business, the estimated cost range also does not include any travel or lodging expenses in connection with your optional participation in our initial training program (the "Business System Program"). You may incur some minimal additional commuting expenses, depending on where you live. This range is only an estimate, and we cannot guarantee that the amounts specified will be adequate. You may need additional funds during the first 3 months of initial operation and afterwards. In addition, the estimates presented relate only to certain costs associated with the VCS Business and do not cover any personal, "living," expenses or certain other business expenses you may have, such as royalty payments, support services fees and other amounts paid to us, debt service on any loans or financing arrangements, tax expenses and a variety of other amounts not described in the above charts.

Except as expressly stated above, all amounts paid to us are nonrefundable. Typically, amounts paid to third parties will not be refundable unless otherwise agreed.

ITEM 8 **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

As of the issuance date of this Disclosure Document you are free to purchase products and services from suppliers of your choice. We offer you a list of suppliers of certain products, but you currently are not required to purchase those products or to use those suppliers. Under the Franchise Agreement we can require that you purchase and use in your VCS Business certain products and equipment and use certain suppliers to protect the Vanguard Cleaning Systems reputation and good will and to maintain the uniform quality and Brand Standards associated with the Marks.

Other than Account billing and collection services, as described in Item 6 of this Disclosure Document, you currently are not required to purchase or lease any equipment or other goods or services from us, from Vanguard or from our respective affiliates.

You must obtain and maintain throughout the term of your franchise agreement general commercial liability, crime liability, umbrella liability, and owned or non-owned/commercial auto insurance coverage, in the minimum amounts noted in our current coverage/policy requirements. You also have to maintain workman's compensation and an unemployment insurance account as required under the laws of the state in which your VCS Business will operate. You also must maintain vehicle liability insurance in the minimum amounts noted in our current coverage/policy requirements. We and Vanguard Cleaning Systems, Inc. must be named as additional insured on each of the insurance policies you obtain. Such insurance will be primary and non-contributory with respect to any insurance carried by either us or Vanguard Cleaning Systems, Inc., and it must contain a waiver of subrogation.

You must provide us with all proof of insurance we require, including original or duplicate copies of all insurance policies, certificates of insurance, original endorsements affecting the coverage required by us, together with proof of payment within ten days of issuance. You shall also furnish us

with proof of insurance, including certificates and endorsements evidencing this insurance coverage within ten days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance. All proof of insurance is subject to approval by us. If you fail to procure and maintain the required insurance coverage, we have the right and authority to procure gap insurance coverage on your behalf and charge you, which charges, together with an administration fee, for our expenses incurred in this procurement, you will pay immediately upon notice. If we procure gap insurance coverage for you on your behalf, then you must immediately obtain your own insurance coverage through a third-party carrier, and we may terminate your Franchise Agreement if you fail to do so.

We derive revenue from insurance administrative fees and from the sale or lease of equipment, and other supplies, and the sale of background check services to franchisees. During our last fiscal year ending December 31, 2023, we derived revenue of \$3,075, or 0.029% of our total revenue of \$10,442,595, from franchisee purchases of products or services from us. Otherwise, we currently do not derive revenue from any required purchase by or lease to you.

Under the Franchise Agreement, we, Vanguard and our/their respective affiliates have the right to make and keep any revenues, mark ups, profits and other economic benefits received in connection with sales of products and services made to you and other franchisees or received from third party suppliers to franchisees. Vanguard currently negotiates discounted rates from certain cleaning chemical and equipment supply companies for the benefit of our franchisees. During our fiscal year ending December 31, 2023, we did not receive any rebates or other consideration from third party suppliers.

Owners or officers of the Region or Vanguard may have minority ownership interests in a variety of publicly traded companies. Some of these publicly traded companies or their affiliates could be approved or designated suppliers to our franchisees. Other than this type of minority ownership and our executive officers' ownership in the Region, no officer or owner of the Region or Vanguard has any ownership interest in any of your suppliers.

Purchases or leases which you must make in accordance with Vanguard's specifications total between 12% and 23% of the cost of all purchases or leases to establish the business, and between 8% and 9% of the cost of all purchases and leases to operate the business.

There are no purchasing or distribution cooperatives as of the date of this Disclosure Document. The Region may negotiate discounted rates from certain cleaning chemical and equipment supply companies for the benefit of its franchisees but is not required to do so. We do not provide material benefits to you (for example, franchise renewal) based on your purchase of particular products or services or the use of particular suppliers.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Disclosure Document Item
a.	Site Selection and Acquisition/Lease	N/A	Item 11
b.	Pre-Opening Purchases/Leases	Section 8	Items 5, 7 and 8
c.	Site Development and Other Pre-Opening Requirements	Section 2	Items 7 and 11
d.	Initial and Ongoing Certification	Section 3	Items 7 and 11
e.	Opening	Sections 2 and 16	Item 11
f.	Fees	Sections 2, 4, 5, 7, 11, 12, 13, 14, 15, 17, 19, 20, 21, 26, 28, 32, and 34, and Exhibits A, N and O	Items 5, 6 and 11
g.	Compliance With Standards and Policies/ Manual	Sections 2, 6, 7, 8, 9, 10, 12, 16, 17, and Exhibit C	Items 8 and 11
h.	Trademark and Proprietary Information	Section 6	Items 13 and 14
i.	Restrictions On Products/Services Offered	Sections 5, 6, 8 and 12	Items 8 and 16
j.	Warranty and Customer Service Requirements	Sections 8 and 12	Item 6
k.	Territorial Development and Sales Quotas	Section 1, 12 and 19	Items 12 and 17
l.	Ongoing Product/Service Purchases	Section 4	Item 6
m.	Maintenance, Appearance and Remodeling Requirements	N/A	N/A
n.	Insurance	Sections 2, 16,	Items 6 , 7 and 8
o.	Advertising	Section 9	Item 11
p.	Indemnification	Sections 4, 5 and 15	Item 6 and 13
q.	Owner's Participation Management/Staffing	Sections 7 and 8	Item 15
r.	Records/Reports	Section 10	Not Applicable
s.	Inspections/Audits	Section 8	Not Applicable
t.	Transfer	Section 2 of Cleaning Account Referral Agreement - Transfer Acceptance Sections 5, 19, 21 and 22 Cleaning Account Referral Agreement - Transfer Acceptance Franchise Transfer Agreement	Items 6 and 17
u.	Renewal	Section 18 Renewal Addendum to Franchise Agreement	Item 17
v.	Post-Termination Obligations	Sections 6 and 20	Item 17
w.	Non-Competition Covenant	Section 6	Items 16 and 17
x.	Dispute Resolution	Sections 31 and 32	Item 17
y.	Personal Guaranty of Owners	Section 13 and Exhibit A Section 4 of the Renewal Addendum to Franchise Agreement Section 7 or 8 Section 5 of the Franchise Transfer Agreement	Item 15

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

Except as listed below, Vanguard Cleaning Systems of Minnesota is not required to provide you with any assistance.

Pre-Opening Obligations

1. We may, at our option, provide you with the Business System Program. (Section 3 of Franchise Agreement).

The above item is not applicable to renewal or transfer franchises.

2. We will loan you a copy of the confidential Business Information and Commercial Cleaning Information Manuals (the "Manuals") for you to use in your VCS Business. (Section 6 of Franchise Agreement).

After your VCS Business Has Met Pre-Opening Obligations

1. We will provide certain accounting, collection and back-office support services to your VCS Business. (Section 5.A and 5.B of Franchise Agreement).

2. We will locate Accounts in your Territory and offer to Transfer such Accounts to you. (Section 4 of Franchise Agreement).

Advertising

You are not required to participate in any advertising program administered by us or to pay us or Vanguard any advertising fees. There are no local or regional advertising cooperatives.

We require you to first submit samples of advertising and promotional materials intended for any media, including the Internet, to us for advance approval of your use of the Marks. Any proposed display of the Marks on equipment, vehicles or any other items must first be reviewed and approved by us in writing. If we do not approve any submitted materials, you must not use them in your VCS Business (Section 9 of the Franchise Agreement).

You must meet the requirements we set for identifying your VCS Business and operations as independently owned and operated and to include notices of your independent ownership on prescribed materials, such as business cards, forms and advertising. You cannot use the Marks on the Internet, social media or apps without our prior approval of your use of the Marks. You also must follow any established policies and requirements about Internet key word purchases, social network pages, videos or other publications on the Internet in which the Marks are used. (Sections 6 and 9 of the Franchise Agreement).

Site Selection and Service Opening

You are not required to find a site or office from which to provide your VCS Business services. You will service Accounts at their commercial locations to meet the requirements specified in the applicable Account Cleaning Service Agreements. Most franchisees prefer to operate their VCS Businesses from their homes. Therefore, we provide no assistance or guidelines in site selection.

The typical length of time between signing the Franchise Agreement and beginning VCS Business operations is approximately 4 to 8 weeks. Factors affecting this time period include how long it takes you to obtain insurance coverage, to obtain equipment and supplies, and, if you choose to attend the VCS Business Systems Program, the time it takes you to complete the program, and the time it takes to begin working on Accounts you choose to service.

Business System Program and Manuals

We may, at our option, offer conduct an optional initial program (the “Business System Program”) for you when you purchase your VCS Business. We are not obligated to offer the Business System Program, and if we do, you are not obligated to participate in it. The Business System Program includes information on our System standards and procedures (“Brand Standards”) and is designed to promote maintenance of the quality and goodwill associated with the System and the Marks. It lasts up to 2 days and typically is offered to you within 30 days after signing the Franchise Agreement. The Business System Program is typically conducted at our headquarters. In 2023, 100% of our new franchisees attended the Business System Program.

In addition to the Manuals described below, we may give you supplementary informational materials on various products and other matters pertinent to the VCS Business operation. We may offer web-based modules, which are in addition to the Business System Program. These modules may be viewed at either our regional offices or on your computer when available at no charge to you. This additional material is also optional as of the date of this Disclosure Document and you do not have to complete the modules to our satisfaction. The following table summarizes the content of the Business System Program:

BUSINESS SYSTEM PROGRAM

Subject	Hours in Classroom	Location
Beginning Your VCS Franchise	1-2 hours	Our headquarters in Eagan, MN
Fundamental Concepts	1-2 hours	Our headquarters in Eagan, MN
Brand Standards	1-2 hours	Our headquarters in Eagan, MN
In-depth Chemical and Safety Training	1-2 hours	Our headquarters in Eagan, MN

Depending upon the length and type of experience that you have operating a commercial cleaning business, we may offer you an abbreviated half-day version of the Business System Program, which focuses on our billing process, bidding process, and account walkthrough.

Instructors for the Business System Program will be our President since 2005, Cindy Banchy, Paul Rauch, Paul Kuhn, and Michael Hamerlind. Paul Rauch is a Brand Services Manager and joined Vanguard in February 2018. Paul Kuhn is a Brand Services Manager and joined Vanguard in January 2016. Michael Hamerlind is our Regional Director, and joined us in December 2009. Michael had over 4 years of experience in sales at Great River Office Products. Other employees of ours, and/or

representatives of suppliers may assist in the Business System Program process. We reserve the right to make changes in personnel at any time.

During the term of your Franchise Agreement, we may offer to meet with you (in person, over the phone, or virtually) and discuss the current state of your business and provide feedback on any business plans that you may have for the upcoming six to twelve month period.

You will have an opportunity to review the Manuals before you sign the Franchise Agreement. We will loan you a copy of the Manual for you to use as long as you are a franchisee. As of the date of this Disclosure Document, the Manual has 24 pages. The Table of Contents is attached as Exhibit K. The Manual is a part of the VCS System and is a compilation of information on various subjects pertinent to your VCS Business. The Manual's contents do not control the day to day aspects of your VCS Business; you have that control as an independent business owner. You are free to conduct your VCS Business as you think best, so long as your operations remain consistent with the Franchise Agreement, any required Brand Standards and all applicable codes, laws, regulations, ordinances and other legal requirements.

Computer

We do not require that you have a computer, but we recommend that you have one and maintain an email account for communication with us.

ITEM 12 **TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. We do not own or control any unit franchises or outlets that provide competitive services to janitorial accounts or any competitive brands but could do so in the future. We may choose to engage non-Vanguard subcontractors to service Accounts.

The franchise is not granted for a specific location. You will be licensed to conduct your VCS Business within an Area designated in your Franchise Agreement that is within our Development Area. The Area is typically a large metropolitan area and usually includes the Minneapolis/St. Paul metropolitan area, Rochester, MN and St. Cloud, MN areas. The Area is not exclusive and we may grant other VCS Business franchises to operate in the Area. We can, and do license others to, operate under the Marks or other brands and sell any product or service in the Area. We currently sell paper products and a limited amount of cleaning equipment directly to customers in the Development Area, which may include your Area.

You may operate your VCS Business and solicit Vanguard Cleaning Systems Accounts within your Area. Your VCS Business may not offer or provide services under the Marks outside of your Area without our prior consent. Except as described in Item 16, you may provide services to accounts outside of your VCS Business ("Non-Vanguard Accounts") inside and outside of your Area.

When you accept an Account Transfer from us, you receive ownership and control of the VCS Account. However, that ownership can revert back to us and be lost if the Account Cleaning Service Agreement is cancelled, if the Account requests that an alternative VCS Business fulfill the requirements, if you choose to discontinue working with the Account, if your Franchise Agreement is

terminated or expires, if you or an owner/agent of yours fails to pass any criminal background check and/or drug, chemical or physical testing required by an Account or if we have cause to send you a notice of default and termination under the Franchise Agreement and we send you a written demand for the Account to revert to us. If you lose an Account as provided, we can Transfer the Account to another VCS Business.

We do not operate or franchise, and have no current plans to operate or franchise, a competitive cleaning service under a different trade name or trademark in your Area. Vanguard does not operate or franchise, and has no current plans to operate or franchise, a competitive cleaning service or related business under a different trade name or trademark in your Area.

Your VCS Business must generate minimum monthly Gross Revenues of \$4,000 per month or your franchise may be terminated by us.

ITEM 13
TRADEMARKS

Registrations, Litigation, Infringing Uses

We are licensed by Vanguard to offer franchises under Vanguard’s principal service marks, which include the words Vanguard Cleaning Systems and the registered logo shown on the cover page of this Disclosure Document (the “Principal Marks”). We also are licensed to use and to sublicense your use of other Vanguard Marks. The following Marks are registered on the Principal Register of the United States Patent and Trademark Office as follows:

Vanguard has filed all affidavits that have become due to maintain rights in the Principal Marks.

Vanguard has also filed a new application to register the principal trademark listed below. Because Vanguard does not have federal registration for the trademark listed below, this trademark does not have as many legal benefits and rights as a federally registered trademark. If Vanguard’s right to use the trademark below is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Mark	Filing Date	Serial Number	Class
<p>VANGUARD CLEANING SYSTEMS & Design (horizontal design b/w reverse)</p> 	August 3, 2023	98115794	37

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board or any other trademark administrator or any court, pending interference, opposition, or cancellation proceeding, or any pending material litigation involving the Principal Marks.

Vanguard has granted us under our master franchise agreement the right to use and sub-franchise the Marks to VCS Businesses in our Development Area for a 20-year term with certain rights to a successor franchise term. Under the terms of our master franchise agreement, if our master franchise is terminated or expires without us entering into a successor franchise term, we will lose our right to use and sublicense the Marks and System. If that occurs and Vanguard or another company does not assume your Franchise Agreement, you will no longer be authorized to use the Marks and the System. Other than the master franchise agreement, there are no agreements currently in effect which significantly limit Vanguard's or the Region's rights to use or license the use of the Principal Marks in any manner material to the franchise.

Vanguard and the Region are not aware of any infringing or prior superior uses of the Marks that could materially affect your use of them in this state.

Franchisee's Rights and Obligations with Respect to the Marks

You must use the Marks only in the operation and promotion of the VCS Business and in a manner that complies with the Franchise Agreement. You will use "Vanguard Cleaning Systems" as the exclusive trade name for your VCS Business Franchisee (which excludes Non-Vanguard Accounts) and will obtain an assumed name registration if we ask you to do so or if you are legally required to do so. You are not permitted to use the Marks or the System in connection with any Non-Vanguard Accounts, or with any unauthorized products or services, or in any manner that is not specifically permitted under the Franchise Agreement. You must not use the Marks in your legal Business Entity name.

You may not change or add to the Marks when you use them unless you have received our written permission to do so. You cannot alter or use any other identifying words in connection with the Marks. You must follow the requirements of the Franchise Agreement and Brand Standards in using the Marks. You cannot authorize anyone else to use the Marks.

You must notify us immediately on learning of any claim, suit or demand alleging trademark infringement by you and involving your use of the Marks. You must also notify us of any use of the Marks by an unauthorized third party. We and Vanguard are not obligated to take affirmative action in response to an alleged infringement of the Marks, but Vanguard intends to take whatever action it considers appropriate, if any, and will have the right to control any litigation or settlement of these matters. You have the right to participate at your expense in the defense or settlement of any claim or suit alleging infringement by you, subject to Vanguard's rights.

The Region and Vanguard are not obligated to protect or indemnify you for any damages or costs of defense if you are sued or made a party to any proceeding because of the Marks.

Vanguard reserves the right under the Master Franchise Agreement to modify or cease using its Marks and to adopt new or substitute trade names and Marks, and we and you would need to comply with any changes implemented by Vanguard. Your changes would be made at your own expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents material to the franchise owned by Vanguard or us. Vanguard claims common law copyrights in the Manuals, which are not your property and are loaned to you. All

Vanguard Accounts must have an Account Cleaning Service Agreement. We give you ownership and control of the Accounts Transferred to you, but your ownership is subject to our reversion rights in the Account. Account ownership reverts back to us if your Franchise Agreement terminates or expires and under other conditions explained in the Franchise Agreement and in Item 12 of this Disclosure Document. Under the Franchise Agreement, you are free to operate any businesses outside of your VCS Business and service any Non-Vanguard Accounts. We have no rights in any Non-Vanguard Accounts.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Designated Owner must manage and operate the VCS Business and supervise the performance of services by your employees. You must give us advance written notice of a proposed change in Designated Owner. Each VCS Business is an independent business and must be conducted as a limited liability company or a corporation. Before you begin operating your VCS Business, you must provide us with a copy of your articles of incorporation or operating agreement, your federal employee identification number, your Minnesota Tax ID, proof of workman's compensation, proof of payroll and other related documentation we may request. We can at our option require you to sign an independent contractor acknowledgement form. The current form is attached to the Franchise Agreement as Exhibit B, but we can change the form in the future.

Each Designated Owner must have an equity interest in the VCS Business. We require that Owners with a direct or indirect interest in the franchisee, and their spouses to guarantee the performance of the franchisee under the Franchise Agreement. The current form of Guaranty is attached to the Franchise Agreement as Exhibit C, but we can change the form in the future.

You are solely responsible for supervising, managing and controlling the day to day operations of your VCS Business, and you determine the methods and hours necessary to meet Account Cleaning Services Agreement terms and requirements. You are exclusively in charge of scheduling, staffing and management of your VCS Business employees and contractors, the terms of their employment and their compliance with any required Brand Standards and the Account Service Agreement requirements. Brand Standards do not include any employment policies or requirements. However, you must employ a sufficient number of qualified individuals in order to meet customer demand. We strongly recommend that, at a minimum, you employ at least three full time cleaners. The people you select to work in your VCS business are exclusively your agents and employees. They are not our or Vanguard's agents or employees and neither we nor Vanguard are joint employers of theirs. You also are solely responsible for state, federal and/or local taxes, fees and withholdings of every kind, including business and/or personal self-employment taxes and income taxes; payroll and payroll taxes for VCS Business employees; and social security and other amounts required to be paid or withheld, as well as for worker's compensation insurance as required by law. Neither we nor Vanguard are responsible for any item or expense associated with your VCS Business payroll or for any other compensation or benefits related to your VCS Business employees or independent contractors.

Each Franchisee Owner will sign the Franchise Agreement. They and the person signing on behalf of the Franchisee, as the Designated Owner, are parties to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You and your VCS Business operations must meet any required Brand Standards published in the Manuals or otherwise established because they are essential to the consistent quality and services associated with the Marks and their good will. Brand Standards can be changed from time to time. Your VCS Business is restricted to the sale of services approved for use under the Marks, which currently include certain commercial janitorial services as specified by us. Your VCS Business may not offer or provide any other services without advance written consent. For example, if you wish to provide any “Special Services” (non-routine services like carpet cleaning or stripping and waxing) you must notify us before accepting the order. We can condition acceptance of the order on your satisfying us that your VCS Business can meet any required Brand Standards applicable to the requested service. These procedures are necessary to reinforce the services and quality associated with the Marks.

Your VCS Business may not solicit any Accounts that are doing business with us or any other VCS Business or that are outside of your Area. Otherwise, you are encouraged to adopt business development strategies that meet your business objectives and to generate VCS Business Accounts separately from those Account Cleaning Service Agreement Transfers that you accept from us. We have resources available to assist you in meeting the business development goals you establish for your VCS Business. You can identify, determine pricing and submit bids for prospective Accounts. Each of these VCS Accounts must enter into an Account Cleaning Service Agreement with us and ownership of the Account is then transferred to you, subject to our reversion rights, as described in the Franchise Agreement and Item 12 of this Disclosure Document. We can decline an Account if we reasonably believe that it is a credit risk and/or one for which your VCS Business is not adequately insured, or which we believe is likely to have a negative impact on the goodwill associated with the Vanguard Cleaning Systems brand.

You also can choose to market and deliver independently to VCS Accounts services/products that are ancillary to the services provided under the Account Cleaning Service Agreement. These ancillary services/products may include services such as landscaping, snow removal, and minor handyman services. You must notify us in writing before offering/delivering any ancillary services/products to VCS Accounts. We can require (i) that any ancillary services/products be offered/sold to a VCS Account by a legal entity separate and distinct from Franchisee so as to ensure that there is no confusion regarding the scope of services provided under the VCS brand; (ii) that you fully indemnify and hold us harmless from any costs, damages, claims, expenses or liabilities arising or of or related to the offer/delivery of any ancillary services; and (iii) that you provide evidence of insurance coverage sufficient to permit you to meet these indemnification obligations. Our Business Support Services, including billing and collection activities, will not be provided for any ancillary services.

Subject to the restrictions outlined in this Item 16, you can independently solicit and service janitorial accounts outside of the VCS Business (“Non-Vanguard Accounts”), if: (1) the services are owned and/or provided by you or your affiliates and are not connected in any way with the Vanguard Cleaning Systems Marks or System or any Vanguard Cleaning Systems forms or materials; and (2) on the condition that you or your affiliates do not (a) independently solicit janitorial business from or provide janitorial services to Accounts that (i) are already doing business with us or with any VCS Business, or (ii) have in the past conducted business with us or with any VCS Business, including your VCS Business; or (b) otherwise interfere with the ongoing services provided by other VCS Businesses.

Our Business Support Services, including billing and collection activities, will not be provided for any Non-Vanguard Accounts.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

	Provision	Section in Agreement	Summary
a.	Length of Franchise Term	Sections 1 and 18	5 years from date of Agreement.
b.	Renewal or extension of the term	Section 18 Section 3 of the Renewal Addendum	Three additional 5-year terms, if renewal conditions met.
c.	Requirements for you to renew or extend	Section 18 Sections 1-9 of the Renewal Addendum	On renewal you will be required at our option to sign a term extension addendum or new form of Franchise Agreement (including any applicable renewal addendum), either of which may include materially different terms and conditions than your original contract. Additionally, you must have been in full compliance under your Franchise Agreement throughout the term, not be in default under the Franchise Agreement or any other agreement with us, give written notice of renewal election 90 to 180 days before agreement expires, pay amounts owed to us, and sign a general release of claims against us, subject to applicable law. Refer to Exhibit G of this Disclosure Document for a sample version of Franchisee Release of Claims, which we can change in the future.
d.	Termination by you	Not applicable	Not applicable.
e.	Termination by the Region without cause	Section 21	Your agreement will end if our master franchise is terminated or ends and your agreement is not assigned to another person/Business Entity with rights to use the Marks and System.
f.	Termination by the Region with cause	Section 19	Section 19 provides some grounds for immediate termination; other defaults require prior notice.
g.	“Cause” defined defaults – curable	Section 19	Termination if default under Agreement or any mandatory provision of the Manuals is not cured within the time given after notice, except where immediate termination provisions apply as described in (e) above or (h) below.

	Provision	Section in Agreement	Summary
h.	“Cause” defined defaults - non-curable	Section 19	Bankruptcy or insolvency; unauthorized transfer; material misrepresentation or omission in the application for assignment or the Franchise; failure to pay debts to us within 15 days after notice (or such other period as provided in any other agreement with us); failure to pay other VCS Business debts within 15 days of due date or any shorter specified cure period, as applicable; criminal conviction or no contest plea to offense material to performance; or activities likely to damage reputation; abandonment of franchise; violation of safety, health, workplace protection law, or other ordinance or regulation and failure to correct the violation within 3 days or within any shorter required time period; failure to maintain minimum required insurance coverage; failure to keep entity registered with the state of Minnesota, failure to stop violating non-solicitation requirements within 5 days after notice; misuse of Marks, Manuals or other proprietary material/confidential information; failure to maintain \$3,000 in monthly gross revenues after 6 month grace period; fail to start accepting Accounts within 120 days of the Effective Date; fail in the first 60 days to respond to our communications with a commercially reasonable timeframe which in no event shall exceed 7 days; and failure to cure any other default under Agreement or Manuals within 30 days from issuance of default notice.
i.	Your obligations on termination or nonrenewal	Sections 6 and 20	Cease operating the VCS Business and VCS Business Accounts; stop using Marks, including in web sites, web pages and social media, and de-identify, pay all amounts due us, including notes according to their terms; return or destroy Manuals and confidential materials at our option; cease use of our trade secrets and Account lists, cancel any fictitious business name license using VCS or all or part of the Marks; pay amounts due to us and Licensor for costs incurred as a result of your breach of the Agreement. Certain obligations, including indemnification and confidentiality and dispute resolution continue.
j.	Assignment of contract by the Region	Section 21	We can assign contract without your consent.
k.	Transfer by you – defined	Section 21	Assign, transfer, share or divide any interest in the Franchise Agreement, the Business Entity Franchisee, the VCS Business or the VCS Business Assets.
l.	The Region’s approval of transfer by franchisee	Section 21	Our advance written consent is required.
m.	Conditions for the Region approval of transfer	Section 21	You must be in compliance with Franchise Agreement and all agreements with us; assignee must meet current qualification requirements to the extent we require and must be in compliance with all laws, regulations and ordinances governing the operation of a commercial cleaning business; payment of amounts due including transfer fee; at our option, assignee must (1) agree to be bound to your Franchise Agreement for the remainder of the term, or (2) execute the current form of franchise agreement for the remainder of the term of your Agreement or the full term generally granted to new franchisees; execution of consent to transfer; execution of general release; your indemnification and post terms obligations must survive transfer; you may not have a security interest in the Franchise after the transfer without our consent; and we are paid a \$1,000 transfer fee. Terms of the transfer cannot in our estimation jeopardize business viability or system standards. Refer to Exhibit G of this Disclosure Document for a sample version of Franchisee Release of claims, which we can change in the future.
n.	The Region’s right of first refusal to acquire your business	Section 23	We have right to match offer.
o.	The Region’s option to purchase your business	Section 20	We have a right to purchase your business or its assets according to prescribed price formula if agreement is terminated or expires and to obtain a general release from you.

	Provision	Section in Agreement	Summary
p.	Your death or disability	Section 22	Assignment to third party within 180 days. Subject to all transfer requirements and restrictions. Assignment fee waived. Until transfer assignment occurs, the VCS Business must be operated by a qualified person approved by us. During interim period we may assign your Accounts to an alternate VCS services provider without you having any right to the revenues received for the services provided if business not being operated to System standards.
q.	Non-competition covenants during the term of the franchise	Section 6	You and your affiliates may provide janitorial services to Non-Vanguard Accounts, but may not (1) do so using Vanguard's or our name or marks or materials; or (2)(a) independently solicit janitorial business from or provide janitorial services to Accounts that (i) are already doing business with us or with any VCS Business, or (ii) have in the past conducted business with us or with any VCS Business, including our VCS Business; or (b) otherwise interfere with the ongoing services provided by other VCS Businesses.
r.	Non-competition covenants after the franchise is terminated or expires	N/A	Not applicable.
s.	Modification of the agreement	Section 6 and 29	Agreement amendments must be written and signed by parties, but we can make changes in the Manuals and Brand Standards. You have to implement any mandatory changes we make.
t.	Integration/merger clauses	Section 29 Section 9 of the Renewal Addendum Section 9 of the Franchise Transfer Agreement	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	32	Except for matters for which a party believes it is necessary to seek equitable relief: i) disputes are subject to non-binding mediation for a minimum of 4 hours; and ii) if not resolved through mediation, the dispute will be resolved by binding arbitration (with limited exceptions). No party to the Agreement or its exhibits may seek to proceed under the AAA Employment Arbitration Rules. Either party can bring a collection action in a court or arbitration proceeding for undisputed, ascertained amounts under \$10,000.
v.	Choice of forum	Section 31	The location for mediation will be selected by the mediator and be within your Area. Arbitration will be conducted at the closest AAA office to us.
w.	Choice of law	Section 31	Minnesota law applies.

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote its franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document.

Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not furnish or authorize our salespersons to furnish any information about the actual or potential sales, costs, income or profits of a franchise. We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet from us, 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 Cindy Banchy, Vanguard Cleaning Systems of Minnesota, 3459 Washington Drive, Suite 109, Eagan MN 55122, (651)379-4000, the Federal Trade Commission, and the Minnesota Department of Commerce, 85 Seventh Place East, Suite 500, St. Paul, MN 55101, (651) 296-4026.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

The tables below include statistics on all units within the Region.

REGION STATUS SUMMARY
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary of all Regions
For Fiscal Years 2021, 2022 and 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	69	64	-5
	2022	64	61	-3
	2023	61	55	-6
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	69	64	-5
	2022	64	61	-3
	2023	61	55	-6

Table No. 2
Transfers of Region’s Outlets from Franchisees to New Owners
(other than the Franchisor)
For Fiscal Years 2021, 2022 and 2023

State	Year	Number of Transfers
MN	2021	1
	2022	0
	2023	0
Total	2021	1
	2022	0
	2023	0

Table No. 3
Status of Region’s Franchised Outlets
For Fiscal Years 2021, 2022 and 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
MN	2021	69	5	5	5	0	0	64
	2022	64	5	3	0	0	5	61
	2023	61	4	7	1	0	2	55
Total	2021	69	5	5	5	0	0	64
	2022	64	5	3	0	0	5	61
	2023	61	4	7	1	0	2	55

Table No. 4
Status of Region’s Company-Owned Outlets
For Fiscal Years 2021, 2022 and 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table No. 5
Projected Opening as of December 31, 2023

	Franchise Agreements Signed but Units Not Opened	Projected Franchised New Units in the Next 12 Months	Projected Company Owned Openings in Next 12 Months
MN	0	5	0

A list of all unit franchisees for our Region as of December 31, 2023, is attached to this Franchise Disclosure Document at Exhibit B. A list of those franchisees for our Region who have left the Vanguard system during the year ended December 31, 2023, or have not communicated with us within 10 weeks of the date of this Franchise Disclosure Document is attached to this Franchise Disclosure Document as Exhibit C.

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

In the last 3 fiscal years, no franchisees have signed a confidentiality clause with us that would restrict their ability to speak openly about their experiences with us.

As of the date of this Disclosure Document, we do not sponsor any trademark specific franchisee associations and no franchisee associations have requested to be included in this Disclosure Document.

VANGUARD’S STATUS SUMMARY
OUTLETS AND FRANCHISEE INFORMATION

The tables below include statistics on all units within the Vanguard system, including our franchising activities and those of Vanguard franchisees in other regions. Our unit franchising activity is listed in these tables under MN Minneapolis/St. Paul which is our unit franchising region. Unit franchise data for other regions is provided by and relates to unit franchising activities of master franchisees in other regions.

Table 1
Systemwide Unit Outlet Summary of All Regions
For Fiscal Years of 2021, 2022, and 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	2,664	2,512	-152
	2022	2,512	2,316*	-196
	2023	2,316	2,214	-102
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	2,664	2,512	-152
	2022	2,512	2,316*	-196
	2023	2,316	2,214	-102

*Historical numbers adjusted to correct reporting errors.

Table No. 2
Transfers of Unit Outlets from Franchisees to New Owners (other than their Franchisor)
For Fiscal Years 2021, 2022, and 2023

State	Year	Number of Transfers
AR-Ozarks	2021	1
	2022	0
	2023	0
CA-Northern California	2021	6
	2022	0
	2023	0

State	Year	Number of Transfers
CA-Southern California	2021	8
	2022	0
	2023	3
CA-Sacramento	2021	0
	2022	1
	2023	0
CA-Northbay	2021	1
	2022	3
	2023	0
CA-Stockton	2021	0
	2022	1
	2023	0
FL-Miami	2021	1
	2022	1
	2023	1
FL-North Port	2021	0
	2022	1
	2023	0
FL-Orlando	2021	0
	2022	1
	2023	1
FL-Tampa	2021	0
	2022	1
	2023	1
IL-Chicago	2021	1
	2022	1
	2023	1
KY – Louisville	2021	1
	2022	0
	2023	0
MD-Baltimore	2021	0
	2022	0
	2023	1
MN-Minneapolis/ St. Paul	2021	1
	2022	0
	2023	0
NC-Charlotte/Greensboro	2021	0
	2022	0
	2023	2
NM-Albuquerque	2021	1
	2022	0
	2023	1
NY-Hudson Valley	2021	1
	2022	2
	2023	0
OH-Cincinnati	2021	0
	2022	0
	2023	1

State	Year	Number of Transfers
OR-Portland	2021	0
	2022	0
	2023	2
PA-Allentown	2021	1
	2022	3
	2023	1
PA-Central	2021	1
	2022	0
	2023	0
PA-Philadelphia	2021	0
	2022	1
	2023	0
TN-Nashville	2021	0
	2022	1
	2023	0
TX-Austin	2021	1
	2022	0
	2023	0
TX-Dallas	2021	0
	2022	1
	2023	0
TX-San Antonio	2021	0
	2022	0
	2023	1
UT-Salt Lake City	2021	1
	2022	0
	2023	0
WA-Seattle	2021	0
	2022	1
	2023	0
WA-Spokane/ Kennewick	2021	2
	2022	2
	2023	6
Total	2021	28
	2022	21
	2023	22

Table No. 3
Status of Unit Franchised Outlets
For Fiscal Years 2021, 2022, and 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations For Other Reasons	Outlets at End of Year
AL-Birmingham	2021	125	2	0	4	0	6	117
	2022	117	1	0	0	0	10	108
	2023	108	3	0	2	0	5	104
AZ – Phoenix	2021	42	1	1	0	0	1	41
	2022	41	0	0	0	0	3	38
	2023	38	0	0	3	0	0	35

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations For Other Reasons	Outlets at End of Year
AZ-Tucson	2021	22	0	0	0	0	2	20
	2022	20	0	1	0	0	3	16
	2023	16	1	0	1	0	0	16
AR-Ozarks	2021	51	3	1	1	0	5	47
	2022	47	3	0	3	0	0	47
	2023	47	2	0	2	0	6	41
CA-Bakersfield	2021	36	0	0	0	0	1	35
	2022	35	3	0	0	0	1	37
	2023	37	2	1	0	0	2	36
CA-Northern California	2021	68	0	3	0	0	2	63
	2022	63	4	2	1	0	2	62
	2023	62	1	4	3	0	2	54
CA-Southern California	2021	83	0	2	0	0	4	77
	2022	77	5	7	0	0	8	67
	2023	67	4	0	5	0	2	64
CA-North Bay	2021	44	0	0	0	0	0	44
	2022	44	0	0	0	0	1	43
	2023	43	0	0	0	0	2	41
CA-Sacramento	2021	18	2	1	0	0	4	15
	2022	15	0	0	0	0	2	13
	2023	16*	0	0	0	0	1	15
CA-Stockton	2021	42	0	4	0	0	0	38
	2022	38	0	0	0	0	5	33
	2023	33	0	0	0	0	1	32
CO-Denver	2021	5	1	0	0	0	1	5
	2022	5	2	0	0	0	0	7
	2023	7	1	0	0	0	0	8
DE-Wilmington	2021	9	1	0	0	0	0	10
	2022	10	0	0	0	0	1	9
	2023	9	0	0	0	0	1	8
FL-Jacksonville	2021	48	3	7	0	0	0	44
	2022	44	6	0	0	0	2	48
	2023	48	1	0	0	0	1	48
FL-Miami	2021	46	6	0	0	0	3	49
	2022	49	3	0	0	0	1	51
	2023	51	0	0	0	0	6	45
FL-North Port	2021	97	2	0	0	0	10	89
	2022	89	0	0	0	0	7	82
	2023	82	5	0	0	0	2	85
FL-Orlando	2021	44	4	0	0	0	8	40
	2022	40	2	0	0	0	4	38
	2023	38	0	0	0	0	0	38
FL-Tampa	2021	82	8	0	0	0	12	78
	2022	78	2	0	0	0	10	70
	2023	70	0	0	0	0	2	68
GA-Atlanta	2021	64	5	3	0	0	3	63
	2022	63	2	0	0	0	3	62
	2023	62	2	0	1	0	3	60
IL-Chicago	2021	58	6	5	0	0	2	57
	2022	57	3	0	0	0	5	55
	2023	56*	5	0	0	0	8	53

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations For Other Reasons	Outlets at End of Year
IN-Indianapolis	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	1	2
IA-Des Moines	2021	6	2	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
KY-Louisville	2021	36	0	0	0	0	4	32
	2022	32	3	0	0	0	6	29
	2023	29	0	0	0	0	7	22
MD-Baltimore	2021	69	3	0	0	0	2	70
	2022	70	3	0	0	0	5	68
	2023	68	5	1	0	0	2	70
MI-Detroit	2021	70	2	0	0	0	9	63
	2022	63	1	0	0	0	10	54
	2023	54	0	0	4	0	1	49
MN-Minneapolis/ St. Paul	2021	68	5	5	0	0	5	63
	2022	63	5	3	0	0	5	60
	2023	61*	4	7	1	0	2	55
NC-Central (Charlotte/Greensboro)**	2021	69	5	0	0	0	15	59
	2022	59	2	0	0	0	6	55
	2023	55	9	0	0	0	4	60
NC-Raleigh	2021	78	1	7	0	0	0	72
	2022	72	2	4	0	0	0	70
	2023	70	2	0	0	0	2	70
NE-Omaha	2021	20	1	3	0	0	0	18
	2022	18	0	0	0	0	2	16
	2023	16	3	0	0	0	4	15
NJ-Central	2021	79	3	1	0	0	6	75
	2022	75	1	0	0	0	19	57
	2023	57	1	0	0	0	9	49
NJ-Northern	2021	93	5	12	0	0	0	86
	2022	86	2	0	0	0	15	73
	2023	73	2	0	0	0	4	71
NM-Albuquerque	2021	30	0	3	0	0	2	25
	2022	25	0	1	0	0	0	24
	2023	24	1	0	1	0	6	18
NV-Las Vegas	2021	30	0	0	0	0	0	30
	2022	30	2	2	0	0	4	26
	2023	26	1	0	1	0	0	26
NY-Hudson Valley	2021	20	0	0	1	0	0	19
	2022	19	0	0	0	0	3	16
	2023	16	0	0	0	0	0	16
NY-Long Island	2021	29	0	0	0	0	4	25
	2022	25	0	0	0	0	2	23
	2023	23	0	0	0	0	2	21
NY-Rochester	2021	26	0	1	1	0	2	22
	2022	22	0	0	0	0	1	21
	2023	21	1	1	0	0	0	21
OH-Cincinnati	2021	18	3	2	0	0	1	18
	2022	18	7	1	2	0	0	22
	2023	22	5	3	0	0	3	21

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations For Other Reasons	Outlets at End of Year
OR-Portland	2021	33	2	2	0	0	5	28
	2022	28	0	0	1	0	2	25
	2023	27*	2	0	0	0	7	22
PA-Allentown/Scranton/Wilkes Barre	2021	98	3	3	0	0	0	98
	2022	98	2	0	0	0	19	81
	2023	81	4	0	0	0	5	80
PA-Central (Harrisburg)	2021	104	5	11	0	0	0	98
	2022	98	4	0	0	0	15	87
	2023	87	6	0	0	0	9	84
PA-Philadelphia	2021	66	2	0	1	0	11	56
	2022	56	0	0	0	0	15	41
	2023	41	0	0	0	0	5	36
TN-Nashville	2021	37	0	0	0	0	4	33
	2022	33	1	0	0	0	7	27
	2023	27	2	0	0	0	4	25
TX-Austin	2021	48	2	0	0	0	9	41
	2022	41	0	1	0	0	4	36
	2023	36	3	0	0	0	3	36
TX-Dallas	2021	60	7	0	0	0	1	66
	2022	66	4	0	0	0	1	69
	2023	69	2	0	0	0	8	63
TX-Houston	2021	40	7	0	0	0	2	45
	2022	45	1	0	0	0	8	38
	2023	38	2	0	0	0	0	40
TX-San Antonio	2021	66	1	0	0	0	2	65
	2022	65	0	1	0	0	5	59
	2023	59	1	0	0	0	6	54
UT-Salt Lake City	2021	106	1	4	0	0	3	100
	2022	100	2	0	0	0	8	94
	2023	94	0	2	1	0	0	91
VA-Central Virginia & Chesapeake***	2021	25	0	0	0	0	4	21
	2022	21	5	0	0	0	1	25
	2023	68	3	0	0	0	5	66
WA-Seattle	2021	83	1	1	0	0	5	78
	2022	78	1	0	0	0	7	72
	2023	72	3	0	0	0	6	69
WA-Spokane/Kennewick	2021	83	8	5	2	0	1	83
	2022	83	6	0	0	0	14	75
	2023	75	8	0	0	0	5	78
WI-Milwaukee	2021	31	2	1	0	0	5	27
	2022	27	2	0	0	0	0	29
	2023	29	4	4	1	0	3	25
UNITED STATES Total	2021	2,664	116	88	10	0	170	2,512
	2022	2,512	92	23	7	0	257	2,317
	2023	2,316*	104	23	26	0	157	2,214

*Historical numbers adjusted to correct reporting errors.

**This Area Franchisor acquired 2 separately owned area franchise regions in North Carolina, Triad and Charlotte, the historical data for which has been combined.

*** This Area Franchisor acquired a second area franchise region and has combined applicable data.

Table No. 4
Status of Company-Owned Unit Outlets
For Fiscal Years 2021, 2022, and 2023

Neither the Region, Vanguard nor any other Master Franchisee has owned or operated a Unit Outlet for the years of 2021, 2022, and 2023.

State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold To Franchisees	Outlets At End Of The Year
Total Outlets	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table No. 5
Projected New Franchised Unit Outlets As of December 31, 2023

State	Unit Franchise Agreements signed But Outlet Not Opened as of December 31, 2023	Projected New Unit Franchised Outlets in the Next Fiscal Year (2024)	Projected New Company-Owned Outlet In the Next Fiscal Year (2024)
AL-Birmingham	1	3	0
AZ- Phoenix	0	2	0
AZ-Tucson	0	1	0
AR-Ozarks	0	2	0
CA-Bakersfield	0	3	0
CA-Northern California	0	2	0
CA-Southern California	0	3	0
CA-North Bay	0	0	0
CA-Sacramento	0	2	0
CA-Stockton	0	1	0
CO-Denver	0	1	0
DE-Wilmington	0	1	0
FL-Jacksonville	0	3	0
FL-Miami	0	3	0
FL-North Port	0	3	0
FL-Orlando	0	3	0
FL-Tampa	0	3	0
GA-Atlanta	0	4	0
IL-Chicago	4	4	0
IN-Indianapolis	0	3	0
IA-Des Moines	0	1	0
KY-Louisville	0	3	0
MD-Baltimore	1	6	0
MI-Detroit	0	1	0
MN-Minneapolis/St. Paul	0	5	0
NC - Central (Charlotte/Greensboro)	0	6	0
NC-Raleigh	0	3	0
NE-Omaha	0	2	0
NJ-Central	0	4	0
NJ-Northern	0	3	0
NM-Albuquerque	0	1	0
NV-Las Vegas	0	2	0
NY-Hudson Valley	0	2	0

State	Unit Franchise Agreements signed But Outlet Not Opened as of December 31, 2023	Projected New Unit Franchised Outlets in the Next Fiscal Year (2024)	Projected New Company-Owned Outlet In the Next Fiscal Year (2024)
NY-Long Island	0	1	0
NY-Rochester	0	3	0
OH-Cincinnati	0	4	0
OR-Portland	0	3	0
PA-Allentown/Scranton/Wilkes Barre	0	2	0
PA-Central (Harrisburg)	0	5	0
PA-Philadelphia	0	2	0
TN-Nashville	0	1	0
TX-Austin	0	4	0
TX-Dallas	0	3	0
TX-Houston	0	3	0
TX-San Antonio	2	4	0
UT-Salt Lake City	0	3	0
VA-Central Virginia & Chesapeake	0	6	0
WA-Seattle	0	2	0
WA-Spokane/Kennewick	0	6	0
WI-Milwaukee	0	8	0
United States Total	8	146	0

ITEM 21
FINANCIAL STATEMENTS

Attached as part of Exhibit E are the audited financial statements of the Region for the fiscal years ended December 31, 2023, 2022, and 2021.

Also included in Exhibit F are the audited financial statements of Vanguard for the fiscal years ending December 31, 2023, 2022, and 2021. These statements are provided for your information only. Vanguard does not guaranty the performance of the Region and undertakes no obligations to you.

ITEM 22
CONTRACTS

The following Exhibits to this Disclosure Document are the contracts we use in offering franchises:

Exhibit A	Franchise Agreement
Exhibit G	Sample Franchisee Release of Claims
Exhibit H	Cleaning Account Referral Agreement - Transfer Acceptance
Exhibit I	Account Cleaning Service Agreement and Service Schedule
Exhibit L	Renewal Addendum to Franchise Agreement
Exhibit O	Franchise Transfer Agreement

ITEM 23
RECEIPT

The last two pages of this Disclosure Document, attached as Exhibit O, are detachable documents acknowledging receipt of this Disclosure Document. Please sign and date both receipts and return one to us.

**EXHIBIT A
TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT**

VANGUARD CLEANING SYSTEMS OF MINNESOTA

FRANCHISE AGREEMENT

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Exhibit A – Form of Personal Guaranty

Exhibit B – Independent Contractor Acknowledgment

Exhibit C – Franchise Agreement Acknowledgment Addendum

Exhibit D - Minnesota Addendum to Franchise Agreement

FRANCHISE AGREEMENT

THIS AGREEMENT was entered into on the _____ day of _____, 20____, which is the Effective Date described on the signature page, by and between Split Rock Management, Inc. d/b/a Vanguard Cleaning Systems of Minnesota, a Minnesota Corporation (“Franchisor”) and _____ [a corporation] [a limited liability company] with a principal place of business located at _____ (hereinafter collectively called “You” or “Franchisee”).

RECITALS

A. Vanguard Cleaning Systems® franchisees operate independent businesses that provide commercial janitorial services under the “Vanguard Cleaning Systems” trade brand (each a “VCS Business”).

B. A VCS Business is licensed to use the processes, operating standards, know-how and other proprietary information and procedures (the “System”) for conducting and developing a VCS Business in a manner that preserves the quality and goodwill associated with the Vanguard Cleaning Systems trademarks, service marks, logos, and other identifiers (the “Marks”).

C. Franchisor has been granted a master franchise by Vanguard Cleaning Systems, Inc. (the “Licensor”) to award VCS Business franchises using the System and the Marks, but Licensor is not a party to this Agreement or responsible for Franchisee’s or Franchisor’s performance under this Agreement or otherwise.

D. Franchisee applied for a franchise (the “Franchise”) to establish, own and operate a VCS Business and to obtain the advantages associated with the System and Franchisor’s support services, and Franchisee’s application has been approved by Franchisor in reliance upon the information Franchisee has provided.

For and in consideration of the performance of each and every one of the promises, covenants, benefits and obligations contained in this Agreement, the parties agree as follows:

TERMS OF AGREEMENT

1. Grant to Franchisee

A. Franchise Awarded. Franchisor hereby grants to Franchisee a nonexclusive license upon the terms and conditions contained in this Agreement to use the VCS Business System and the Marks in the operation of a VCS Business franchise. As described in Section 18, Franchisee’s Franchise is for a term of five (5) years from the Effective Date of this Agreement, if not earlier terminated as provided in Sections 19 and 21 below. Franchisee is licensed under this Agreement to operate its VCS Business in the following geographic area (the “Area”) _____.

Franchisee’s VCS Business may only offer and provide commercial janitorial services to VCS Accounts inside the Area. For purposes of this Agreement, a “VCS Account” or an “Account” is a commercial cleaning services customer relationship established and maintained under a contract between Franchisor and the applicable customer (a “Vanguard Cleaning Systems Cleaning Service Agreement” or the “Cleaning Service Agreement”). Franchisee’s VCS Business may not offer or provide services to an Account outside of the Area without Franchisor’s prior consent, although Franchisee may provide services

to Non-Vanguard Accounts inside and outside of the Area in accordance with Sections 5.D and 6.F of this Agreement.

B. No Exclusivity Granted. Franchisee is not granted any exclusivity in the Area, including marketing or customer exclusivity. Franchisee can only solicit and generate business from VCS Accounts that are physically located inside the Area. Franchisor has the right to subcontract with others and to license others to operate under the Marks or other brands and to sell any product or service in the Area, including other VCS Businesses. Franchisor reserves all rights not expressly granted to Franchisee under this Agreement.

2. Franchisee's Initial Licensing Fee and Pre-Operating Commitments

A. Entity Formation. Prior to signing this Agreement, Franchisee must provide to Franchisor evidence of the formation by Franchisee of a separate entity to own and operate the VCS Business, including a copy of Franchisee's articles of organization or articles of incorporation as filed with the state and the related state-issued entity/file number and federal and state tax identification numbers.

B. Documents and Actions Required. Before Franchisee may begin operating its VCS Business, Franchisor recommends (but does not require) that, Franchisee complete the Business System Program. Franchisee must deliver to Franchisor the items described below:

(i) an endorsement of insurance or comparable evidence of coverage establishing that the Franchisee has obtained at least the minimum insurance for Franchisee's VCS Business, as provided in Section 16; and

(ii) written documentation evidencing that Franchisee has secured workers compensation coverage as required by law.

C. Initial License Fee. Franchisee will pay to Franchisor in a lump sum on or before the Effective Date of this Agreement an initial license fee of \$4,000 (the "Initial License Fee"). The Initial License Fee is due in full and fully earned when paid. The Initial License Fee shall only be refunded to you if, during the first one hundred twenty (120) days of the Effective Date of this Agreement, either we do not offer you any VCS Accounts or if you fail to accept any VCS Accounts that are offered to you. The Initial License Fee is non-refundable in all other circumstances. The Effective Date of this Agreement is specified on the signature page (the "Effective Date").

3. Franchisor's Pre-Operating Commitments

A. Business System Program.

1. Before Franchisee begins operating its VCS Business, Franchisor may provide Franchisee with the business system program ("Business System Program"). Since Franchisee is a corporation or limited liability company (a "Business Entity"), Franchisee's Designated Owner or any of the franchise owners identified on the signature page of this Agreement (referred to as "Franchisee Owner", "Franchise Owner" or "Owner") may attend and complete portions of the Business System Program. The Business System Program includes information on certain required and recommended VCS System standards and specifications (collectively, the "Brand Standards"). The Brand Standards are designed to promote maintenance of the quality standards and goodwill associated with the System and the Marks, as well as to give guidance to Franchisee on new business development. A "Designated Owner" is a person with an ownership interest in Franchisee and is identified on the signature page of this Agreement.

2. The Business System Program will be conducted at a time and for a period as Franchisor determines and may be delivered at various locations within reasonable proximity to the Area identified in Section 1 above, and Franchisor will use reasonable efforts to accommodate Franchisee's schedule. Franchisee is responsible for any travel, incidental costs, and other expenses that Franchisee, or its Designated Owner or management personnel may incur in participating in the Business System Program or in any additional programs. If Franchisor permits Franchisee to pay a reduced Initial License Fee based upon Franchisee's experience, but Franchisee's Designated Owner still wishes to attend the non-abbreviated Business System Program, then Franchisee must pay Franchisor's then-current training fee.

4. Account Business.

A. Except as otherwise noted in this Section 4, Franchisor will commence offering Franchisee VCS Accounts within forty-five (45) days of the Effective Date. If Franchisee participates in the Business System Program, then Franchisor is not required to offer Franchisee any VCS Accounts until Franchisee successfully completes the Business System Program.

B. Franchisee must begin accepting VCS Accounts no later than one hundred twenty (120) days from Effective Date. If Franchisee participates in the Business System Program, then Franchisee must successfully complete it with sufficient time in order to accept its first Account within (120) days from Effective Date.

5. Additional Franchisor Support and Obligations

A. Business Support Services for VCS Accounts. Franchisor has devoted substantial time, effort and resources to developing and maintaining the capabilities required to deliver the Vanguard Cleaning Systems business System to Franchisees, which includes certain accounting, collection and back office support services (collectively, the "Business Support Services"). Business Support Services allow VCS Business franchisees to concentrate on management operations and business development for their VCS Businesses. In signing this Agreement, Franchisee acknowledges and agrees that Franchisor has the exclusive right to perform the Business Support Services for all of Franchisee's Accounts including those Accounts obtained by Franchisee. All Non-Vanguard Accounts described in Section 5.D of this Agreement are excluded from this requirement. Franchisor may at its option reject an Account that Franchisor reasonably believes is an unacceptable credit risk or for which Franchisee's VCS Business is inadequately insured, or which is likely to have a negative impact on the goodwill associated with the Vanguard Cleaning Systems brand. Franchisor's rejection of any such Account as a VCS Account does not in any way limit Franchisee's ability to contract with the rejected Account as a Non-Vanguard Account, as provided in Section 5.D below.

B. Collections and Accounting.

1. Each month, Franchisor will make commercially reasonable efforts to collect amounts owed by Franchisee's VCS Accounts for services provided by Franchisee's employees or contractors under the applicable Cleaning Service Agreement. Such collected amounts will be deposited in a dedicated bank account established by Franchisor for receipt of payments from all VCS Accounts (the "Franchisee Escrow Account"). Franchisor will deduct from the amounts collected by Franchisor from Accounts serviced by Franchisee's VCS Business all amounts then due from Franchisee to Franchisor, including the amounts identified below (the "Deductions"). Franchisor will remit to Franchisee by the 28th of each calendar month (the "Payment Date") the balance of collected amounts remaining after the Deductions noted below are made:

- (i) Royalty fees described in Section 11;

- (ii) Business Support Services fees described in Section 11;
- (iii) Any amounts due Franchisor for Special Services or for Services Reimbursements incurred by Franchisor under Section 12;
- (iv) Any reimbursement costs to Franchisor for Franchisor payments to Franchisee's customers on a Franchisee Account related to damage, thief, or security as a result of Franchisee's negligence;
- (v) Amounts due for purchases or leasing of equipment or supplies; and
- (vi) Any other amounts payable to Franchisor.

2. Franchisor reserves the right to require that Franchisee pay the balance of the Deductions then due within ten (10) days after the Payment Date if Account collections in any month are insufficient to cover the Deductions then owed. Franchisor may, but is not obligated to, advance Franchisee monies uncollected from one or more VCS Accounts for up to sixty (60) days. Franchisor does not guarantee or make any representation to Franchisee that Accounts will timely pay amounts owed for services performed by Franchisee's VCS Business. Franchisee can discontinue servicing any VCS Account that fails to pay on time for services provided by Franchisee under the applicable Cleaning Services Agreement. Franchisor is not required to engage attorneys or collection agencies or to file suit to collect amounts owed by an Account. Franchisor will consult with Franchisee before settling a delinquent Account matter with the Account, which may result in the acceptance of less than the amount owed by the Account. Franchisor will consult with Franchisee before discontinuing the sending of invoices to any of Franchisee's VCS Accounts, however, Franchisor may at its option after such consultations discontinue Account collection activity after expending reasonable efforts and, funds advanced to the Franchisee applicable to such an Account (an "Uncollected Account") can be deducted by Franchisor from amounts payable to Franchisee. All funds deposited in the Franchisee Escrow Account for Account services performed under a Cleaning Service Agreement are subject to the royalty and other fees described in Section 11 below.

3. On written request by Franchisee, Franchisor will transfer to Franchisee the right to collect the outstanding balance on an Uncollected Account. Franchisee agrees to comply with all applicable laws and regulations governing debt collection practices and to indemnify and hold harmless Franchisor from any costs, expenses, fines, damages, suits or liabilities of any kind or nature arising out of, or in connection with, the transferred rights in the Uncollected Account and/or Franchisee's related acts or failures to act in connection with an Uncollected Account.

C. Account Changes. If ownership of an Account serviced by Franchisee's VCS Business reverts to Franchisor, as provided in Section 19.B, then Franchisor can arrange for an alternative VCS Business to handle the services specified under the applicable Cleaning Service Agreement. Franchisee shall not be entitled to any replacement of such an Account or to any refund. Franchisee will cooperate in the Account transition (including transferring all keys and security codes) and is not entitled to and waives any rights to Account payments made for services provided by another VCS Business.

D. Non-Vanguard Accounts. Subject to the terms of Section 6 below, Franchisee can independently own janitorial accounts solicited by Franchisee outside of the VCS Business ("Non-Vanguard Accounts"), if the services provided to account are not connected in any way with the Vanguard Cleaning Systems Marks or System or any Vanguard Cleaning Systems forms or materials. Franchisee is solely responsible for the administration of and billing/collection services for all Non-Vanguard Accounts, which accounts are not covered under any insurance or bonding coverage that may be available through

Franchisor. Franchisee may not refer to Vanguard Cleaning Systems in dealing with any Non-Vanguard Accounts or any other business that Franchisee or any Franchisee Affiliate or Owner may operate separately from the VCS Business. An “Affiliate” is a company that owns, is owned by or is under common control with another company. A Franchisee Owner is any person with a direct or indirect legal or beneficial interest in Franchisee.

E. Other Support. Franchisor may provide general guidance and suggestions to Franchisee on subjects such as business development, marketing, operational efficiencies, and financial performance, if and to the extent and in the manner Franchisor considers appropriate. Franchisor also may offer consulting to Franchisee from time to time to familiarize Franchisee with updated standards and other information relating to the System and intended to promote the uniform quality of services offered under the Marks. Franchisor may also provide consulting to Franchisee from time to time to review business plans that Franchisee may have for Franchisee’s VCS Business.

F. Ancillary Account Services. Subject to the conditions described below, Franchisee can choose to market and deliver independently to VCS Accounts services or products that are ancillary to the services provided under the Cleaning Service Agreement, such as, landscaping, snow removal, and minor handyman services. Franchisee must notify Franchisor in writing before offering or delivering any such ancillary services or products to VCS Accounts. Franchisor may at its option require (i) that any such services or products be offered or sold to a VCS Account by a limited liability company, corporation or other type of legal entity (a “Business Entity”) separate and distinct from Franchisee so as to ensure that there is no confusion regarding the scope of services provided under the VCS Marks; (ii) that the separate Business Entity fully indemnify and hold Franchisor harmless from any costs, damages, claims, expenses or liabilities of any kind directly or indirectly arising from or related to the offer/delivery of any such ancillary services; and (iii) that Franchisee or the separate Business Entity provide evidence of insurance coverage sufficient to permit Franchisee to meet such indemnification obligations. Franchisor’s Business Support Services, including billing and collection activities, will not be provided in connection with any such ancillary services. Revenue from ancillary services or products sold to VCS Accounts in compliance with this paragraph is not subject to royalty, Business Support Services fees or other fees under this Agreement.

6. Vanguard Cleaning Systems Intellectual Property and System Protections

A. Vanguard Cleaning Systems Marks and System.

1. Franchisee is licensed under this Agreement to use the Vanguard Cleaning Systems Marks and System, only for Franchisee’s VCS Business and only in a manner that is consistent with Brand Standards. The goodwill and positive public perception associated with the Marks and System are valuable components of the VCS Business Franchise that Franchisee has been awarded. The Marks and System may not be used in connection with Non-Vanguard Accounts, or unauthorized products or services, or in any manner not specifically permitted under this Agreement.

2. Franchisee may not add any accompanying words or symbols to the Marks or otherwise alter or display the Marks in any way not approved by Franchisor in advance and in writing. Franchisee will use “Vanguard Cleaning Systems” as the exclusive trade name (d/b/a) for Franchisee’s VCS Business (which excludes Non-Vanguard Accounts as described in Section 5.D above). Franchisee will obtain at Franchisee’s expense a fictitious or assumed name registration if required under local law or by Franchisor to protect the VCS brand. Franchisee may not use the Marks as part of its legal Business Entity name.

3. Franchisee may not authorize or license any other person or entity to use the Marks or System. As a licensee, Franchisee has no right, ownership or interest in or to the Marks, System, Vanguard Cleaning Systems Intellectual Property or the goodwill associated with any of them. For purposes of this Agreement, “Intellectual Property” includes, regardless of the form or medium involved, any Vanguard Cleaning Systems software and data, the Marks, Confidential Information (as described in Section 6.C below) and all other proprietary, copyrightable and trade secret information and materials incorporated into the System. Franchisee agrees not to assert any claim to any goodwill, reputation or ownership of the Marks or other Intellectual Property or to act in conflict with Licensor’s rights in the Marks or other Intellectual Property, either during the Term of this Agreement or afterwards. Franchisee and its Owners shall not conduct themselves or the VCS Business in any manner that reflects unfavorably upon the goodwill and public image associated with the Marks.

4. Additional or substitute Marks may be incorporated into the System and Marks may be added, modified or discontinued (collectively “changes”) by Licensor. Uniformity in the use and display of the Marks in connection with VCS Business operations is important to the integrity of the brand and all persons or entities that are licensed to use it. Franchisee will adopt and comply with the changes at Franchisee’s expense as required by Franchisor.

5. Franchisee must immediately notify Franchisor in writing on learning or receiving notice of any alleged trademark infringement involving Franchisee’s use of the Marks. Franchisor shall take such action as Franchisor deems appropriate, if any.

6. Franchisee shall notify Franchisor on learning that any unauthorized third party is or may be using any mark that is the same as or confusingly similar to the Marks. Franchisor, or Licensor, as applicable, have the exclusive right to determine the action, if any, to take with respect to any potential infringement of the Marks.

7. Franchisor and Licensor, as applicable, are entitled to defend and settle any claim or suit relating to the Marks using their selected counsel. Franchisee agrees to cooperate in the defense of such actions at Franchisor’s expense. Franchisee will have the right to participate at Franchisee’s own expense in the defense or settlement of any claim or suit alleging infringement by Franchisee, subject to Franchisor’s right to control the defense and any settlement. Franchisor and Licensor are not obligated to protect or defend Franchisee for any damages or costs of defense if Franchisee is sued or made a party to any proceeding because of Franchisee’s use of the Marks.

B. Manuals. During the Term of this Agreement, Franchisor will loan Franchisee one copy of the Manuals VCS System information contained in one or more publications on various subjects. Manuals can be communicated to Franchisee in different mediums, including electronic. Franchisee has no right or interest in the Manuals, and may only use them while this Agreement is in effect. The Manuals may contain recommended or suggested standards, specifications or procedures that Franchisee may, but is not required to, follow in connection with the operation of Franchisee’s VCS Business. Franchisor and Licensor can make additions, deletions or modifications to the Manuals. The Manuals and the information that they contain at all times belong to Licensor.

C. Confidential and/or Proprietary Information.

1. “Confidential Information” means information, know how, data, trade secrets and proprietary material relating to the System and VCS Businesses which is not generally known publicly or was not already known by Franchisee/Owner before becoming a VCS Business Franchisee/Owner. It includes Manuals, instructional programs and instructional materials; strategic marketing and other Business plans, bidding and pricing practices financial performance data, and all of Franchisor’s VCS

Account agreements and related customer information including statistical and/or financial information and all related lists.

2. Both during and after the Term of this Agreement, Franchisee and each Franchisee Owner must:

- (i) use the Confidential Information only for Franchisee's VCS Business;
- (ii) maintain the confidentiality of the Confidential Information; and
- (iii) not make or distribute, or permit to be made or distributed, any unauthorized copies of any Confidential Information in whole or in part.

In addition, Franchisee and Franchisee Owners agree to protect System trade secrets in the manner described in this paragraph above both during and after the Term of this Agreement and without regard to any time period limitation. Franchisee will cause Franchisee's employees, agents, and Owners with access to Confidential Information to comply with the requirements of this Section 6.C.

D. Domain Names, E-mail Addresses and Internet Usage. The domain name www.vanguardcleaning.com is Licensor's sole property. The domain name www.vanguardcleaningminn.com is Franchisor's property. Franchisee shall not register or use any domain name or URL that contains, uses or displays the words "Vanguard Cleaning Systems" or "Vanguard", or the initials "VCS," or any Marks, or other related or confusingly similar words or symbols, unless Franchisee first receives Franchisor's written consent. Franchisee may not use the Marks or any derivation of the Marks on the Internet, or in any electronic advertising or social media or applications, without Franchisor's prior written consent.

E. Term of Franchisee's License to use Intellectual Property. Franchisee's license to use the Confidential Information, the Marks, the System, the Manuals and other Vanguard Cleaning Systems Intellectual Property and to provide services to VCS Accounts ends when this Agreement is transferred, terminated or expired, whichever occurs first.

F. Accounts and System Protections; Non-solicitation of Accounts.

1. Franchisor and VCS Businesses share a mutual interest in enhancing Vanguard Cleaning Systems competitive advantages and market share. Franchisee acknowledges that the System protections described in this Section 6.F are essential elements of the bargain between Franchisee and Franchisor, can enhance the value of a VCS Business Franchise and represent a reasonable balancing of Franchisee's and Franchisor's respective interests. Under this Agreement, subject to Franchisee's compliance with this Section 6.F, Franchisee is free to operate businesses outside of and in addition to Franchisee's VCS Business, while Franchisor can preserve its ownership of VCS Accounts and the related Cleaning Service Agreements.

2. During the Term of this Agreement:

- (a) Subject to subparagraph (c) of this Section 6.F.2, Franchisee and its Affiliates may solicit and provide janitorial services to Non-Vanguard Accounts independently of the VCS Business, so long as Franchisee and Franchisee Owners and Affiliates do not in their dealings with Non-Vanguard Accounts use or refer to Franchisor, the Marks, Vanguard Cleaning Systems, or any materials or forms provided by or through Franchisor;

(b) Subject to subparagraph (c) of this Section 6.F.2, Franchisee and its Affiliates can identify, solicit and bid on new accounts that are not currently being bid on by Franchisor; and

(c) Franchisee, Franchisee Owners and Franchisee Affiliates will not: (a) independently solicit janitorial business from or provide janitorial services to Accounts that (i) are already doing business with Franchisor or with any VCS Business, or (ii) have in the past conducted business with Franchisor or with any VCS Business, including Franchisee's VCS Business; or (b) otherwise interfere with the ongoing services provided by other VCS Businesses.

G. Remedies. If Franchisee does not meet any of the requirements of this Section 6 Franchisor's remedies will include, but not be limited to, the right to obtain injunctive and other equitable relief. If any of the restrictions of this Section are determined to be unenforceable because of duration, the scope of geographic and/or business coverage or otherwise, they will be reduced to the level that provides the greatest protection to Franchisor and the Vanguard Cleaning Systems Marks and System, but which is still enforceable.

7. Nature of Franchise Relationship and Related Responsibilities

A. Franchisee is an Independent Contractor; Legal Compliance

1. Franchisee is and shall remain a completely independent contractor in business for itself. Franchisee will hold itself out as an independent business in all dealings and communications with Accounts and the public, including suppliers, lessors, government agencies, employees, contractors. Franchisee and Franchisor are not, and shall not hold themselves out as, an agent, representative, employee, officer, director, partner, owner or Affiliate of the other. Neither Franchisee nor Franchisor has the authority to bind the other to any agreement or obligation, without their written consent. Nothing in this Agreement is intended or shall be construed to create an employer-employee, co-employer or joint employer relationship, partnership, joint venture, agency or any fiduciary or special relationship between Franchisor and Franchisee, or between Licensor and Franchisee. Franchisee acknowledges and agrees that neither it nor any Franchisee Owners are entitled to participate in Franchisor's health, medical or similar plans or to receive any health, medical or similar coverage from or through Franchisor under this Agreement, nor are Franchisee's employees covered employees under Franchisor's workers' compensation insurance benefit program. Franchisee further acknowledges as an independent business entity that this Agreement will not require Franchisor to carry or provide workers' compensation or reemployment insurance for Franchisee, Franchisee's employees or any Franchisee Owner, nor will Franchisor be obligated to provide Franchisee with insurance or protection from liability to any third party that may arise out of Franchisee's VCS Business operations. Franchisee shall identify the VCS Business and its operations as independently owned and operated and include notices of Franchisee's independent ownership on VCS Business forms, business cards, stationery, advertising, signs and other materials as Franchisor requires. In entering into this Agreement, Franchisee and Franchisor each is relying upon the other to ensure that their respective actions remain consistent with the independent nature of their relationship and that their respective employees and other third parties understand that each is entirely independent of the other. Franchisee has no relationship with Franchisor's or Licensor's employees, and Franchisor and Licensor have no relationship with Franchisee's employees.

2. During the Term of this Agreement, Franchisee shall remain a corporation or limited liability company, as applicable, in good standing under local law. Franchisee is otherwise free to conduct its independent VCS Business as Franchisee deems best so long as Franchisee's operations remain consistent with this Agreement, any required Brand Standards and all applicable codes, laws, regulations, ordinances and other legal requirements, including to the extent applicable privacy and data security laws pertaining to Accounts, employees and transactional information, as well as the Fair Labor Standards Act,

the Occupational Safety and Health Act, any state wage and hours or workers compensation act, any state unemployment compensation benefit law or regulation, or any other federal, state or local employment-related or employee benefit law or regulation, including without limitation the Employment Retirement Income Security Act of 1974, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Equal Pay Act and the National Labor Relations Act. Franchisee shall keep current all licenses, permits, filings and registrations required by any government agency in connection with the VCS Business and provide proof of the same upon Franchisor's request. Franchisee agrees to give Franchisor within three (3) days of receipt a copy of any notice from any state, local or other governmental authority alleging a failure to comply and pertaining to Franchisee or Franchisee's VCS Business. Franchisee must supervise, manage and control the day-to-day operations of its VCS Business and determine the methods, hours and details of performance necessary to meet each Cleaning Service Agreement terms and requirements. Franchisee is exclusively in charge of all hiring, firing, training, discipline, scheduling, staffing, supervision and management of Franchisee's VCS Business employees and contractors, the terms and conditions of their employment and their compliance with any required Brand Standards. Franchisee acknowledges and agrees that such personnel decisions shall be made by Franchisee, without any influence or advice from Franchisor, and such decisions and actions shall not be, nor be deemed to be, a decision or action of Franchisor.

3. Throughout the Term of this Agreement Franchisee must employ a minimum number of employees to maintain sufficient, capable personnel to adequately staff the VCS Business, meet Cleaning Services Agreement requirements, and meet customer demand. As an independent business, Franchisee is solely responsible for Franchisee's VCS Business's periodic filings and payments due in connection with all state, federal and/or local taxes, fees and withholdings of every kind, including business and/or personal self-employment taxes and income taxes; payroll and payroll taxes for VCS Business employees; and all social security and other amounts required to be paid or withheld, as well as for worker's compensation insurance as required by law. Neither Franchisor nor Licensor are responsible for any item or expense associated with Franchisee's payroll or for any other compensation or benefits related to Franchisee's employees, independent contractors or Franchisee's VCS Business. Upon our request, we may require you to provide us with copies of your payroll related documents and information.

B. Franchisor Not a Commercial Cleaning Service. Franchisee understands and acknowledges that Franchisor is engaged in the business of licensing the System and providing support and assistance to the VCS Business franchises. Franchisor's employees do not provide commercial cleaning services although Franchisor reserves the right to do so.

C. Licensor Unrelated to Franchisee. Franchisee further acknowledges that Vanguard Cleaning Systems, Inc., as the Licensor, is not a party to this Agreement, has no relationship with or to Franchisee or Franchisee's VCS Business and has made no commitments to Franchisee under this Agreement or otherwise. It has licensed the Marks and the System to Franchisor to allow Franchisor to sublicense the same to Franchisee, but does not undertake any obligation to Franchisee of any kind. Franchisee shall ensure that each of Franchisee's agents, employees, Owners, officers, directors, members and representatives fully understands that Licensor has no obligation to or relationship with any of them.

8. Brand Standards

Franchisee acknowledges that the Vanguard Cleaning Systems brand and image are core benefits of the Vanguard Cleaning Systems franchise network and that, like Franchisee, other Vanguard Cleaning System franchise members join the franchise network to enjoy those benefits. Franchisor and Franchisee agree that the predictability of high quality VCS Business products/services, product/service consistency of performance and similar factors are of key importance to Vanguard Cleaning Systems Accounts and prospective Accounts, to building a positive image and reputation for the Vanguard Cleaning Systems brand

and franchise network, and to both individual VCS Business and Franchise network growth. Franchisee and its VCS Business operations must meet any required Brand Standards contained in the Manuals or otherwise because they are essential to the consistent quality and standards associated with Vanguard Cleaning Systems Marks and their related goodwill. Brand Standards do not, nor are they intended to, control day to day operation of Franchisee's VCS Business. To protect the Vanguard Cleaning Systems franchise network's reputation and goodwill and to maintain uniform quality, Franchisee also agrees to comply with the following standards and requirements in conducting its VCS Business:

(i) Franchisee is free to determine which Account Transfers Franchisee will accept. For purposes of this Agreement, a "Transfer" of an Account to Franchisee's VCS Business gives Franchisee ownership and control of the Account and the Account relationship, subject to certain conditions described in Section 19.B below. In accepting an Account Transfer, Franchisee commits to meet the Cleaning Service Agreement requirements as negotiated by the customer and to follow security procedures established by the Account. Franchisee is solely responsible for the services performed at such Account locations and for the day-to-day operations of its VCS Business in fulfilling Account commitments until Franchisee's VCS Business no longer provides such service(s);

(ii) Franchisee agrees to promptly correct deficiencies which are identified by or through a VCS Account;

(iii) Franchisee must operate the VCS Business in compliance with all applicable federal, state and local laws, regulations and ordinances, and provide evidence of compliance to Franchisor upon reasonable request, including applicable Occupational Safety Health Administration ("OSHA") requirements and standards. Franchisee agrees to give Franchisor within three (3) days of receipt a copy of any notice from any state, local or other governmental authority alleging a failure to comply and pertaining to Franchisee or Franchisee's VCS Business;

(iv) Franchisee's VCS Business will offer and provide only services that Franchisor associates with the Marks as determined in Franchisor's discretion; and

(v) Franchisee is responsible as an independent business for ensuring that Franchisee's VCS Business maintains the equipment and products necessary to provide the services specified by the Account under each Cleaning Service Agreement, accepted by Franchisee and for providing its employees the guidance necessary to fulfill service commitments and quality standards.

9. VCS Business Marketing and New Business Development

Any VCS Business advertising and promotion must be in good taste and conform to Franchisor's required standards. All advertising and promotional materials for any media used in marketing Franchisee's VCS Business, including on the Internet, must be submitted to Franchisor for review of Franchisee's use of the Marks and approval prior to use. Any proposed display of the Marks on any vehicle, piece of equipment or other item also requires Franchisor's advance written permission. Franchisee agrees not to use any materials or programs for its VCS Business which are disapproved by Franchisor.

10. Accounts and Record Keeping; Account Summaries

Franchisee must keep complete books and records for the operation of its VCS Business and will deliver to Franchisor periodic Service Billings summaries when and in the form Franchisor requests. For purposes of evaluating franchisee's compliance with this Agreement, Franchisee will make such books and records available to Franchisor's inspection upon receipt of written requests. Books and records for any

Non-Vanguard Account activities in which Franchisee or any Franchise Owner or Affiliates engage must be separately maintained from VCS Business records. Furthermore, Franchisee shall provide Franchisor with such records, reports, or documents with respect to any Non-Vanguard Accounts or Franchisee's businesses that are outside and in addition to Franchisee's VCS Business ("Non-Vanguard Account Information") upon Franchisor's reasonable request. Franchisor may only request and rely on such Non-Vanguard Account Information for the purpose of ensuring that Franchisee is complying with the terms and conditions of this Agreement.

11. Fees and Payments to Franchisor

A. Initial License Fee. Franchisee will pay the Initial License Fee to Franchisor as described in Section 2.C above.

B. Royalties. Franchisee will pay Franchise throughout the Term of this Agreement a continuing royalty of 6% of Gross Revenues for the use of the System and the Marks, among other benefits. For purposes of this Agreement, "Gross Revenues" means the total monthly billings for all fees due from all Accounts serviced by Franchisee's VCS Business, regardless of the source for such Account or whether the fees billed to the Account are collected (but excluding any Non-Vanguard Account revenue). The royalty is payable monthly based upon the prior month's Gross Revenues and is entirely non-refundable. Franchisee is not authorized to collect any such amounts, except as provided under Section 5.B(3) above or as may be separately authorized by Franchisor in writing. Franchisee's VCS Business is required to generate a minimum of \$4,000 in Gross Revenues in per month throughout the Term of this Agreement.

C. Business Support Fees. Franchisee will pay Franchise throughout the Term of this Agreement a Business Support Services fee of 19% of Gross Revenues, which is payable monthly based upon the prior month's Gross Revenues for Franchisee's VCS Business and is entirely non-refundable.

12. Other Possible Fees to Franchisor

A. Special Services. Special Services orders are Account requests for non-routine VCS Business services, such as carpet cleaning, floor finishing, initial cleaning, and other Vanguard Cleaning Systems approved services ("Special Services"). Franchisee must notify Franchisor of any Special Services request from a VCS Account, if the Franchisor has not already been informed of the request by the VCS Account. Franchisor can condition the acceptance of any such order on Franchisee's demonstration of the equipment and capabilities necessary to meet the particular request. Franchisee's acceptance of any Special Services Transfer requires Franchisor's prior approval. Franchisee must pay Franchisor a fee (the "Special Services Fee") based on the total price for each Special Services Transferred to Franchisee. The Special Services Fee is generally a percentage of the Gross Revenues associated with the services, is subject to adjustment by Franchisor and may vary depending upon the source for the order and other factors. In all instances, Franchisee will be informed of the applicable Special Services Fee before any acceptance Special Services Transfer by Franchisee. Franchisee's VCS Business is responsible for furnishing the equipment, supplies and staffing necessary to complete any Special Services request that Franchisee accepts. Franchisee agrees that, i) if Franchisee wishes to provide Special Services to a VCS Account, Franchisee must pay the applicable Special Services Fee, and may need to purchase additional equipment and supplies at Franchisee's expense; and ii) if Franchisee is not qualified in Franchisor's judgment to satisfy any Special Services order, the order may be fulfilled by a separate VCS Business, without payment or obligation to Franchisee.

B. Substituted Services Reimbursement. Account dissatisfaction with Franchisee's VCS Business services negatively impacts Franchisor, other VCS Businesses and the goodwill associated with the Marks and System. Franchisee's VCS Business must meet required Vanguard Cleaning System's Brand

Standards. Franchisee agrees to reimburse Franchisor to the extent of any expenses incurred when Franchisee fails to meet any Cleaning Service Agreement requirements and Franchisor arranges for a third party to meet Account needs in order to preserve the goodwill associated with the Marks (the “Services Reimbursements”). Franchisee acknowledges that a failure to meet Cleaning Service Agreement requirements or to arrange schedule substitutions in advance for a VCS Account is a material breach of this Agreement and damaging to the Vanguard Cleaning Systems image and reputation. Amounts payable by Franchisee under this paragraph or due upon their occurrence and are non-refundable.

C. Loss of Account Fee. If Franchisee loses an Account due to client dissatisfaction with Franchisee, Franchisee’s inadequate or poor performance with respect to the Account, Franchisee’s failure to adhere to Brand Standards, Franchisee’s abandonment of the Account, or under 19.B of the Franchise Agreement, Franchisee will pay to Franchisor an amount equal to one (1) times the first full month’s gross billings for the Account. This amount will be payable in full in the same manner as the standard continuing royalty and Business Support Services fees due under the Franchise Agreement. Notwithstanding anything in the Franchise Agreement or any Transfer Acceptance to the contrary, under no circumstances will Franchisor have any obligation to make any refunds or Account replacements of any kind in connection with any Account.

D. Bank Cancellation Fee. In the event Franchisee requests that Franchisor cancel or stop payment on any check Franchisor sent to Franchisee, Franchisor may charge Franchisee a \$35 bank cancellation fee.

E. Other Payments. Franchisor, Licensor, and their respective Affiliates can receive and keep rebates, incentive payments, discounts and other economic benefits from any supplier. Each of them also can earn and keep revenues, mark ups, profits and other economic benefits they will realize in connection with sales of products/services to VCS Businesses or otherwise.

13. Franchisee Payments and Franchise Owners Guaranty

Franchisee will pay Franchisor all costs Franchisor incurs in collection of late payments from Franchisee, including reasonable attorneys’ fees and other legal expenses. All current and future Franchisee Owners must personally guarantee Franchisee’s performance under this Agreement and any other agreements between Franchisee and Franchisor relating to Franchisee’s VCS Business by signing a Personal Guaranty in the form attached to this Agreement as Exhibit A.

14. Franchisor’s Right of Offset

Franchisor has the right to withhold from revenues received from Franchisee’s VCS Accounts any amounts due from Franchisee to Franchisor under this Agreement or any other agreement between Franchisor and Franchisee. Franchisor can apply any amounts otherwise owed to Franchisee to any past due, current, or future Franchisee debt of any kind as Franchisor chooses and can set off any amount owed by Franchisor to Franchisee against any amounts owed by Franchisee to Franchisor.

15. Indemnity

Franchisee will defend (with counsel selected by Franchisor), indemnify, reimburse, and hold Franchisor, Licensor and each of their respective Affiliates, agents, officers, members, managers, shareholders, directors, employees and representatives (the “Indemnified Parties”) harmless from all fines, suits, proceedings, claims, demands, actions, losses, damages, costs, fees (including attorneys’ fees and related legal costs, expenses, and interest), governmental/administrative actions or proceedings and any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or

related to any Franchisee breach of this Agreement, the ownership or operation of Franchisee's VCS Business, or any act, error and/or omission by Franchisee and/or any Franchisee Affiliates, agents, officers, members, managers, shareholders, directors, employees or representatives. Franchisor will have the right to control all litigation to which it is a party and to defend and/or settle any claim in such manner as Franchisor considers appropriate, without affecting Franchisor's or the Indemnified Parties' rights under this indemnity. Franchisee acknowledges that this obligation to indemnify and reimburse Indemnified Parties for costs and expenses, as described above, applies to any action or proceeding or legal matter of any kind in which one or more Indemnified Parties is/are named or involved and which also involves this Agreement and/or Franchisee's VCS Business, including any administrative actions or investigations and appellate, post judgment or bankruptcy proceedings. Franchisee further acknowledges that this obligation to indemnify and reimburse Indemnified Parties for costs and expenses, as described above, expressly applies to claims from persons employed by or providing services to Franchisee involving allegations of a violation of the Fair Labor Standards Act, the Occupational Safety and Health Act, any state workers compensation act, any state unemployment compensation benefit law or regulation, or any other federal, state or local employment or employee benefit law or regulation. All amounts payable by Franchisee under this Section 15 are due upon demand. Franchisee is entitled to appoint separate independent counsel to represent Franchisee's interests in such suits, proceedings, or claims, all at Franchisee's expense. Franchisee's obligations under this Section 15 survive the transfer, termination or expiration of this Agreement, except that Franchisee shall not be responsible to indemnify any Indemnified Parties for costs, expenses or other liabilities incurred by any such Indemnified Parties solely as a result of such Indemnified Parties' intentional misconduct or material breach of this Agreement.

16. Insurance and Related Policy Considerations

A. Franchisee Responsible for VCS Business. Franchisee is responsible for any losses, damage to property, and injuries to persons arising out of or connected with Franchisee's VCS Business or Franchisee Owners, officers, directors, members, employees, contractors, agents and/or representatives, including any claimed damages for breach of security, and Franchisor and Licensor have no liability for the same.

B. VCS Business Insurance Requirements.

1. Before beginning operation of the VCS Business, and during the entire Term of this Agreement, Franchisee must have insurance coverage of the types and in at least the minimum amounts then required by Franchisor as outlined in the Manual. General liability and umbrella liability policies and crime insurance must name Franchisor and Licensor as additional insured to the extent permitted under law. Such insurance will be primary and non-contributory with respect to any insurance carried by either Franchisor or Licensor, and it must contain a waiver of subrogation. Franchisor and Licensor shall receive at least thirty (30) days prior written notice of any amendment to or cancellation of a required policy. Additional insured status will include, without limitation, coverage for ongoing and completed operations. The additional insured endorsement form will be ISO CG 20-26 or any other form that Franchisor approves in writing that provides comparable coverage. Additional insured coverage will not be limited to vicarious liability and will extend to (and there shall be no endorsement limiting coverage for) Franchisor's negligent acts, errors or omissions or other additional insureds. Franchisee will maintain such additional insured status for Franchisor on Franchisee's general liability and crime policies continuously during the Term of the Franchise Agreement. Minimum coverage requirements and policy amounts can be adjusted by Franchisor from time to time based on Franchisor's evaluation of risk factors and other matters pertinent to a VCS Business and/or the System, and Franchisee must comply with the requirements.

2. Franchisee will give Franchisor evidence of required coverage, including original or duplicate copies of all insurance policies, certificates of insurance, original endorsements affecting the

coverage required by Franchisor, together with proof of payment within ten days of issuance. Franchisee shall also furnish Franchisor with proof of insurance, including certificates and endorsements evidencing this insurance coverage within ten days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance. All proof of insurance is subject to approval by Franchisor. Franchisee must buy coverage with carriers of Franchisee's choosing as long as the selected carriers have an AM Best rating of A+ or better and meet Franchisor's other standards and requirements.

3. If Franchisee fails to purchase or maintain required policies and limits or to provide proof of insurance on request, then Franchisor has the right, but not the obligation, to obtain gap insurance coverage on Franchisee's behalf, and Franchisee must reimburse Franchisor upon demand, including Franchisor's then-current administrative fee (currently, 3% to 5%). A failure to maintain required insurance is a material breach of this Agreement.

4. Franchisee will follow any risk management policies and requirements established by Franchisee's carriers, as well as by any Accounts accepted for Franchisee's VCS Business, including, but not limited to drug and alcohol policies, background checks, injury or claim reporting requirements, and prohibitions on non-staff members under the age of 18 on the Account premises.

5. Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee's procurement of required insurance relieve it of liability under the indemnity provisions of this Agreement. Franchisee's insurance procurement obligations under this Section are separate and independent of Franchisee's indemnity obligations.

6. Franchisor does not represent or warrant that any insurance that Franchisee is required to purchase will provide adequate coverage for Franchisee. The requirements of insurance specified in this Agreement are for Franchisor's protection. Franchisee should consult with its own insurance agents, brokers, attorneys or other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Franchisor.

7. Franchisor's review and verification of certain elements of the Franchisee's insurance does not in any way reduce or eliminate Franchisee's obligations to fully comply with all insurance requirements. It is Franchisee's sole obligation to fully comply with these insurance requirements and it is Franchisee's sole obligation to confirm with its insurance providers that its policies are in compliance.

C. Franchisee's Other Businesses. All Non-Vanguard Accounts must be separately insured by Franchisee under independent, Non-Vanguard policies.

17. Franchisee to Pay All Taxes and Comply with Notice Requirements

Franchisee agrees to pay all personal property, sales, excise, use payroll taxes and other taxes, fees and assessments, regardless of type or nature, which may be imposed, levied, assessed or charged on or against, or in connection with, any service sold or furnished or business conducted under this Agreement, whether imposed by any state, municipality, county or other governmental unit or agency, except to the extent that Franchisor pays any such tax on Franchisee's behalf directly to the taxing authority as part of the collection services that Franchisor provides. If any payment from Franchisee to Franchisor is subject to any taxes, fees or other assessments, regardless of type or nature, imposed on or required to be collected from or paid by Franchisor, then Franchisor can require Franchisee to pay Franchisor an additional amount, so that the amount of the payment actually received by Franchisor after such deduction, payment or

withholding is equal to the full amount due from Franchisee under this Agreement. For purposes of this Section, “payments from Franchisee,” also includes payments collected by Franchisor as part of its Business Support Services commitment to Franchisee in connection with Franchisee’s VCS Accounts. Additionally, if Franchisee is required under law to withhold amounts from any payments to Franchisor, then Franchisee must timely pay the appropriate authorities all withholding and/or other such taxes/amounts due and give proof of payment to Franchisor within five (5) days of the date made. Franchisee also will take such other steps as may be reasonably necessary to enable the Franchisor to obtain any available tax credit.

18. Term of Agreement and Renewal

A. Term. This Agreement shall be in effect for a term of five (5) years from the Effective Date of this Agreement, unless sooner terminated under Sections 19 below, or in connection with a transfer of Franchisee’s VCS Business (the “Term”).

B. Renewal. Franchisee may renew the Franchise for Franchisee’s VCS Business for one additional five (5) year term as long as:

(i) Franchisee has remained in full compliance with the terms of this Agreement throughout the Term, and Franchisee is not in default under this Agreement or any other agreement between Franchisee and Franchisor at the time of renewal;

(ii) Franchisee gives Franchisor written notice of Franchisee’s decision to renew at least 90 days before, but not earlier than one hundred eighty (180) days before, the expiration of this Agreement;

(iii) Franchisee has paid in full all amounts owed to Franchisor at the time of renewal;

(iv) Franchisee timely signs, at Franchisor’s sole option, either a renewal term extension addendum or the form of franchise agreement and ancillary documents then used by Franchisor for renewing franchisees, which agreements can be materially different from this Agreement; and

(v) Franchisee and all Franchisee Owners sign a general release in a form satisfactory to Franchisor of any claims against Franchisor, Licensor and/or their respective Affiliates, and the Owners, officers, directors, managers, employees and representatives of each of them, subject to applicable law.

Franchisor shall not be obligated to grant Franchisee the right to enter into a renewal term if Franchisee fails to comply with any of the aforementioned conditions. Franchisee may renew the Franchise for two additional five (5) year terms thereafter if Franchisee meets the conditions for renewal in effect at the time of the expiration of the applicable term.

19. Termination

A. Causes for Termination by Franchisor. If any of the following events occurs, this Agreement can be terminated by Franchisor with written notice to Franchisee and without any further opportunity to cure.

(i) If Franchisee becomes insolvent or is adjudicated bankrupt, or if Franchisee’s VCS Business comes into the possession or control of any trustee in bankruptcy, or if a receiver is appointed for Franchisee, or if a general assignment the benefit of creditors is made;

(ii) If without Franchisor's advance written consent and as otherwise required under this Agreement, Franchisee surrenders or assigns control of the VCS Business or makes or attempts to make a direct or indirect transfer of the Franchise or an ownership interest in Franchisee or in the assets of the VCS Business (other than in the ordinary course of business), or an assignment is not completed as required under this Agreement upon the death or incapacity of Franchisee or a Franchisee Owner;

(iii) If Franchisee has made any material misrepresentation or omission in the application for the Franchise or if Franchisee intentionally under-reports or falsifies financial data, or otherwise commits an act of fraud with respect to Franchisee's acquisition of the Franchise or its rights or obligations under this Agreement;

(iv) If Franchisee or a Franchisee Owner infringes upon or uses the Marks, any Confidential Information or any other Intellectual Property in a manner not authorized under this Agreement;

(v) If Franchisee or a Franchisee Owner is or has been convicted of any crime or has pleaded no contest to any criminal charge that is relevant to the operation of the VCS Business or to Franchisee's reputation, or that is likely to prevent Franchisee from securing the bonding or insurance required under this Agreement;

(vi) If Franchisee abandons the franchise, which will be considered to have occurred if Franchisee voluntarily elects to discontinue servicing all of Franchisee's VCS Accounts, or fails to service Franchisee's VCS Accounts according to their Account schedules and to communicate with Franchisor or an Account for more than four (4) consecutive days without first having provided notice and arranged for substitute services acceptable to the Account, as applicable;

(vii) If Franchisee violates any safety, health or workplace protection law, ordinance or regulation or operates or provides services under the VCS Business in a manner that creates, or threatens to present, a significant safety or health hazard and fails to correct such conduct within three (3) days' notice from Franchisor or the applicable governmental agency (or within such shorter period as is required under law/regulation);

(viii) If Franchisee fails to maintain the insurance coverage required under this Agreement;

(ix) If Franchisee defaults on any payments due Franchisor under this Agreement or any other agreement with Franchisor and does not make full payment within fifteen (15) days of the issuance of a default notice by Franchisor (or within such period as may be specified under other agreement);

(x) If Franchisee, or any Franchisee Owner, fails to comply with Section 6.F(2) of this Agreement and to cease the breaching conduct within five (5) days from issuance of a written default notice by Franchisor;

(xi) If Franchisee defaults in the payment of any undisputed VCS Business debts, including those to employees or suppliers or taxing authorities, and does not cure the nonpayment within a period of fifteen (15) days after the due date or within such shorter cure period (if any) as may be required by the applicable creditor or under law;

(xii) If Franchisee (or Franchisee's Owner/agent/representative) engages or is involved in any activity that, in Franchisor's discretion, is likely to have a significant adverse impact upon the operation or reputation of Franchisee's VCS Business, the Franchisor, the Vanguard Cleaning Systems System or the goodwill and image associated with the Marks;

(xiii) If, after the first six (6) months of operations, Franchisee fails to generate a minimum of Four Thousand Dollars (\$4,000.00) in monthly Gross Revenue in any given month;

(xiv) If Franchisee fails to annually renew with the applicable state or federal agencies all necessary business licenses, permits and registration including, without limitation, Franchisee's state "right to do business license" and state payroll tax identification registration;

(xv) If Franchisee fails to accept any VCS Accounts within one hundred twenty (120) days of the Effective Date, regardless if Franchisee's failure is due to failing the Business System Program;

(xvi) If, during the sixty (60) days following the Effective Date of this Agreement, Franchisee fails to timely respond to a communication from us within a commercially reasonable timeframe, which in no event shall exceed seven (7) days unless otherwise stated in the communication; and

(xvii) If Franchisee commits any other default under this Agreement and does not correct the default within thirty (30) days from issuance of a written default notice by Franchisor.

B. VCS Account Conditions. All right, title and interest in a VCS Account and Cleaning Service Agreement Transferred to Franchisee in connection with this Agreement will revert to Franchisor:

(i) immediately upon a termination or expiration of this Agreement;

(ii) immediately if a customer terminates such Cleaning Service Agreement or requests a transfer to an alternative VCS Business because of concerns regarding Franchisee's (or Franchisee's agents'/employees') integrity and/or character, service quality, or a claimed failure to meet Cleaning Service Agreement requirements;

(iii) immediately if Franchisee chooses to discontinue providing the services outlined in the applicable Cleaning Service Agreement,

(iv) immediately if Franchisee (or any Franchisee Owner/agent/representative) fails to pass any criminal background check and/or drug, chemical or physical testing required by such VCS Account; or

(v) if Franchisor has cause to send Franchisee a notice of default and termination under Section 19.A above. Whenever, such a cause occurs under this Agreement, Franchisor also shall have the unrestricted right to demand that all of Franchisee's right, title and interest in one or more VCS Cleaning Service Agreements revert to Franchisor, which reversion shall be effective immediately upon Franchisor's delivery of such a written demand to Franchisee.

Franchisee acknowledges and accepts that all reverting VCS Accounts may be transferred by Franchisor to an alternative VCS Business. Whenever a VCS Account reverts to Franchisor or is transferred to another VCS Business, Franchisee will cooperate in the transition.

C. Cross Defaults. Franchisee's default under this Agreement is a default under any other agreement between Franchisee and Franchisor or any Owner and Franchisor (the "Other Agreements"). Franchisee's default under any Other Agreements is a default under this Agreement. An election not to enforce any such default is not a waiver by Franchisor of any rights or remedies available under law or equity or by contract.

D. Franchisor's Remedies Available. Franchisor's exercise of any rights under this Section 19 does not limit or diminish Franchisor's right to seek payment for all fees payable and other amounts due under this Agreement or any other agreement with Franchisee or Owners or any other remedies available under law or in equity.

20. Rights and Duties on Expiration or Termination

A. On Termination or Expiration of the Franchise. The following terms apply if this Agreement is terminated or expires and will survive such termination or expiration:

(i) Franchisee shall immediately cease operating the VCS Business and servicing VCS Accounts and shall not afterwards, directly or indirectly, represent to the public or hold itself/himself/herself out as a present or former VCS Business franchisee;

(ii) Franchisee shall immediately and permanently cease using (a) any Confidential Information or other Intellectual Property; (b) the Marks and any distinctive forms, uniforms, slogans, signs, and logos associated with the Marks or System; (c) all advertising/promotional materials, stationery, forms, signage and other branded items, and any other article displaying any of the Marks; and (d) any products or services proprietary to the Franchisor and/or Licensor;

(iii) Within thirty (30) days of termination/expiration of the Franchise Agreement, Franchisee shall take such action as may be necessary to cancel or transfer to Franchisor or Franchisor's designee, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities that contains the name Vanguard, Vanguard Cleaning Systems, VCS or any of the Marks or any derivative of any of them. Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

(iv) Franchisee shall pay to Franchisor and Licensor, as applicable, on demand, all damages, costs and expenses, including reasonable attorneys' fees and collection costs, expenses, and interest, incurred as a result of Franchisee's (or any Owner's) breach of any Term of this Agreement, including this Section 20;

(v) Franchisee shall immediately discontinue any use of, and shall return or destroy at Franchisor's option, the Manuals and all Account lists and data, promotional materials and items bearing the Marks, and form agreements/templates;

(vi) Franchisor shall have the right (but not the obligation) exercisable within thirty (30) days after termination or expiration of the Franchise Agreement and upon written notice to Franchisee to either (a) purchase for cash any or all assets of the VCS Business, at Franchisee's cost or fair market value, whichever is less and as reasonably determined by Franchisor, or (b) to

purchase Franchisee's VCS Business. The purchase price for Franchisee's VCS Business will be an amount equal to three (3) times the monthly Account volume of Franchisee's VCS Business as measured by the last full month of operation prior to the date of expiration or termination. Franchisor shall have the right to set off all amounts due from Franchisee to Franchisor against any payment to be made under this Section or otherwise and to condition a purchase under this Section upon the receipt of a general release of claims from Franchisee and Franchisee Owners;

(vii) All obligations of Franchisor and Franchisee that expressly or by their nature survive the expiration, transfer or termination of this Agreement shall continue in full force and effect until these obligations are satisfied or by their nature expire; and

(viii) Franchisee shall pay Franchisor on or before the date of termination/expiration of the Franchise Agreement all monies due Franchisor under this Agreement, any other agreement with Franchisor or otherwise.

B. Costs of Enforcement. Franchisee agrees to pay to Franchisor upon demand all damages, costs, expenses, including costs of collection, interest and reasonable attorneys' fees, incurred by Franchisor in obtaining injunctive or other relief to enforce these post-termination/expiration/transfer provisions.

C. Internet and Other Media. When this Agreement is transferred or terminates or expires, Franchisee will stop all use of the Marks in all media, including, but not limited to, web-sites, web pages and social media. Franchisee will instruct in writing all online directories, search engines, and other advertising publishers as necessary to take down and remove any directory listings and advertisements for Franchisee containing the Marks. Franchisee agrees that electronic commerce is a rapidly developing field and additional/modified Brand Standards can be established concerning use of the Internet and electronic media and Franchisee will follow them, as required

21. Assignment

A. Assignment by Franchisor. Franchisor has an unrestricted right to transfer this Agreement, and any or all of Franchisor's rights and/or obligations under it, in whole or in part, without Franchisee's consent. Franchisee acknowledges and agrees that Franchisor may be sold and/or sell any or all of Franchisor's VCS master franchise rights with respect to the Marks, other Intellectual Property or the System and/or other assets, and go public, merge, or acquire other entities, whether or not competitive to Franchisee or Franchisor, without Franchisee's consent. If during the Term of this Agreement, Franchisor is no longer authorized by Licensor to grant and support Vanguard Cleaning System franchises and this Agreement is not assumed by another person/Business Entity authorized to use the Marks, then this Agreement will terminate automatically. Franchisee must cease to use the Marks and other Vanguard Intellectual Property immediately upon such a termination.

B. Assignment by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee and its Owners. Franchisor has awarded the Franchise relying on the individual integrity, ability, experience and financial resources of Franchisee and such Owners. Therefore, this Agreement, the Franchisee and Franchisee's VCS Business (and any interest in, or the assets of, any of them) can only be transferred with Franchisor's prior written approval. Any transfer, or attempted transfer, of any interest in, or the assets of, the Franchise, the Franchisee, the VCS Business, or this Agreement without Franchisor's advance written approval is without force or effect. An assignment of ownership, possession or control of Franchisee's VCS Business, or of the VCS Business assets, can only be made with an assignment of the Franchise consistent with Section 21.C below, unless Franchisor consents otherwise in writing. Section 22 applies to any transfer resulting from a controlling Owner's death or disability. For

purposes of this Agreement, the term “assignment” includes any voluntary or involuntary ownership assignment or transfer, sale, gift, pledge or any grant of any security or other interest (whether partial or whole, or direct or indirect), by Franchisee, or a Franchisee Owner. An assignment includes any sale or assignment or of any partnership, stock, member interest or other equity interest, including by operation of law, and any transfer of any interest in revenues, profits or assets of the VCS Business which is not made in the ordinary course of the VCS Business.

C. Conditions to Assignments.

1. Franchisor has the right to require that the following conditions be met in connection with all assignments:

(i) Franchisee must be in compliance with this Agreement, the Manuals, and any agreements between Franchisee and Franchisor;

(ii) the assignee and its Owners must meet Franchisor’s then current requirements for new franchisees, to the extent required by Franchisor and be in compliance with all laws, regulations and ordinances governing the operation of a commercial cleaning business;

(iii) Franchisee must have paid and satisfied all of Franchisee’s outstanding obligations to Franchisor and other VCS Business creditors, and, except as provided in Section 22 below;

(iv) Franchisor shall have received a One Thousand Dollar (\$1,000) transfer fee;

(v) the assignee must, at Franchisor’s option, (a) agree to be bound by all the terms and conditions of this Agreement for the remainder of the term, or (b) execute Franchisor’s then-current form of franchise agreement and related documents as are then customarily used by Franchisor in the grant of franchises; the term of such new franchise agreement shall, at Franchisor’s option, be either for the balance of the Term of this Agreement or for the full term generally granted to new franchisees as of the time of the transfer;

(vi) Franchisee and assignee must have signed Franchisor’s consent to transfer agreement or an equivalent document in a form satisfactory to Franchisor;

(vii) Franchisee and each Owner must sign a general release of claims in a form then required by Franchisor, to the extent permitted by law;

(viii) the transfer must be conditioned on the continuation of Franchisee’s indemnification and other post termination obligations intended to survive termination of this Agreement;

(ix) Franchisee and its Owners shall not have a security interest after an assignment in the Franchise or the Franchise Agreement or any VCS Business assets without Franchisor’s prior written consent. If permitted, any security interest will be subordinated to the Franchisor’s rights to payment under the applicable franchise agreement and any addendum; and

(x) The terms and conditions of sale cannot be so burdensome on the assignee in Franchisor’s estimation so as to jeopardize the ongoing viability of the VCS Business and the assignee’s capacity to meet Brand Standards and to assume and perform the obligations required under this Agreement.

2. Franchisee authorizes Franchisor to discuss with Franchisee and/or the proposed assignee any matters which Franchisor considers pertinent to the transaction, including the terms of sale, performance of Franchisee's VCS Business, and operating history.

3. Neither Franchisee nor any assignee shall rely on Franchisor to assist in the evaluation of the terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a proposed assignment shall not be deemed to be an approval of the terms or any indication as to any likelihood of success or economic viability. Franchisor has no liability to Franchisee or to any assignee for exercising its rights to approve or disapprove any proposed transaction in a manner consistent with the terms of this Section 21

F Consent Not a Release. Franchisor's consent to a transfer is not, and shall not be interpreted as, a consent to any future assignment or as a release of any of Franchisee's or Owner's obligations under the Franchise Agreement. Any release must be expressly stated in writing and signed by the Franchisor.

22. Death or Incapacity

If the Owner having a controlling interest in a Business Entity Franchisee dies or is permanently disabled, then his or her interest in this Agreement, the VCS Business and/or the Franchisee must be transferred to a third party, subject to compliance with the provisions of Section 21. A "Permanent Disability" occurs if the controlling Owner is not able to personally, actively participate in the operation of the VCS Business for one hundred eighty (180) consecutive days. An assignment under this Section shall be completed within one hundred eighty (180) consecutive days from the date of death or permanent disability. Until such an assignment occurs, Franchisee's VCS Business must be operated by an individual who has the understanding and capacity to operate the VCS Business according to, Brand Standards, as determined by Franchisor. If Franchisor is not satisfied that Franchisee's VCS Business is being operated according to required Brand Standards and determines that the goodwill associated with the Marks and the Vanguard Cleaning Systems' reputation are likely to be adversely impacted, Franchisor has the right to assign Accounts then being serviced by Franchisee's VCS Business to an alternate VCS services provider. Franchisee (or Franchisee's representative, if applicable) will have no right to revenues received in connection with services performed by the alternate VCS services provider. If no approved assignment occurs within the prescribed 180-day period, the Franchise Agreement will automatically terminate, unless Franchisor grants a written extension.

23. Right of First Refusal

Franchisor has a right of first refusal to accept the terms of any proposed sale or assignment of any interest in Franchisee's VCS Business and assets. Before Franchisee accepts any offer by a third party (the "Offer"), Franchisee must first notify Franchisor in writing of the terms of the Offer. Any value attributable to the goodwill of the Marks or the System must be excluded from the purchase price. Franchisor will give Franchisee written notice of its decision of whether or not to exercise the right of first refusal within thirty (30) days from receipt of the Offer and all ancillary documents. Franchisor can substitute cash for any form of payment and condition a purchase on a general release from Franchisee and each Franchisee Owner and on acquiring clear title to all assets. Franchisor also has the right to set off against any amount of money payable by Franchisor all amounts due from Franchisee. If there is a material change in the terms an Offer, Franchisor will have an additional opportunity to exercise its right-of-first-refusal as provided in this Section.

24. Non-Waiver

No waiver or delay in enforcing a party's rights after any breach of this Agreement or any related agreement shall be construed as a waiver of any earlier or later breach or of any other provision of this Agreement or any related agreement. Acceptance of any payment or performance from the other party shall not be construed to be a waiver of any breach of this Agreement.

25. Late Payment

All amounts due to Franchisor under this or any other Agreement between the parties shall bear interest after the due date at the higher of the rate of one and one-half percent (1.5%) per month or the highest applicable legal rate for open account business credit allowed under applicable law, unless otherwise expressly stated in a separate agreement or promissory note between the parties. Franchisee acknowledges that this Section 25 is not an agreement to permit or accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance, Franchisee's operation of the VCS Business.

26. Application of Funds

Franchisor can (i) apply any payments received from Franchisee to any Franchisee indebtedness as Franchisor deems appropriate, no matter how payment is directed by Franchisee; (ii) deduct from any amount that may be owed by Franchisor to Franchisee, any amount owed by Franchisee to Franchisor; and (iii) keep any amounts received for Franchisee's account, whether rebates from suppliers, payments from Accounts or otherwise, as a payment against any amounts owed by Franchisee to Franchisor

27. Notices

Notices required or permitted under this Agreement must be sent to the applicable parties at the following addresses, shall be in writing and shall be personally delivered, delivered by messenger or delivery service, sent by certified mail, return receipt requested, or sent by facsimile or electronic mail transmission. Notices shall be effective at the earlier of (i) the time of actual receipt; or (ii) immediately on transmission by facsimile or email transmission; or (iii) one (1) business day after being placed in the hands of a commercial delivery service for overnight delivery; or (iv) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed. A change in the following addresses is effective on receipt of written notice from the changing party.

Notices to Franchisor:

Split Rock Management, Inc.
d/b/a Vanguard Cleaning Systems of Minnesota
3459 Washington Drive, Suite 109
Eagan, MN 55122
FAX: 651.379.0101
EMAIL: cbanchy@vanguardcleaningminn.com

Notices to Franchisee: (no PO boxes)

FAX: _____

EMAIL: _____

28. Enforcement Cost

If legal action is necessary to enforce the terms and conditions of this Agreement, the prevailing party (as defined in Section 32.G below) shall be entitled to payment for preparation, investigation, court costs, arbitration costs (if applicable), accounting fees and expenses and reasonable attorneys' fees, costs, expenses, and interest, as determined by the arbitrator or a court of competent jurisdiction, as applicable. Separate and distinct from the right of a prevailing party, to recover expenses, costs and fees in connection with any legal proceeding, the prevailing party shall also be entitled to receive all expenses, costs and reasonable attorney's fees incurred in connection with the enforcement of any judgment entered. The right to recover post judgment expenses, costs and attorneys' fees shall be severable and shall survive any award or judgment.

29. Entire Agreement; Written Amendments; Changes Required Under Law

This Agreement including the recitals and all addenda and ancillary agreements signed concurrently with this Agreement, make up the parties' entire agreement, and supersede any and all prior or contemporaneous negotiations, understandings, representations, disclosures and agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Disclosure Document that was furnished to Franchisee by Franchisor. This Agreement shall not be binding on either party unless executed in writing by both parties. This Agreement can only be modified with a written amendment signed by both parties; except that Franchisor reserves the right to make changes to the Manuals and Brand Standards without Franchisee's consent. Further, this Agreement will be deemed automatically modified to comply with governing law, if such law requires a greater time period for notice of termination of, or refusal to renew, this Agreement or otherwise.

30. Severability and Construction

A. Conflicts. In any conflict between this Agreement and any applicable law, the law shall prevail and the provision of this Agreement that is affected shall be modified, but only to the extent needed to be lawful. If any provision of this Agreement is held to be indefinite, overbroad, invalid or otherwise unenforceable, the remainder of this Agreement shall continue in effect.

B. Third Party Rights. Except for any third party rights expressly provided in this Agreement, this Agreement is not intended, and shall not be deemed, to confer rights on any person or legal entity other than Franchisor or Franchisee and their respective successors and assignees.

C. Captions and Headings; Construction and Counterparts. Captions and headings are intended solely for the convenience of the parties and shall not be deemed to affect the meaning or construction of any provision of this Agreement. Any use of a word specifying a gender shall be construed to include all genders. Use of the word, "including" shall be construed broadly, as "without limitation" and "but not limited to." This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

D. Exercise of Franchisor's Right. Whenever the Franchisor reserves discretion in a particular area or where the Franchisor agrees or is required to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises "reasonable business judgment" in making a decision or exercising its rights. A decision or action by the Franchisor will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if the Franchisor's decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of the Franchisor. Examples of items that will promote or benefit the System include enhancing the value of the Marks, Account service and satisfaction, improving product quality, improving uniformity, and improving the competitive position of the System. Neither Franchisee nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

E. "Franchisee" Construed. As used in this Agreement, the term "Franchisee" includes the Business Entity identified as "Franchisee" in the introductory paragraph of this Agreement and all successors to the interests of the original Franchisee by assignment or operation of law. The term "Franchisee" shall also include all shareholders and directors of the Business Entity that executes this Agreement (if it is a corporation); and all members or managers of the Business Entity that executes this Agreement (if it is a limited liability company).

F. Individual Undertakings. All current and future shareholders, officers, members, managers and directors of any Business Entity that signs this Agreement as Franchisee personally and individually acknowledge and accept the duties and obligations imposed on Franchisee by the terms of this Agreement. As a condition to the granting of the consent to a transfer under this Agreement by Franchisor, Franchisor can require each of Franchisee's Owners and each of their respective spouses or domestic partners to execute a Guaranty in the form of Exhibit A attached hereto. The undersigned Franchisee Owner(s) and Designated Owner represent and acknowledge that (i) each has received, read and understood this Agreement, and (ii) each has had ample time and opportunity to consult with advisors of their own choosing about the potential benefits and risks of entering into this Agreement. Each of the undersigned Franchisee Owner(s)/Designated Owner agree and acknowledge that this Agreement shall apply with equal force to each of them in his or her individual capacity and each is a party for purposes of this Agreement.

G. Binding Agreement. This Agreement is binding upon and inures to the benefit of the Franchisor and the Franchisee and their respective successors and assignees.

H. Authority. The signature of the Franchisee's Designated Owner below constitutes an express representation that the Designated Owner has the authority to bind the Franchisee to the terms of this Agreement and that the Agreement is a binding obligation of Franchisee and enforceable according to its terms upon execution.

31. Law and Venue

A. Choice of Law. Except to the extent of the applicability of the Federal Arbitration Act and/or Lanham Act, all matters arising out of or relating to this Agreement or any other agreement between the parties or a breach of any of them, or the relationship of the parties (including their subsidiaries, affiliates, shareholders, owners, officers, directors, managers, representatives, and employees), will be governed by, and construed and enforced in accordance with, the laws of the state of Minnesota, without giving effect to any conflict of laws; PROVIDED, that (i) the provisions of Section 6.F shall be construed and enforced in accordance with the laws of the state in which any claimed breaching activity occurs; and (ii) the provisions of any Minnesota statute, regulation or law regarding franchises (including any franchise registration and disclosure law or franchise relationship law) or seller assisted marketing plans/business

opportunities shall not apply unless jurisdictional, definitional, and other requirements thereof are met independently of this Section.

B. Venue. Subject to Section 32 and except to the extent prohibited by law or as otherwise provided in any state addenda applicable to Franchisee's state of residence or of Franchisee's VCS Business, the parties agree that the venue for any litigation arising under this Agreement or any other agreement between the parties will be an appropriate state or federal court with jurisdiction in Dakota County, Minnesota. The parties consent to such jurisdiction and waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties agree that any litigation between the parties will be conducted on an individual basis, and not as part of a consolidated, common, or class action, and you and your Owners waive any and all rights to proceed on a consolidated, common, or class basis in any action against Franchisor or Licensor.

32. Dispute Resolution

A. Compulsory Mediation. If a dispute arises out of or relates to this Agreement or to any other agreement between the parties, or to a breach of any of them, or to the relationship of the parties (including their subsidiaries, affiliates, shareholders, owners, officers, directors, managers, representatives, and employees), and if that dispute cannot be resolved or settled through direct negotiation, the parties agree that except with respect to matters for which a party believes it is necessary to seek equitable relief, a party, prior to the filing of any arbitration or other legal action, will first attempt, in good faith, to settle the dispute with the other party through non-binding mediation administered pursuant to the Commercial Mediation Rules of the American Arbitration Association ("AAA"). The mediation shall take place in the Area in which Franchisee conducts its business (as defined in Paragraph 1.A), and shall be administered by a neutral mediator agreed upon by the parties. In the event the parties are unable to so agree upon a mediator within 15 days following the date on which either party requests mediation of a matter, the mediator shall be chosen by the AAA. The costs of such mediation, including the fees and charges of the mediation, shall be shared equally by the parties.

To fulfill the mediation prerequisite, the parties must engage in a mediation that lasts a minimum of four (4) hours. The mediation must be scheduled for a date no more than sixty (60) days following a party's notification that it demands mediation. If the parties cannot agree on a date for mediation, then the mediator shall select a date that he or she believes is reasonable for the parties, given all of the alleged conflicts in dates. The mediator shall be required to have a substantial amount of experience in franchising, either as a franchisor or franchisee (or as an officer or executive of a related entity) or in franchise law. The mediator shall select the location for the mediation (within the Area), giving due consideration to the location that will minimize the total expenses of the mediation. The mediation shall not be binding unless the parties agree otherwise.

B. Binding Arbitration. If the parties are unable to settle a dispute through mediation, the parties agree that except with respect to matters for which a party believes that it is necessary to seek equitable relief in court, all controversies, disputes, or claims between the parties (including their subsidiaries, affiliates, shareholders, owners, officers, directors, managers, representatives, and employees) arising out of or related to:

1. This Agreement or any other agreement between them or any provision of any agreement between them or the validity of any such agreement or provision; or
2. Any standard, specification, or operating procedure relating to the establishment or operation of the VSC Business; or

3. The relationship of the parties (including their subsidiaries, affiliates, shareholders, owners, officers, directors, managers, representatives, and employees), (each, a “Claim”) will be submitted to and for binding arbitration conducted in accordance with the then-current AAA Commercial Arbitration Rules. In no event shall any party to this Agreement or to any of the exhibits attached hereto seek to proceed under the AAA Employment Arbitration Rules. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et. seq.*) and not by any state arbitration law. The foregoing notwithstanding, either party can elect to pursue an action for collection of money owed in either a court or arbitration proceeding where, i) the amount due is ascertained and the right to payment undisputed, and ii) the amount due is less than Ten Thousand dollars (\$10,000).

The arbitration will be conducted by one arbitrator who must have a minimum of 5 years of franchise experience.

Any award must be in writing and judgment upon any award rendered may be entered in any court having jurisdiction. Upon request by either party, the arbitrator shall provide a reasoned opinion with findings of fact and conclusions of law and the party so requesting shall pay the fees and costs resulting from such request. The arbitration proceedings, awards, and related discussions shall be confidential, except for such disclosure as may be required by law. Claims which would be compulsory counter-claims, if brought in court under the state law provided in Section 31.A above, must be filed in an arbitration proceeding brought under this Agreement or be barred. The substantive law applied in such arbitration shall be the law as selected in Section 31.A, above. The parties’ agreement to arbitrate shall be self-executing, and if either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against such party despite the failure to appear.

Any arbitral decision shall be binding and conclusive on the parties.

C. Arbitrator’s Authority. The arbitrator shall decide any questions relating in any way to the parties’ agreement to arbitrate, including, but not limited to, arbitrability, applicability, subject matter, timeliness, scope, remedies, and any alleged fraud in the inducement, or purportedly void or voidable provisions of the Agreement. The arbitrator can issue summary orders disposing of all or part of a Claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, and other relief by any court having jurisdiction. The subpoena powers of the arbitrator with respect to witnesses to appear at the arbitration proceeding shall not be subject to any geographical limitation. Arbitrators in any proceeding under this Section 32 will apply all applicable law, and a failure to apply the applicable law in accord with Section 32 will be deemed an act in excess of authority and reviewable by the courts, and the parties expressly agree that any arbitration award can be reviewed and overturned by a court for legal error.

D. Location. Any arbitration will be conducted exclusively at the closest AAA office to the Franchisor. Neither Franchisee nor Franchisor has any expectation that the provisions of this (or any other) Section will be unenforceable or that they will not be enforced. Franchisee understands and agrees that one effect of this paragraph may be that arbitration and other related costs may be greater, and it may be more difficult for Franchisee to proceed, than if those proceedings took place in a location near Franchisee’s residence or business.

E. Limitations. Notwithstanding any provision of law which provides for a longer limitations period, the parties agree that neither will bring, commence or maintain an action or Claim of any kind, in connection with any liability or obligation of the other party arising out of or relating to this Agreement or the breach hereof, or the relationship of the parties (including their subsidiaries, affiliates, shareholders, owners, officers, directors, managers, representatives, and employees), unless brought before the expiration

of the earlier of (i) one (1) year after the date of discovery of the facts resulting in such alleged liability or obligation, or if earlier, the date such facts should or could have been discovered with reasonable diligence; or (ii) eighteen (18) months after the date of the first act or omission giving rise to such alleged liability or obligation. Actions and claims brought or asserted after expiration of the applicable limitations period found in this paragraph shall be barred.

Notwithstanding any provision of law to the contrary and except as expressly otherwise provided herein, each party (including its owners, principals and guarantors, if applicable) hereby waives to the fullest extent permitted by law, any right or claim to any punitive, exemplary, penal, multiple, incidental, indirect, special, consequential or other damages (including without limitation loss of profits) against the other party (including its respective subsidiaries, affiliates, shareholders, officers, directors, managers, representatives, and employees, in their corporate and individual capacities) arising out of any cause or Claim whatsoever (whether based in tort, negligence, contract, strict liability or otherwise) and agrees that the claiming party (including its owners, principals, and guarantors, if applicable) shall be limited to the recovery of actual damages sustained. If any other provision of this Agreement is determined to be unconscionable or unenforceable for any reason, the foregoing waiver by agreement of the types of damages specified above, excluding actual damages, shall continue in force and effect.

F. Confidentiality and No Class Action or Collateral Estoppel. **THE PARTIES AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS, AND THAT AN ARBITRATION PROCEEDING BETWEEN THE PARTIES MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING BETWEEN THEM AND ANY OTHER PERSON OR LEGAL ENTITY. EACH OF FRANCHISEE AND FRANCHISEE OWNERS WAIVE ALL RIGHTS TO PROCEED ON A CONSOLIDATED, COMMON, OR CLASS BASIS IN ANY ARBITRATION AGAINST FRANCHISOR OR LICENSOR.** No findings, conclusions, orders or awards emanating from any arbitration proceeding conducted hereunder may be introduced, referred to or used in any subsequent or other proceeding as a precedent, to collaterally estop any party from advancing any Claim or defense or from raising any like or similar issues, or for any other purpose whatsoever. The parties agree that the principles of collateral estoppel shall not apply in any arbitration proceeding conducted under this Section 32.

G. Survival and Enforcement. The terms of this Section 32 shall survive termination or expiration of this Agreement. If any portion of this Section 32 is deemed to be unenforceable for any reason, it shall be modified or restricted, or severed, so as to comply with applicable law and shall be otherwise enforced according to its terms.

33. Force Majeure

Neither party shall be liable or responsible for any delays in performance under this Agreement (except for the payment of money owed) due to strikes, lockouts, casualties, acts of God, war, acts of terrorism, government regulation or control or other causes beyond the reasonable control of the parties. Any time period for the performance of an obligation shall be extended for the amount of time of the delay. This application of this clause shall not result in an extension of the Term of this Agreement.

34. Cumulative Remedies

Unless otherwise expressly stated in this Agreement, the rights and remedies specifically granted to either Franchisee or Franchisor by this Agreement will not be deemed to prohibit either Franchisee or Franchisor from exercising any other right or remedy provided under this Agreement or permitted by law or in equity.

35. Discretionary Enforcement

Franchisor has the right to elect to not enforce (or to selectively enforce) any provision of this Agreement or any agreement, standard or policy, whether with respect to Franchisee and/or any other franchisee or other person, in a lawful manner without liability.

36. Franchisee Acknowledgments

A. Receipt of this Agreement and the Franchise Disclosure Document. Franchisee represents and acknowledges that Franchisee has received, read and understands this Agreement and Franchisor's Franchise Disclosure Document and that Franchisor has given Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that Franchisee has received, at least fourteen (14) calendar-days prior to the date on which this Agreement was signed, the Franchisor's Franchise Disclosure Document required by law, as modified by any applicable state addenda attached to it.

B. Consultation by Franchisee. Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the VCS Business and the prospects for that business. Franchisee represents that Franchisee has either consulted with such advisors or has purposely declined to do so. Franchisee acknowledges that VCS Business franchisees are separate and distinct from Franchisor and are independently owned and operated and that while Franchisor may encourage Franchisee to speak with VCS Business franchisees in connection with Franchisee's evaluation of this franchise opportunity, such franchisees do not act as Franchisor's agents or representatives in providing any information to Franchisee and Franchisor has no obligations or liabilities with respect to any information, opinions or otherwise they may provide to Franchisee.

C. True and Accurate Information. Franchisee represents that all information in Franchisee's applications and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

D. Risk. Franchisee represents that Franchisee has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in the VCS Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

E. No Guarantee of Success. Franchisee represents and acknowledges that Franchisee has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the VCS Business. Specifically, Franchisee has not received,

- (i) any sales, income or other projections of any kind or nature;
- (ii) any statements, representations, charts, calculations or other materials which stated or suggested any level or range of sales, income, profits or cash flow; or
- (iii) any representations as to any profits Franchisee may realize in the operations of Franchisee's VCS Business or any working capital or other funds necessary to reach any 'break-even' or any other financial level.

Franchisee represents and acknowledges that there have been no representations by Franchisor's officers, directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document or this Agreement. Franchisee acknowledges that Franchisee is responsible for the success of Franchisee's VCS Business, which will be dependent upon Franchisee's management skills, financial controls, business skills, marketing and business development efforts and other capabilities.

F. Licensor Not A Party. Franchisee acknowledges and agrees that Licensor is not a party to this Agreement (although an intended third party beneficiary for purposes of enforcing Licensor's Intellectual Property interests) and is not responsible for Franchisee's or Franchisor's performance under this Agreement, the operation of the VCS Business or otherwise. Franchisee further acknowledges that Franchisee is and shall remain at all times a completely independent contractor in business for itself, and that there is not an employer-employee, co-employer relationship, partnership, joint venture, agency or any fiduciary or special relationship between Franchisor and Franchisee or between Licensor and Franchisee.

G. Franchisor Practices. Franchisee understands, acknowledges and agrees that Franchisor may have offered franchises in the past, may currently be offering Franchises and/or may offer Franchises in the future on economic and/or other terms, conditions and provisions which may significantly differ from those stated in this Agreement and any related documents, and that there may be instances in which Franchisor has varied, or will vary, the terms on which Franchisor offers Franchises, the charges Franchisor receives and other arrangements with a particular franchisee to suit the circumstances of a particular transaction, the particular franchisee's situation or otherwise, in each case in its sole discretion and without liability, to the extent permitted by law.

H. Franchisee Tax Responsibility. Franchisee acknowledges that Franchisee is solely responsible for all taxes of any kind incurred or paid in connection with Franchisee's VCS Business and the services it provides, including as provided in Sections 7 A. 3. and 17, above.

This Agreement is effective only upon execution by both Franchisor and Franchisee and the undersigned Franchisee Owner(s). Signature pages may be executed manually, by e-signature technology or by other means of electronic transmission and shall be deemed to have the same effect as delivery of an original.

Agreed and accepted by the undersigned.

**FRANCHISOR: Split Rock Management, Inc.
d/b/a Vanguard Cleaning Systems of Minnesota
a Minnesota Corporation**

By: _____

Title: _____

Franchise Agreement Effective Date: _____

FRANCHISEE (Corp. or, LLC)

(Legal Name of Franchisee Entity)

A _____
Jurisdiction of Formation Corporation or LLC

By:

Print Name Title

Signature Date

Designated Owner: _____

(Franchisee is to notify Franchisor in advance if it wants to select one of the other Franchisee Owners named below to become the Designated Owner at any time.)

Franchisee Ownership:

Franchisee: (business entity franchisee)

Franchise Owners:

Name: _____

Name: _____

Position/Title: _____

Position/Title: _____

Percentage of ownership: _____ %

Percentage of ownership _____ %

TOTAL 100%

EXHIBIT A
TO THE FRANCHISE AGREEMENT
FORM OF PERSONAL GUARANTY

OWNER'S GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution by Split Rock Management, Inc. d/b/a Vanguard Cleaning Systems of Minnesota, a Minnesota Corporation. ("FRANCHISOR") of that certain Franchise Agreement (the "Agreement") dated _____ between FRANCHISOR and _____ ("FRANCHISEE") and to any equipment leasing or rental arrangements (collectively, the "Financing Agreements"), each of the undersigned parties including: _____ ("Guarantors") hereby personally and unconditionally: (1) guarantees to FRANCHISOR and its successors and assigns, for the Term of the Agreement and the term of any successor Franchise Agreement and thereafter as provided in the Agreement; and agrees to punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and Financing Agreements, and (2) agrees to be personally bound by, and personally liable for the breach of, each and every term, condition, covenant and provision in the Agreement and any Financing Agreements. Each Guarantor expressly represents and acknowledges that he or she has read the Agreement and any Financing Agreements and has had the opportunity to review the same, and this Guaranty, with counsel.

Each Guarantor hereby expressly waives:

- (1) acceptance and notice of acceptance by FRANCHISOR, of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (4) any right he or she may have to require that an action be brought against FRANCHISEE, Guarantor or any other person as a condition of liability;
- (5) any requirement that FRANCHISOR proceed against or exhaust its remedies with respect to FRANCHISEE or any other person before demanding payment or performance by Guarantor; and
- (6) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

- (1) his or her direct and immediate liability under this guaranty will be joint and several;
- (2) he or she will render any payment or performance required under the Agreement, and all exhibits thereto and any other agreements (including without limitation any Financing Agreements between FRANCHISEE and FRANCHISOR arising under or related to the Agreement regardless of the date of their execution upon demand if FRANCHISEE fails or refuses to do so punctually;
- (3) such liability will not be contingent or conditioned upon pursuit by FRANCHISOR of any remedies against FRANCHISEE or any other person;

(4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which FRANCHISOR may, from time to time, grant to FRANCHISEE or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be irrevocable during the Term of the Agreement or any Financing Agreements;

(5) the liability and obligations under this Guaranty and Assumption will not be diminished, relieved or otherwise affected by any modification by FRANCHISEE and FRANCHISOR of the terms or conditions of the Agreement, any exhibits thereto, and any other agreements (including without limitation any Financing Agreements) between FRANCHISEE and FRANCHISOR arising under or related to such Agreement, and shall be continuing and irrevocable with respect to such Agreement, exhibits and other agreements, whenever executed, for so long as any performance is or might be owed under such Agreement, exhibits and other agreements by FRANCHISEE or FRANCHISEE owner(s) and for so long as Franchisor has any cause of action against FRANCHISEE or FRANCHISEE owner(s); and

(6) he or she acknowledges having read and understood the Agreement and further agrees that this Guaranty and all other matters concerning FRANCHISOR and Guarantor(s) and/or their respective rights and obligations will be governed by, and construed and enforced in accordance with the dispute resolution provisions of Sections 31 and 32 of the Agreement, as though each Guarantor were "FRANCHISEE" for purposes of such Sections.

IN WITNESS WHEREOF, each of the undersigned has executed this document on the date stated below.

DATE OF GUARANTEE: _____

**GUARANTOR(S)
PERCENTAGE OF OWNERSHIP
OF FRANCHISEE**

Signature

_____ %

Print Name

Signature

_____ %

Print Name

EXHIBIT B
TO THE FRANCHISE AGREEMENT

INDEPENDENT CONTRACTOR ACKNOWLEDGMENT

I hereby acknowledge that my company, _____, has been awarded a Vanguard Cleaning Systems® franchise by Split Rock Management, Inc. d/b/a Vanguard Cleaning Systems of Minnesota (a Vanguard Cleaning Systems master franchisee, or “Region”) for the operation of an independent commercial cleaning business under the Vanguard Cleaning Systems brand (a “VCS Business”). As an owner of an independent business, I

- supervise, manage and control the day to day operations of my VCS Business and determine the methods and hours necessary to meet a cleaning account’s terms and requirements;
- am solely responsible for the scheduling, staffing and management of my employees and the terms of their employment;
- manage my VCS Business expenses and provide equipment, chemicals, and supplies to support my VCS Business operation; and
- am not precluded from selling janitorial services to accounts outside of the VCS Business, which are considered Non-Vanguard Accounts, so long as I do not do so under the Vanguard Cleaning Systems® brand and do not solicit accounts under contract with another Vanguard business.

Neither I nor my other VCS Business employees are employed by or agents of Split Rock Management, Inc. d/b/a Vanguard Cleaning Systems of Minnesota, Vanguard Cleaning Systems, Inc. or any other Vanguard Cleaning Systems master franchisee, and I am solely responsible for ensuring that:

- my VCS Business complies with all federal, state, and local laws pertaining to its operation and that all taxes applicable to my VCS Business, including business taxes, self-employment taxes, income taxes, social security, and payroll taxes, are paid fully and on time; and
- any licenses and insurance that may be required to operate my VCS Business, including automobile, liability and workers’ compensation insurance, are maintained and meet minimum coverage requirements, as required by my VCS Business franchise agreement.

I will meet all Vanguard Cleaning Systems brand standards for identifying my VCS Business and its operations as independently owned and operated and will include specific notices of independent ownership on forms, business cards, stationery, advertising, signs and other materials. I will hold my VCS Business out as an independent business in all dealings and communications with the public.

Dated: _____

Signature

Print Name

Business Name

EXHIBIT C
TO THE FRANCHISE AGREEMENT

FRANCHISE AGREEMENT ACKNOWLEDGMENT ADDENDUM

Applicant _____
Address of Applicant _____

Acknowledgments and Representations.

1. I received a copy of the Vanguard Cleaning Systems Franchise Disclosure Document (and all exhibits and attachments) (collectively, the “Disclosure Document”) at least 14 calendar days prior to signing the Franchise Agreement or paying the Franchisor for the Region any money.
2. I have had an opportunity to read the Disclosure Document and Franchise Agreement thoroughly and understand all of my obligations as a franchisee of the Vanguard Cleaning Systems. I understand that the Franchise Agreement contains all obligations of the parties.
3. I understand that this franchise business, as in all business ventures, involves risk and, despite assistance and support programs that I may receive from the Region, the success of my business will depend primarily upon me and my ability.
4. I have had no promises, representations, statements or assurances made to me and no information provided to me relating to earnings, revenues, profits, expenses or projected revenues for this franchise, except as disclosed in the Disclosure Document. If I believe that I have received any such promises, representations, statements, assurances or information, I agree to describe it below (otherwise write “None”).

Applicants’ Acknowledgment:

Name: _____
Date: _____

Name: _____
Date: _____

EXHIBIT D
TO THE FRANCHISE AGREEMENT

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:

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

**EXHIBIT B
TO THE DISCLOSURE DOCUMENT**

LIST OF REGION'S ACTIVE UNIT FRANCHISEES AS OF DECEMBER 31, 2023

Franchise Owner	Legal Entity Name/DBA	Street	City	State	ZIP	Phone
Aaron Wakefield	W3 Wakefield Properties	10452 Kalland Lane NE	Hanover	MN	55341	(952) 201-4648
Adrian Avila	Neri Building Services	4541 Tyler St NE	Columbia Heights	MN	55421	(612) 513-0443
Alberto Munoz Alva	Albert's Cleaning Service, LLC	14480 Portland Ave	Burnsville	MN	55337	(612) 432-9602
Ana Orellana	A&J Cleaning LLC	3312 61st Ave N.	Brooklyn Center	MN	55429	(612) 223-1691
Ashley Tapia	A.M Star Cleaning Company	7379 97th St S	Cottage Grove	MN	55016	(612)356-1144
Barry Smith	Quality Cleaning Specialists, LLC	1565 Lois Dr	Shoreview	MN	55126	(612) 232-6307
Bishma Chooraman	Sham Building Service	4122 149th Avenue NE	Ham Lake	MN	55304	(763) 242-9773
Brian Lawrence	Bri's Cleaning Service LLC	5948 Washburn Ave N.	Brooklyn Center	MN	55430	(612) 384-8327
Cindy Mejia	Joyful Cleaning Solutions, LLC	1145 Marion St.	St. Paul	MN	55117	(651)334-1417
Claudia Carrera	5 S Clean Up, LLC	1486 Thomas Lane	Eagan	MN	55122	(612) 735-0693
David Rubin	Mr. Gleam Cleaning, LLC	1070 Grandview CT NE, apt 105	Columbia Heights	MN	55421	(763)439-9402
Diego Cortes	Cortes Brothers Cleaning Services	1911 Todd Ct	Arden Hills	MN	55112	(651)734-8739
Eduardo Salazar	Rivera Cleaning, LLC	2711 Douglas Dr. N. Apt #232	Crystal	MN	55422	(612) 710-0769
Edwin Hernandez	Detailed Cleaning Service	705 Century Avenue, Suite Q	Maplewood	MN	55119	(651)424-6076
Elver Flores	Elvers Cleaning Services	6214 Stevens Avenue S.	Richfield	MN	55423	(612) 875-7371
Enrique Ramos	Helia Cleaning Inc	724 Bielenberg Dr.	Woodbury	MN	55016	(612)790-7337
Eris Melgar	M&M Cleaning System, LLC	7434 16th Ave S	Richfield	MN	55423	(612) 720-9207
Evelin Rodriguez	Eshine Cleaning Services, LLC	1681 Iowa Avenue	St. Paul	MN	55106	(651) 757-5109
Florencio Hernandez Tellez	J.T Cleaning LLC	1722 Juniper Knoll	Mayer	MN	55360	(612) 366-0123
Francis Bernard	Floor Tech Cleaning Service Inc.	806 Woodbine Lane	Brooklyn Center	MN	55430	(612) 223-2344
Gerson Maltez	Gerson Janitorial Cleaning Services	1700 Grace Drive	Big Lake	MN	55309	(612) 859-2999
Harripersaud Kimal	White Glove Cleaners, LLC	21406 Hytrail Circle	Lakeville	MN	55044	(952) 454-7987
Helmer Salmeron	E1 Buildingservices, Inc.	7608D 157th St W	Apple Valley	MN	55124	(612) 702-5130
Jesus de la Fuente-Castro	JBD Full Services	14750 W Burnsville Parkway #137	Burnsville	MN	55306	(952)374-9000
Jose Rodriguez	The Three Brothers Cleaning Co	14776 Lower Endicott Way	Apple Valley	MN	55124	(612)229-0801
Jose Rudy Colindres	A+ Contract Cleaning	8007 Portland Ave South	Bloomington	MN	55420	(952) 217-9626
Juan C Rodriguez	TRJ Cleaning Services	1882 Cardinal Dr	Shakopee	MN	55379	(763) 291-4569
Juan Dubon	K&A Cleaning Services LLC	391 Schletty Ln	West Saint Paul	MN	55118	(651)706-7971
Ka Moua	Kay Cleaning	6239 104th Circle N	Brooklyn Park	MN	55443	(651) 802-4223
Lochan Samkaran	Mid-America Building Maintenance, LLC	Basanti Sanpaul 5901 Brooklyn Blvd, Suite 209	Brooklyn Center	MN	55429	(612) 618-8701
Maria Flores	Four Brothers Cleaning, LLC	7145 123rd Street West	Apple Valley	MN	55124	(763)316-9196
Maria Portillo	IP Cleaning LLC	3641 Maryland Ave N.	New Hope	MN	55427	(347) 612-7728
Marta Nandlall	Maya Maintenance, LLC	6610 Lakeland Avenue	Brooklyn Park	MN	55428	(612) 736-0766
Martha Miranda	Squeaky Cleaners and Painters Inc	9265 93rd St	Cottage Grove	MN	55016	(612) 501-8436
Martha Regalado	Cruz Cleaning Services, LLC	1811 Ross Avenue East	Saint Paul	MN	55119	(612) 450-1938
Martin Bernard	Martin Building Service	806 Woodbine Lane	Brooklyn Center	MN	55430	(763) 777-2262
Maynard Mohanlall	Gemini Management LLC	2042 Parkway Avenue	Shakopee	MN	55379	(612) 205-6890
Mayra Salmeron	Mayra's Cleaning Service	151 83rd Ave NE, #104	Fridley	MN	55432	(952)688-8257
Miguel Rodriguez	Quality Cleaning Service Plus	804 28th St NW	Rochester	MN	55901	(507) 884-6914
Milton Gonzalez	Gonzalez Cleaning, LLC	1716 Race Street	St. Paul	MN	55116	(651) 757-7570
Nelson Vargas	JJV Cleaning	697 Cobblestone Way	Shakopee	MN	55379	(612) 251-5887
Norma Laib	Cross Town Cleaning Inc	5936 Halifax Avenue South	Edina	MN	55424	(651) 592-6024

Franchise Owner	Legal Entity Name/DBA	Street	City	State	ZIP	Phone
Oscar Chavez Lopez	Chavez Cleaning Service, INC	1700 Hollywood Avenue NE	Minneapolis	MN	55418	(763) 267-4229
Pao Vang	Mountain Fresh	8241 83rd Street South	Cottage Grove	MN	55016	(651) 633-5210
Petra Lazcano Garcia	Petra's Cleaning LLC	4510 Rhode Island Ave N., #7	New Hope	MN	55428	(702) 406-7050
Reggie Hunter	Quality Property Solutions, INC	3024 31st Avenue South Unit 2	Minneapolis	MN	55406	(612)219-5986
Shannon Patterson	Surely Cleaning, LLC	P.O. Box 2098	Maple Grove	MN	55311	(763)535-5045
Tham Pham	Dakota Janitorial Services	16634 Imperial Way	Lakeville	MN	55044	(612) 751-5471
Tony Deenanath	Tony Janitorial Services, LLC	3601 1st Avenue South	Minneapolis	MN	55409	(612)232-1234
Victor Ventura	3 Brothers Janitorial Services, LLC	6018 Halifax Avenue North	Brooklyn Center	MN	55429	(651)214-0899
Vishal Punsammy	V & S LLC	20250 Erickson Path	Farmington	MN	55024	(612) 232-5308
Wajeshdial Thakurdial	Jeetos Commercial Cleaning Services	16344 Fallbrook Drive	Lakeville	MN	55044	(952)220-0686
Wendis Hernandez	Wendy's Cleaning Services	6725 Penn Ave S #303	Richfield	MN	55423	(612) 226-8643
Yoshare Montoya	Team Clean	14835 38th Place N.	Plymouth	MN	55446	(763)242-8709
Aaron Wakefield	W3 Wakefield Properties	10452 Kalland Lane NE	Hanover	MN	55341	(952) 201-4648

**EXHIBIT C
TO THE DISCLOSURE DOCUMENT**

LIST OF REGION'S FORMER FRANCHISEES AS OF DECEMBER 31, 2023

Franchise Owner	Legal Entity Name/DBA	City	State	ZIP	Main Phone
Maynard Mohanlall OLD	Infiniti Services LLC	Bloomington	Minnesota	55437	952-895-9999
Will Melgar	Melgar Lopez Cleaning Services	Bloomington	Minnesota	55425	612-227-9887
Alberto Lopez	LM Cleaning Services, LLP	Brooklyn Park	Minnesota	55429	270-874-0301
Ingrid Mendez	Rain & Shine Cleaning Service	Eden Prairie	Minnesota	55347	952-545-5820
Nelson Vega	EYN Cleaning Services	Farmington	Minnesota	55024	612-644-4460
Alan Bistodeau	Al's Bees Cleaning	Kabetogama	Minnesota	56669	(763) 754-1824
Ong Yang	Ong Express Cleaning LLC	Minneapolis	Minnesota	55430	(651) 373-6658
Santiago Carrera	American Chapin Cleaning Services LLC	Richfield	Minnesota	55423	(612) 483-6894
Walter Andrade	LGC Cleaning, LLC	South St. Paul	Minnesota	55075	612-208-5140
Ala Vue	Pala Cleaning Services, Inc.	St. Francis	Minnesota	55070	(763) 585-8052

EXHIBIT D
TO THE DISCLOSURE DOCUMENT
LIST OF CERTAIN VANGUARD UNIT FRANCHISEES

Vanguard Cleaning Systems of Michigan - Greater Detroit
Active Unit Franchises as of December 31, 2023

Last Name	First Name	Company Name	Address	City	State	Zip	Phone
Mann	Gary	The Mann Cleaning Servcie	16240 Almont Road	Allenton	MI	48002	(810) 969-1022
Miller	Kennedy	Where & When Cleaning Co LLC	205 Aberdeen Ct	Belleville	MI	48111	(313) 690-7948
Culesker	Maida	Culesker Cleaning LLC	24237 Country Squire Street #262	Clinton Township	MI	48035	(586) 744-1652
Higgins	Irvan	JSH Cleaning Services	16262 Chattam Dr.	Clinton Twp	MI	48305	(313) 790-1981
Smith	Mondas	Phenomenal Professional Cleaning Service	107 Lake Village Blvd Apt 205	Dearborn	MI	48120	(810) 333-9151
Brown-Spires	Sirronta	Cornell Brown Family Cleaning, LLC	9999 Ashton	Detroit	MI	48228	(313) 808-8217
Burt	Sharon	Presidential Cleaning Services LLC	8674 Trinity	Detroit	MI	48228	(313) 254-7620
Clayton	Sean	Carrie and Son's Cleaning Servcie	16910 Mark Twain	Detroit	MI	48235	(313) 394-9982
Cutright	Crystal	Cutright Cleaning LLC	20030 Meota Street	Detroit	MI	48221	(313) 544-6556
Gaynor	Dwayne	DG Cleaning Services, LLC	8210 Suzanne Street	Detroit	MI	48234	(313) 918-4405
Rimas	Wanda	Dubz Deli W.P.	3808 McDougall	Detroit	MI	48207	(313) 220-4434
Ralls	Joseph	JR Cleaning Service LLC	15357 Juliana	Eastpointe	MI	48021	(313) 854-0235
Pollard	Janine	The Justari Group LLC	4161 15th	Ecorse	MI	48229	(313) 728-9399
Kalaj	Maria	Azzura Cleaning LLC	22298 Parklane	Farmington Hills	MI	48335	(248) 770-2738
Boyd	DeTanya	Myrei & David Services	19140 Cheshire	Grosse Pointe	MI	48236	(313) 377-2450
Powell	Christine	LCV Cleaning Services	18720 Chandler Park Drive	Grosse Pte	MI	48236	(313) 729-4091
Lewis	Jason	Greenway Cleaning Services	2081 Van Antwerp	Grosse Pte Woods	MI	48036	(313) 303-9511
Iliev	Kremena	YFL Cleaning Inc.	3396 Mallard	Lake Orion	MI	48360	(248) 568-3449
Wayrynen	Melisa	Magic Touch Cleaning Services LLC	3371 Richmond	Lincoln Park	MI	48146	(313) 938-0555
Dobrota	Valentin	Dobrota & Associates, LLC	45690 Limerick Dr	Macomb	MI	48044	(586) 722-3684
Farrelly	Adam	APF Cleaning	23311 Lovelia Dr	Macomb	MI	48042	(586) 945-9969
Meade	Tom	Down on Dirty LLC	46175 Windson Court	Macomb	MI	48044	(586) 242-2226
Davis	Terrence	Quality Commercial Cleaning LLC	8853 San Jose	Redford	MI	48239	(313) 286-9957
Eccles	Dennis	LCE Investments LLC	15336 Wilbur Ct. Apt 55	Redford	MI	48239	(734) 658-2670
Triplett	Tmothy	Triplett's Cleaning Service LLC	15432 Leanne	Redford Twp.	MI	48239	(313) 516-5631
Sorych	Valentyna	Pristine Maintenance Service Inc.	732 Tewksbury Ct	Rochester Hills	MI	48307	(586) 489-6940
Gaddies	Kim	Metropolitan Professional Cleaning Services LLC	35816 Concord Dr	Romulus	MI	48174	(313) 729-4664
Hill	David	Briecht Services	48555 Isola Drive	Shelby Twp	MI	48315	(313) 506-5658
Buttignoli	Chevaun	Amelioration Services, LLC	29380 Brooks Lane	Southfield	MI	48034	(248) 277-1181
Frailey	Keith	First Clean	21839 Hidden rivers Dr	Southfield	MI	48075	(313) 428-7197
Gordon	Dennis	G6 Enterprises LLC	20230 Harbor Ct	Southfield	MI	48076	(248) 686-6658
Henry	Milton	#1 Cleaning Experts	25320 Shiawasee	Southfield	MI	48033	(248) 747-3718
Johnson	Larry	Kadako	23310 Brandywynne	Southfield	MI	48033	(313) 467-1182
Koger	Treva	At Chore Service	18317 New Hampshire	Southfield	MI	48075	(313) 412-5707
Mays	Tierra	T & C Spotless	21910 Hampshire Ct	Southfield	MI	48076	(248) 872-6656
Taylor	Ron	Swept Clean	21605 Mahon	Southfield	MI	48075	(313) 457-5784
Mukrdechian Jr.	Daryl	Daryl Mukrdechian LLC	20925 Lakeland St	St. Clair Shores	MI	48081	(586) 850-0827
Akins	Gerry	FloorReal Cleaning	33851 Shelley Lynne Drive	Sterling Heights	MI	48312	(313) 633-5114
Haddad	Jeff	M & T Haddad Inc.	4570 15 Mile Road Apt 202	Sterling Heights	MI	48310	(586) 443-1478
Jones	Sandy	L&S Cleaning Contractors L.L.C	36837 Russell Court	Sterling Heights	MI	48312	(313) 743-2059
Quari	Enkelida	Lidon and Gabriell LLC	4271 Stephanie Dr	Sterling Heights	MI	48310	(586) 222-2383
Chaney	David	A & D Crystal Cleaning LLC	9611 Victoira Lane Until 206	Taylor	MI	48180	(313) 414-5556
Jones	Garry	GNA Janitorial	26845 Parkside	Taylor	MI	48180	(313) 289-7748

Last Name	First Name	Company Name	Address	City	State	Zip	Phone
Warren	LaToya	Xtra Tidy Commercial Cleaning	6861 Chandler Drive	Van Buren Twp	MI	48111	(313) 704-4421
Hamilton	Lillie	Cleaning with Perfection LLC	143 South Lafayette	Warren	MI	48091	(313) 826-8291
Pettes	Mercy	Pettes Cleaning Services, LLC	25217 Marilyn Ave	Warren	Mi	48089	(313) 784-2198
Smith	Randy	R. Smith and Associates LLC	29653 Warner Dr	Warren	MI	48093	(313) 646-3530
Chabot	Dave	Chabot & Associates	2024 Dean Drive	Washington	MI	48094	(586) 703-5700

Vanguard Cleaning Systems of Wisconsin – Milwaukee
Active Unit Franchises as of December 31, 2023

Franchise Owner	Legal Entity Name/DBA	Address	City	State	Zip	Phone
Petr Jilemnicky	Bohemia Services, LLC	12851 West Hampton Avenue Apt G	Butler	WI	53007	(262) 613-9783
Cindy Puente	Eco Green Cleaning Services LLC	5554 North Dexter Avenue	Glendale	WI	53209	(414) 429-4432
Raul Lopez	Logic Cleaning Services LLC	6310 West Cold Spring Road	Greenfield	WI	53220	(414) 837-9827
Garnell Murray	Connect LoosEndz LLC	12065 West Janesville Rd, Unit 300F	Hales Corners	WI	53130	(414) 243-5865
Alfredo MKEs best	MKE's Best LLC	1639 South Layton Boulevard	Milwaukee	WI	53215	(414) 313-2623
Antar Green	Gleaming Cleaning LLC	1620 North 40th Street	Milwaukee	WI	53208	(267) 745-9592
Berenice Jimenez	JMZ Commercial Cleaning Services LLC	7838 West Waterford Avenue	Milwaukee	WI	53220	414-698-6686
Carmen Andrade	Evergreen Cleaning Services LLC	2179 South 34th Street	Milwaukee	WI	53215	(414) 595-0115
Cesar Alejandro Mendoza	Mendoza, LLC	2036 South 26th Street	Milwaukee	WI	53204	(414) 369-0732
Gloria Quast	Glomoe's Cleaning LLC	PO Box 100422	Milwaukee	WI	53210	(414) 202-8140
Hashan Harris	Harris Pristine Cleaning Services LLC	3416 West Arthur Avenue	Milwaukee	WI	53215	(414) 520-8421
Lamont Smith	Father's at Work Cleaning Services LLC	11414 West Park Place, Ste 202	Milwaukee	WI	53224	(414) 973-8232
Mario Marmolejo	MNS Cleaning LLC	3673 South 19th Street	Milwaukee	WI	53221	(414) 534-0614
Nakia Manning	Clean Magic Cleaning Service LLC	1901 North 7th Street	Milwaukee	WI	53205	(414) 949-6579
Samuel Johnson	North Shore Cleaning LLC	10554 W Fountain Ave #709	Milwaukee	WI	53224	(414) 215-8664
Vickie Gray	1st Supreme Clean LLC	6253 W Port Ave	Milwaukee	WI	53223	(414) 999-6991
Victor Rutherford	Joyful LLC	5608 N 65th Street	Milwaukee	WI	53128	(414) 241-1877
Hashan Harris	Harris Pristine Cleaning Services LLC	3416 West Arthur Avenue	Milwaukee	WI	53215	(414) 520-8421
Ilinka Djogo	Sparklin Clean LLC	8560 S Ventana, Unit 4205	Oak Creek	WI	53154	(414) 732-7119
Hector Francisco Munoz	H&I LLC	1713 Polaris Ave.	Racine	WI	53404	(262)770-6380
Hector Francisco Munoz	H&I LLC	1713 Polaris Ave.	Racine	WI	53404	(262)770-6380
Marissa Delea Jarvis	Purposeful Kleaning LLC	4200 South Lake Drive Apt # 126	Saint Francis	WI	53235	(414) 399-1814
Daniel Martinez	Martinez Commercial Cleaning LLC	3664 Princeton Way	Sturtevant	WI	53177	(262) 664-3101
Claudia Lopez	Escopez LLC	1900 Wolf Road	Waukesha	WI	53186	(262) 225-2454
Jose Garcia	J Garcia Services	2985 South 105th Street	West Allis	WI	53227	(414) 243-8053
Kenshawna Millsap	Shawna Royalty Cleaning LLC	1460 South 80th Street	West Allis	WI	53214	(414) 739-4078
Sharita Cobb-Bufford	Sharita's Cleaning Service	2449 South 94th Street	West Allis	WI	53227	(262) 444-7434

Vanguard Cleaning Systems of Michigan - Greater Detroit
Closed Unit Franchises as of December 31, 2023

Last Name	First Name	Company Name	Address	City	State	Zip Code	Phone Number
Burris	SharonToya	Polished Cleaning Service	42178 Kyle Dr	Clinton Township	MI	48038	(586) 823-2918
LaDuke	Shelley	Nit-Picky Cleaning LLC	20954 South Miles	Clinton Township	MI	48036	(586) 489-9124
Steans	Sylvester	Steans Cleaning Sanitary	9227 Stahelin St	Detroit	MI	48228	(313) 685-5715
Grier	Issac	Grier Cleaning Systems	23750 Marlow St	Oak Park	MI	48237	(313) 977-5146
Peavy	Paula	Zero Cooling Cleaning Services LLC	60 Vinewood Ct.	Pontiac	MI	48341	(248) 802-7441

Vanguard Cleaning Systems of Wisconsin – Milwaukee
Closed Unit Franchises as of December 31, 2023

Name	Company Name	Address	City	State	Zip Code	Phone Number
Morrisa Kelly Bennett	Source 1 Building Maintenance LLC	W208N11425 Brookside Drive	Germantown	WI	53022	(414) 517-2369
Ethel Denise Pledger III	Today's Future LLC	8007 West Beckett Avenue	Milwaukee	WI	53218	(414) 737-9469
Harold Adams	Ben & Harolds God Blessed Cleaning LLC	8723 N 87th St, Apt 2	Milwaukee	WI	53225	(414) 676-0498
Kashka Avington	Arms & Elbows Cleaning Service LLC	4458 North 88th Street	Milwaukee	WI	53225	414-745-2176
Carlos Gonzales	Carlos Cleaning LLC	914 Jackson Street	Racine	WI	53404	262-997-8627
Glynis Kimbrough	I Clean Racine LLC	810 College Avenue Upper	Racine	WI	53403	(262) 822-1407
Gary Dahms	Mr. Clean Janitorial Services LLC	W305S4095 Brookhill Road #8	Waukesha	WI	53189	(262) 309-3288
Sharita Cobb-Bufford	J G Bufford Cleaning LLC	2449 South 94th Street	West Allis	WI	53227	(262) 444-7434

EXHIBIT E
TO THE DISCLOSURE DOCUMENT
REGION'S FINANCIAL STATEMENTS

Split Rock Management Inc.
d/b/a
**Vanguard Cleaning Systems
of Minnesota**

Independent Auditor's Report
and
Audited Consolidated Financial Statements
For the Years Ended
December 31, 2023, 2022 and 2021



Independent Auditor's Report

To the Board of Directors
Split Rock Management Inc.
d/b/a Vanguard Cleaning Systems of Minnesota

Opinion

We have audited the accompanying consolidated financial statements of Split Rock Management Inc. (a Minnesota corporation), which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Split Rock Management Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Split Rock Management Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The consolidated financial statements of Split Rock Management Inc. for the years ended December 31, 2022, and 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on March 30, 2023, and are presented here for comparative purposes.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Split Rock Management Inc.'s ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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, including omissions, 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 consolidated 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 consolidated 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 Split Rock Management Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Split Rock Management Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Sanders @EPM

March 20, 2024

**Split Rock Management Inc.
dba Vanguard Cleaning Systems of
Minnesota**

Consolidated Balance Sheet
December 31,

	2023	2022	2021
Assets			
Current Assets:			
Cash	\$ 569,918	\$ 832,739	\$ 818,486
Billings receivable (net)	741,023	1,016,362	557,288
Notes receivable (net)	3,742	11,053	50,310
Other current assets	284,961	18,509	33,933
Total Current Assets	1,599,644	1,878,663	1,460,017
Non-Current Assets:			
Fixed assets (net)	27,545	23,970	32,426
Intangible assets (net)	729,383	811,983	30,000
Notes receivable (net)	-	2,562	5,213
Other assets	2,710	-	2,210
Operating lease right-of-use	10,525	29,133	-
Total Noncurrent Assets	770,163	867,648	69,849
Total Assets	\$ 2,369,807	\$ 2,746,311	\$ 1,529,866
Liabilities and Equities			
Current Liabilities:			
Accounts payable	\$ 106,957	\$ 47,503	\$ 19,918
Franchisees payable	1,022,546	1,151,867	835,223
Franchiser payable	-	45,837	32,826
Unearned franchise fees - current	8,456	14,149	2,295
Notes payable - current	77,213	71,757	-
Other current liabilities	108,680	81,207	71,116
Current acquisition obligation		200,000	
Lease liability - current	10,586	24,125	-
Total Current Liabilities	1,334,438	1,636,445	961,378
Long-Term Liabilities:			
Unearned franchise fees	17,814	16,147	30,355
Notes Payable	251,030	328,243	-
Lease liability	-	5,345	-
Total Long-Term Liabilities	268,844	349,735	30,355
Total Liabilities	1,603,282	1,986,180	991,733
Capital stock, authorized 100,000 shares;			
1,000 issued and outstanding	\$ 1,000	1,000	1,000
Additional paid in capital	75,000	75,000	75,000
Retained earnings	690,525	684,131	462,133
Total stockholders' equity	766,525	760,131	538,133
Total Liabilities and Equities	\$ 2,369,807	\$ 2,746,311	\$ 1,529,866

See Accountant's Audit Report

The accompanying notes are an integral part of these financial statements.

**Split Rock Management Inc.
dba Vanguard Cleaning Systems of
Minnesota**

Consolidated Statement of Income
For the Year Ended December 31,

	2023	2022	2021
Income			
Franchise Services	\$ 2,972,427	\$ 2,474,088	\$ 2,267,526
Franchise License and Marketing	56,064	83,215	181,274
Equipment and supply sales	<u>96,411</u>	<u>176,792</u>	<u>137,967</u>
Total Income From Operations	\$ 3,124,902	\$ 2,734,095	\$ 2,586,767
Cost of Goods Sold			
Franchise Fees	<u>553,485</u>	<u>535,358</u>	<u>515,380</u>
Gross Margin	2,571,417	2,198,737	2,071,387
Expenses			
Amortization and Depreciation	\$ 90,017	\$ 51,473	\$ 17,816
General and Administrative	<u>1,533,079</u>	<u>1,259,978</u>	<u>1,108,568</u>
Total Expenses	\$ 1,623,096	\$ 1,311,451	\$ 1,126,384
Income From Operations	\$ 948,321	\$ 887,286	\$ 945,003
Non-operating Income and Expenses	15,291	3,292	6,521
Net Income	963,612	890,578	951,524

See Accountant's Audit Report

The accompanying notes are an integral part of these financial statements.

Split Rock Management Inc.
dba Vanguard Cleaning Systems of
Minnesota

Consolidated Statement of Retained Earnings

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total
	Shares	Amount			
	100,000 shares authorized				
Balances December 31, 2020	1,000	\$ 1,000	\$ 75,000	559,709	635,709
Distributions				(1,049,100)	(1,049,100)
Net Income				951,524	951,524
Balances December 31, 2021	1,000	\$ 1,000	\$ 75,000	462,133	538,133
Distributions				(668,580)	(668,580)
Net Income				890,578	890,578
Balances December 31, 2022	1,000	\$ 1,000	\$ 75,000	684,131	760,131
Distributions				(957,218)	(957,218)
Net Income				963,612	963,612
Balances December 31, 2023	1,000	\$ 1,000	\$ 75,000	690,525	766,525

See Accountant's Audit Report
The accompanying notes are an integral part of these financial statements.

Split Rock Management Inc.
dba Vanguard Cleaning Systems of
Minnesota

Consolidated Statement of Cash Flows
For the Year Ended December 31

	2023	2022	2021
Cash Flows From Operating Activities			
Net Income (Loss)	\$ 963,612	\$ 890,578	\$ 951,524
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	\$ 90,017	\$ 51,473	\$ 17,816
Decrease (Increase) in billings receivable	275,339	(459,074)	63,077
Decrease (Increase) in notes receivable	9,873	41,908	72,045
Decrease (Increase) in other current assets	(266,452)	15,424	(13,083)
Decrease (Increase) in other assets	(2,986)	2,547	-
Increase (Decrease) in accounts payable	59,454	27,585	(1,582)
Increase (Decrease) in franchisees payable	(129,321)	316,644	16,372
Increase (Decrease) in other current liability	(18,364)	23,102	1,789
Increase (Decrease) in unearned revenues	(4,026)	(2,354)	(3,818)
Cash Provided by Operating Activities	\$ 977,146	\$ 907,833	\$ 1,104,140
Cash Flows From Investing Activities			
Purchase of fixed assets	(10,992)	(225,000)	(14,182)
Cash Provided by Investing Activities	\$ (10,992)	\$ (225,000)	\$ (14,182)
Cash Flows from Financing Activities			
Increase (Decrease) in notes payable	\$ (271,757)	\$ -	\$ -
Distributions paid to stockholders	(957,218)	(668,580)	(1,049,100)
Cash Provided from Financing Activities	\$ (1,228,975)	\$ (668,580)	\$ (1,049,100)
Net increase (decrease) in cash and cash equivalents	(262,821)	14,253	40,858
Cash and cash equivalents beginning of period	832,739	818,486	777,628
Cash and cash equivalents at end of period	\$ 569,918	\$ 832,739	\$ 818,486

Supplemental Disclosures of Cash Flow Information

Interest paid during the period	17,180	-	-
Term note to seller and short-term obligation related to acquisition of assets in business compination (note 9)		600,000	

See Accountant's Audit Report

The accompanying notes are an integral part of these financial statements.

Split Rock Management Inc.
d/b/a
Vanguard Cleaning Systems of Minnesota

Notes to Consolidated Financial Statements
Years Ended December 31, 2023, 2022 and 2021

Note 1. Organization and Purpose

Split Rock Management Inc. is a corporation organized under the laws of the state of Minnesota and is the Minnesota Master Franchise of Vanguard Cleaning Systems, Inc. Under the corporation form of organization, a shareholder's liability is limited to his/her investment in the company. Saint Croix Management Incorporated d/b/a Vanguard Cleaning Systems of Wisconsin formed in October 2022 in the state of Wisconsin is a wholly owned subsidiary of Split Rock Management Inc. Under the principles of consolidation, the accompanying consolidated financial statements include the accounts of Split Rock Management Inc. and Saint Croix Management Incorporated (collectively, the Company). All significant inter-company balances and transactions have been eliminated in consolidation.

Vanguard Cleaning Systems, Inc., a California corporation with headquarters in San Mateo, California, is an international franchisor of a business system for conducting and developing independent commercial cleaning services businesses in the United States and Canada. The corporation sells *master franchises* which licenses a Master Franchise to sub-franchise the business system and the use of the Vanguard Cleaning Systems name and branding to independently owned and operated *unit* franchises.

Split Rock Management Inc. operates under a 20-year *Master Franchise* agreement entered into in November 2005. Saint Croix Management Incorporated operates under a 20-year *Master Franchise* agreement entered into in October of 2022. As a *Master Franchise*, the Company has two revenue streams: (1) It markets *unit* franchise opportunities to local sub-franchises who meet corporate qualifications to operate a commercial cleaning and janitorial service, and (2) it provides administrative services to the *unit* franchises including billing and collection and sales of equipment and supplies.

Note 2. Summary of Significant Accounting Policies

The significant accounting policies followed by Split Rock Management Inc. are described below to enhance the usefulness of the consolidated financial statements to the reader.

- a. *Reporting Entity* – The accompanying consolidated financial statements present the activities of Split Rock Management Inc. which is the Minnesota Master Franchise of Vanguard Cleaning Systems, Inc. It is governed by the board of directors who have authority to make decisions, designate management, and significantly influence operations. The board is accountable for fiscal matters of the Company. These consolidated financial statements include all activities over which the Company is responsible. They do not and are not intended to present any information regarding Vanguard Cleaning Systems, Inc. as a whole.
- b. *Basis of Accounting and Financial Statement Presentation* - The term *basis of accounting* is used to determine *when* a transaction or event is recognized on the Company's consolidated operating statement. The Company uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Accounting principles generally accepted in the United States of America (GAAP) require that revenues and expenses be distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the Company's principle on-

going operations. Operating expenses include the costs associated with carrying out the duties of the Company, administrative expenses and depreciation of capital assets. Revenues and expenses that do not meet these definitions are reported as non-operating revenues and expenses.

- c. *Use of Estimates* - The preparation of consolidated financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- d. *Compensated Absences* – The Company provides its employees with certain compensated absences as part of its benefits package. Management has omitted the cost associated with compensated absences as the amount cannot be reasonably estimated.
- e. *Cash and Cash Equivalents* – Cash and cash equivalents consists of demand deposits at banks. Amounts on deposit will from time to time exceed the Federal Deposit Insurers Corporation's (FDIC) threshold for liability. Management keeps its deposits in credit worthy institutions and has not experienced any losses. Management does not feel that its deposits in excess of FDIC limits poses a credit risk. For the purpose of the consolidated statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. The Company had no non-cash investments.
- f. *Billings and Notes Receivable* – Billings receivable represent amounts that have been billed on behalf of the sub-franchise units for janitorial services they perform to their customers and are billed and collected by the Company. They are carried at invoiced amounts less an estimate made for credit losses. Billings receivable are deemed to be uncollectible if after reasonable time and efforts the account remains unpaid.

Notes receivable are carried at original contracted amount less an estimate made for credit losses. Notes receivable are deemed to be uncollectible if the franchisee ceases to conduct business. (See Note 3) In general, the notes are collected over 6 to 48 months and bear a 12% annual interest rate.

- g. *Property and Equipment* – Property and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line mid-month method. (See Note 5)
- h. *Intangible Assets* – The Company's intangible assets consist of the master franchise agreements and goodwill associated with the acquisition described in note 9. The master franchise agreements were signed in November 2005, and October 2022, and are amortized over their 20-year life using the straight-line mid-month method of amortization.

The Company has elected to account for goodwill as allowed under ASU 2014-02, *Intangibles – Goodwill and other (Topic 350): Accounting for Goodwill*. Pursuant to this election the Company amortizes goodwill over ten years using the straight-line method and will test goodwill for impairment at the entity level upon a triggering event. For the years ended December 31, 2023, and 2022, there were no triggering events.

- i. *Advertising Costs* – The Company charges the costs of advertising to expense as incurred. Advertising expense included in operating expenses for the years ended December 31, 2023, 2022 and 2021 were approximately \$6,000, \$14,000 and \$45,000 respectively.

- j. *Sales and Use Taxes* – The states of Minnesota and Wisconsin and counties and municipalities within the states impose a sales and use tax on certain types of the Company's sales to non-exempt customers. Additionally, the Company collects and remits, on behalf of its customers, taxes billed to their customers. The Company's policy is to exclude the tax collected and remitted to the States from sales and cost of sales. An appropriate provision for the taxes has been made in the liabilities section of the consolidated financial statements.
- k. *Income Taxes and Distributions* – The Company has elected to be taxed as a Sub-Chapter S Corporation under the applicable sections of the Internal Revenue Code. No provision has been made for federal income taxes inasmuch as the federal tax attributes are the liability of the individual stockholder of the Company. Distributions may be made as determined by management.

The Company has elected to pay Minnesota income tax at the entity level on its Minnesota sourced income for the year ended December 31, 2023, 2022 and 2021. These pass-through entity income taxes have been accounted for as a transaction with the Company's stockholder and are included within distributions to stockholders.

The Company follows Accounting Standards Codification Topic 740 *Income Taxes* and the updates associated with the Simplification Initiative to account for uncertain tax positions. Management concludes that the company has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. Non-deductible expenses are recorded as other expense items in the financial statements. Tax years 2021 through 2023 are still open for examination by taxation authorities.

- l. *Revenue Recognition* – The Company determines revenue recognition through the following steps:
- Identification of the contract or contracts with a customer;
 - Identification of the performance obligations in the contract;
 - Determination of the transaction price;
 - Allocation of the transaction price to the performance obligations in the contract; and
 - Recognition of revenue when or as the Company satisfies the performance obligations.

As stated in Note 1 the Company has two revenue streams. The Company's primary revenue stream is to provide support services to its sub-franchisees in the form of marketing, billing and collections, insurance, products and supplies and customer support and relations. The Company charges its sub-franchisees royalty and business support service fees for these services. The service fee and product sales are considered earned when the service is rendered or when product is delivered, and payment is due at that time.

The Company markets unit franchise opportunities to local sub-franchises. These franchise license fees allow the franchisee to use the Vanguard Cleaning Systems (VCS) trade name, processes, and trademarks. The license fee performance obligation is accounted for as a single performance obligation, satisfied over time by providing a right to use the intellectual property over the term of the franchisee agreement. Deferred revenue relates to the franchise license fees that are amortized over the life of the franchise agreements, typically five years. The Company provides an option to finance a portion of these costs. A down payment is due at signing. (See Notes 4 and 7)

- m. *Change in Accounting Principles* - In February 2016, FASB issued Accounting Standards Codification Topic 842, *Leases*. Under the new guidance, leasees are required to recognize lease assets and lease liabilities for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classifications affecting the pattern of expense recognition in the income statement. The new standard was adopted for the calendar year beginning January 1, 2022.

The Company adopted the new lease standard utilizing the effective date transition method, under which amounts in prior periods were not restated. Upon adoption the Company recorded operating lease Right of Use (ROU) assets and lease liabilities of approximately \$40,000. The adoption had

an immaterial impact on the consolidated statement of income and cash flows for the year ended December 31, 2022. There were no cumulative effect adjustments to retained earnings as of the adoption date as result of adopting the standard.

The Company elected the package of practical expedients permitted under the transition guideline within the new standard which allowed the Company to not reassess whether any expired or existing contracts are or contain leases, not to reassess the lease classification for any expired or existing leases, and not to reassess initial direct costs for any existing leases. (See note 6.)

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326). This guidance changes the methodology to be used to measure credit losses for certain financial instruments and financial assets, including trade receivables. The new methodology requires the recognition of an allowance that reflects the current estimate of credit losses expected to be incurred over the life of the financial asset. The new standard is effective for the Company for the year ended December 31, 2023. Management feels that the provisions of this standard do not materially impact the Company.

In December 2019, FASB issued an update to Topic 740 *Income Taxes* as part of its Simplification Initiative. The Company has adopted this updated standard. Management feels that the provisions of this standard do not impact the Company.

Note 3. Billings and Notes Receivable

As stated in Note 2, billings receivable and notes receivable are carried at their face amount less an estimate made for credit losses. At December 31, these amounts were:

	2023	2022	2021	Beginning Balance 2021
Billings Receivable				
Total Balance	\$ 748,508	\$ 1,018,862	\$ 559,788	
Less: Allowance for credit losses	<u>(7,485)</u>	<u>(2,500)</u>	<u>(2,500)</u>	
	\$ 741,023	\$ 1,016,362	\$ 557,288	\$ 601,137
Notes Receivable				
Total Balance	\$ 3,742	\$ 25,473	\$ 55,523	
Less: Allowance for credit losses	<u>---</u>	<u>(11,858)</u>	<u>---</u>	
	\$ 3,742	\$ 13,615	\$ 55,523	\$ 127,199
Current portion	\$ 3,742	\$ 11,053	\$ 50,310	\$ 124,725
Non-current portion		2,562	5,213	2,474

Management makes its estimate of credit losses by looking at historical collections and adjusting for current market conditions and future expectations. With the implementation of ASU 2016-13, management moved from a flat amount to a percentage of total receivables.

Note 4. Franchisor Operations

The Company operates as a franchisor of Vanguard Cleaning Systems. The Company does not own directly or indirectly any franchise outlets. At December 31, the Company had the following franchise outlets in operation:

	2023	2022	2021
Beginning outlets in operation	90	64	69
Less franchises ceasing operations	(18)	(8)	(10)
New franchises	<u>8</u>	<u>34</u>	<u>5</u>
Ending outlets in operation	80	90	64

Note 5. Capital Assets

Management has adopted a policy of capitalizing assets with an initial individual cost of \$1,000 or more and expensing assets with an initial individual cost of less than \$1,000. Capital assets of the Company consist of computers, other office furniture, fixtures, and equipment, and the intangible assets franchise fees to Vanguard Cleaning Systems, Inc. and goodwill. Tangible capital assets are recorded at cost and are depreciated over their estimated useful lives using the straight-line method and mid-month convention. The intangible assets represent the master franchise agreements which are amortized over the life of the agreements using the straight-line method and mid-month convention and goodwill associated with the acquisition described in note 9. At December 31, the cost of these capital assets and the associated accumulated depreciation and amortization are as follows:

	2023	2022	2021
Office Equipment and Furnishings	\$ 71,842	\$ 60,850	\$ 60,850
Intangible Assets	<u>952,000</u>	<u>952,000</u>	<u>150,000</u>
Total	\$ 1,023,842	\$ 1,012,850	\$ 210,850
Less Accumulated Depreciation and Amortization	<u>(266,914)</u>	<u>(176,897)</u>	<u>(148,424)</u>
	\$ 759,928	\$ 835,953	\$ 62,426

Depreciation for income tax purposes may differ from the above amounts.

The estimated amortization expense for the next five years at December 31, 2023 is:

2024	\$ 82,600
2025	82,600
2026	75,100
2027	75,100
2028 and thereafter	729,383

Note 6. Lease Obligations

The Company leases office space for its operations under non-cancelable operating leases. Lease terms range from 12 to 60 months. The Company has elected the portfolio approach for lease classification. Prior to the date of these financial statements, the Company extended its lease agreement for office space at its Minnesota location for a period of one year commencing May 1, 2024. Lease obligations are as follows:

2024	\$ 26,785
2025	8,099
2026 and thereafter	0

Note 7. Revenues and Unearned Revenues

As stated in Note 2, the Company recognizes revenue when services are provided or when sales of product are invoiced. Unearned revenues consist of franchise fees that have been billed to franchise sub-units, but where the initial term of the arrangement has not yet concluded. These revenues are considered earned uniformly over the initial five-year franchise agreement. Revenues that have been billed and are expected to be earned are as follows:

	2023	2022	2021	Beginning Balance 2021
Within one year	\$ 8,456	\$ 14,149	\$ 2,295	
In subsequent years	<u>17,814</u>	<u>16,147</u>	<u>30,355</u>	
Total	\$ 26,270	\$ 30,296	\$ 32,650	\$ 36,468

Note 8. Notes Payable

The Company has a term note with the seller as part of the acquisition described in Note 9, due in monthly installments of \$7,411. The note bears interest at 4% and matures in December 2027. The note is subject to various covenants and is collateralized by certain assets of the Company. Future note obligation payments are as follows:

2024	\$ 77,213
2025	80,358
2026	83,632
2027	87,040
2028 and thereafter	0

For the years ended December 31, 2023, 2022 and 2021 interest expense was \$17,180, \$0, and \$0.

Note 9. Acquisition

On October 31, 2022, the Company acquired nearly all of the assets of Sandalstone Ventures, Inc. d/b/a Vanguard Cleaning Systems of SE Wisconsin (Seller). The assets were acquired in exchange for \$800,000 of consideration in the form of \$200,000 cash paid at close, \$200,000 cash paid 180 days after close and a term note for \$400,000 described in Note 8. The acquisition was accounted for as a business combination under GAAP. Among the assets acquired was \$700,000 of goodwill described in Note 5.

Note 10. Concentrations of Credit Risk

The Company has identified its financial instruments which are potentially subject to credit risk. These financial instruments consist of notes receivables. The Company's receivables are generally unsecured; however, credit risk is mitigated by the volume of customers comprising the Company's note receivable base.

Note 11. Subsequent Events

The Company has evaluated subsequent events through March 20, 2024, the date these financial statements were available to be issued. There were no material subsequent events that require recognition in these financial statements.

EXHIBIT F
TO THE DISCLOSURE DOCUMENT
VANGUARD'S FINANCIAL STATEMENTS

Hood & Strong

Advisory, Tax
and Assurance

Vanguard Cleaning Systems, Inc.

December 31, 2023, 2022 and 2021

Independent Auditors' Report and
Financial Statements

Vanguard Cleaning Systems, Inc.

Independent Auditors' Report and Financial Statements

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Independent Auditors' Report

THE BOARD OF DIRECTORS
VANGUARD CLEANING SYSTEMS, INC.
San Mateo, California

Opinion

We have audited the financial statements of **VANGUARD CLEANING SYSTEMS, INC. (the Company)** which comprise the balance sheet as of December 31, 2023, 2022 and 2021, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 the Company's ability to continue as a going concern for one year from the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

exercise professional judgment and maintain professional skepticism throughout the audit.

identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Hood & Strong LLP

San Jose, California
March 18, 2024

Vanguard Cleaning Systems, Inc.

Balance Sheet

<i>December 31,</i>	2023	2022	2021
Assets			
Current Assets:			
Cash	\$ 268,525	\$ 755,816	\$ 664,312
Money market fund	323,080	307,992	304,442
Royalties receivable	1,169,337	1,174,921	1,415,864
Notes receivable - Area Franchise	125,500	5,000	12,000
Prepaid expenses and other current assets	1,098,683	921,751	915,051
Total current assets	2,985,125	3,165,480	3,311,669
Property and Equipment, net	223,224	158,419	182,951
Other Non-Current Assets:			
Notes receivable - Area Franchise, net of current portion	621,500	-	5,000
Operating right-of-use assets	432,313	43,594	-
Other assets	11,227	11,227	11,227
Total other non-current assets	1,065,040	54,821	16,227
	\$ 4,273,389	\$ 3,378,720	\$ 3,510,847
Liabilities and Stockholder's Equity			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 941,899	\$ 679,653	\$ 621,463
Lease liability, current portion	104,394	30,355	-
Deferred revenue	207,330	191,648	208,491
Total current liabilities	1,253,623	901,656	829,954
Lease Liability, net of current portion	326,555	10,058	-
Deferred Revenue, net of current portion	704,348	809,463	956,111
Total liabilities	2,284,526	1,721,177	1,786,065
Stockholder's Equity:			
Common stock, no par value, 9,000 shares authorized, and 20,000 shares issued and outstanding	70,000	70,000	70,000
Retained earnings	1,918,863	1,587,543	1,654,782
Total stockholder's equity	1,988,863	1,657,543	1,724,782
	\$ 4,273,389	\$ 3,378,720	\$ 3,510,847

See accompanying notes to the financial statements.

Vanguard Cleaning Systems, Inc.

Statement of Income

<i>For the years ended December 31,</i>	2023	2022	2021
Revenues:			
Area franchise sales	\$ 204,433	\$ 208,491	\$ 212,866
Royalties and fees	10,603,117	10,495,539	9,452,221
Other revenues	2,863,872	2,524,327	2,071,141
	13,671,422	13,228,357	11,736,228
Operating Expenses	7,873,613	6,075,717	5,534,494
Net income from operations	5,797,809	7,152,640	6,201,734
Other Income (Expense):			
Interest income	15,088	3,699	36
Other income (expense)	(902)	-	-
	14,186	3,699	36
Net income before provision for income taxes	5,811,995	7,156,339	6,201,770
Provision for Income Taxes	(135,233)	(53,578)	(110,231)
Net Income	\$ 5,676,762	\$ 7,102,761	\$ 6,091,539

See accompanying notes to the financial statements.

Vanguard Cleaning Systems, Inc.

Statement of Changes in Stockholder's Equity

For the years ended December 31, 2023, 2022, 2021

	Common Stock		Retained Earnings	Total
	Number	Amount		
Balance, December 31, 2020	9,000	\$ 70,000	\$ 923,243	\$ 993,243
Net income	-	-	6,091,539	6,091,539
Distributions	-	-	(5,360,000)	(5,360,000)
Balance, December 31, 2021	9,000	70,000	1,654,782	1,724,782
Net income	-	-	7,102,761	7,102,761
Distributions	-	-	(7,170,000)	(7,170,000)
Balance, December 31, 2022	9,000	70,000	1,587,543	1,657,543
Net income	-	-	5,676,762	5,676,762
Distributions	-	-	(5,345,442)	(5,345,442)
Balance, December 31, 2023	9,000	\$ 70,000	\$ 1,918,863	\$ 1,988,863

See accompanying notes to the financial statements.

Vanguard Cleaning Systems, Inc.

Statement of Cash Flows

<i>For the years ended December 31,</i>	2023	2022	2021
Cash Flows from Operating Activities:			
Net income	\$ 5,676,762	\$ 7,102,761	\$ 6,091,539
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	71,565	76,483	80,651
Loss on disposal of assets	902	-	-
Amortization of operating right of use asset	107,785	114,620	-
Share-based compensation expense	397,868	67,374	342,053
(Increase) decrease in assets:			
Royalties receivable	5,584	240,943	(397,414)
Prepaid expenses and other current assets	(176,932)	(6,700)	(309,103)
Other assets	-	-	1,091
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(135,622)	(9,184)	671
Operating lease liability	(105,968)	(117,801)	-
Deferred revenue	(174,433)	(163,491)	(212,866)
Net cash provided by operating activities	5,667,511	7,305,005	5,596,622
Cash Flows from Investing Activities:			
Purchases of money market fund	(15,088)	(3,550)	-
Purchase of property and equipment	(137,272)	(51,951)	(55,772)
Issuance of notes receivable -			
Area franchise	(680,000)	-	-
Payment on notes receivable -			
Area franchise	23,000	12,000	10,000
Net cash (used) provided by investing activities	(809,360)	(43,501)	(45,772)
Cash Flows from Financing Activities:			
Stockholder distributions	(5,345,442)	(7,170,000)	(5,360,000)
Net cash used by financing activities	(5,345,442)	(7,170,000)	(5,360,000)
Net Increase (Decrease) in Cash	(487,291)	91,504	190,850
Cash, beginning of period	755,816	664,312	473,462
Cash, end of period	\$ 268,525	\$ 755,816	\$ 664,312
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the year for:			
Income taxes	\$ 135,233	\$ 58,578	\$ 110,231
Supplemental Disclosure of Non-cash Investing and Financing Activities:			
Right-of-use assets financed by operating lease liability	\$ 496,504	\$ 158,214	\$ -
Area franchise sales financed by notes receivable	\$ 85,000	\$ -	\$ 25,000

See accompanying notes to the financial statements.

Vanguard Cleaning Systems, Inc.

Notes to the Financial Statements

Note 1 - Nature of Business and Organization:

Vanguard Cleaning Systems, Inc. (the Company) was incorporated in 1984 under the laws of the State of California. The Company operates a franchise business, licensing certain trademarks and its business system to independent area franchise businesses and providing business development and support services to them. The Company grants these businesses Master franchise agreements, which allow them as area franchisors to award sub franchises to Vanguard Cleaning Systems® unit franchises in prescribed geographical areas in the U.S. and Canada. Vanguard Cleaning Systems unit franchisees are independently owned and operated commercial cleaning services businesses. Neither the Company nor its area franchisors perform commercial cleaning services. Area franchisors pay the Company an initial franchise fee, and royalties based on their area franchise business revenues.

Note 2 - Significant Accounting Policies:

Basis of Accounting

The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for financial statement reporting purposes and the cash basis of accounting for income tax reporting purposes.

Cash

For purposes of the statement of cash flows, cash is defined as cash on hand and demand deposits at banks.

Royalties Receivable

Royalties receivable are contractual agreements calculated based on the area franchisor's monthly business volume. An allowance for credit losses is appropriately considered depending upon prior historical losses, the assessed financial stability of the area franchisors, and management's estimate of collectability. Management has determined that the royalties receivable are fully collectible as of December 31, 2023, 2022 and 2021, and therefore has not established an allowance for credit losses.

Fair Value of Financial Instruments

The carrying value of financial instruments not otherwise disclosed herein approximates fair value due to the short-term nature of these financial instruments.

Vanguard Cleaning Systems, Inc.

Notes to the Financial Statements

The Company carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company classifies its financial assets and liabilities according to three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable inputs for the asset or liability that are not corroborated by market data.

In determining the appropriate levels, the Company performed an analysis of the assets and liabilities. Any assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Money Market Fund

The money market fund is recorded at fair value based on quoted market prices for identical assets in active markets, and is classified as Level 1 within the fair value hierarchy.

Property and Equipment

Property and equipment are stated at cost and are depreciated over their estimated useful lives, 3 to 7 years, using principally the straight-line method. Leasehold improvements are stated at cost and are amortized on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Leases

The Company leases property in the ordinary course of business under various operating lease agreements. Variable lease payments are recognized in the period incurred. Lease expense for these leases is recognized on a straight-line basis over the lease term.

The Company recognizes a lease liability and right-of-use asset for leases classified as operating leases in the balance sheet upon lease commencement. The lease liability represents the present value of the remaining lease payments. The Company uses the implicit rate in the lease agreement. In the event an implicit rate is not readily available, the Company uses the rate of interest it would have to pay to borrow on a collateralized basis over a similar term in a similar economic environment. In addition, the Company recognizes a corresponding right-of-use asset, which represents the right to use an underlying asset for the lease term.

Vanguard Cleaning Systems, Inc.

Notes to the Financial Statements

Income Taxes and Distributions

The Company has elected to be taxed as an S-Corporation under the applicable sections of the Internal Revenue Code and California regulations. Accordingly, no provision has been made for federal income taxes since the federal tax attributes are the liability of the individual stockholder.

A provision is recorded for state taxes based upon the minimum statutory rates and amounts for an S-Corporation.

Distributions may be declared periodically in amounts that will cover the individual income tax liabilities arising from the taxable income of the Company.

Management has concluded that the Company has taken no uncertain tax positions that require adjustment to or disclosure in these financial statements.

Deferred Compensation

The Company recognizes compensation expense for its Phantom Stock Appreciation Plan using the intrinsic value method whereby compensation expense is recognized over the vesting period based on the difference between the exercise price and the calculated value of the underlying stock (as defined by the plan document) at the end of each year.

Advertising Costs

The Company charges the production costs of advertising to expense as incurred. Advertising expense included in operating expenses for the periods ended December 31, 2023, 2022, and 2021 was immaterial.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Recent Accounting Pronouncements

Adopted

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments-Credit Losses (Topic 326)*. This ASU replaces the incurred loss methodology with an expected loss methodology. The ASU is effective for non-public entities for fiscal years beginning after December 15, 2022. The Company adopted this ASU as of January 1, 2023. There was no effect on these financial statements as a result of adopting this standard.

Vanguard Cleaning Systems, Inc.

Notes to the Financial Statements

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize right-to-use assets and leases liabilities for all leases not considered short-term leases. The ASU is effective for non-public entities for fiscal years beginning after December 15, 2021. The Company adopted this ASU as of January 1, 2022 by recording a right-of-use asset and corresponding lease liability in the amount of \$158,214. The Company applied the package of practical expedients to leases that commenced before the effective date and elected not to reassess the following: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases. As allowed under the ASU, the Company elected to not restate the 2021 financial statements, and continues to report and disclose leases in accordance with historical accounting treatment. There was no effect on net income, cash flows or stockholder's equity as a result of adopting this standard.

Subsequent Events

The Company has evaluated subsequent events from December 31, 2023 through March 18, 2024, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in these financial statements.

Note 3 - Revenues:

Revenues consist primarily of royalties, initial and renewal area franchise fees, development area protection and other revenue. Performance obligations under area franchise agreements consist of: (1) development area protection, (2) an area franchise license, including a license to use the Vanguard Cleaning Systems® brand and marks and (3) ongoing services, such as development of proprietary software, advertising and marketing materials. These performance obligations are highly interrelated, so they are not considered to be individually distinct. They are accounted for as a single performance obligation, which is satisfied over time by providing a right to use the intellectual property over the term of each area franchise agreement. Initial and renewal area franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement, which is usually 20 years, unless the area franchise agreement is terminated early, in which case the remaining initial or renewal franchise fee is fully recognized in the period of termination.

The Company recognizes commissions paid to franchise brokers upon the sale of a new area franchise as these are considered costs of obtaining a contract with a customer that are expected to provide benefits to the Company for longer than one year. These commissions are netted with deferred revenue (contract liabilities) in the accompanying balance sheet and are amortized over the term of the related agreement.

Vanguard Cleaning Systems, Inc.

Notes to the Financial Statements

Royalties are calculated as a percentage of area franchisors' monthly business volume, generally ranging from 4% to 5%. The initial area franchise fee is payable upon execution of the area franchise agreement and the renewal fee, if any, is due and payable at the expiration of the initial term of the area franchise agreement. Royalties and fees represent volume-based royalties that are related entirely to the performance obligation under the area franchise agreements and are recognized as area franchisors' volume occur.

Under the area franchise agreement, the Company offers various support services/programs for use by the area franchisors in their business operations. Other revenue related to this performance obligation is received as reimbursement for advancing area franchisors' pro rata share of such services/program costs.

Note 4 - Area Franchise Notes Receivable:

In connection with the sales of certain area franchises, the Company will enter into a note receivable agreement with the purchaser. The interest rates on these notes ranges from 0% to 5.5% per annum, with the notes maturing at various dates through 2028. Management has determined that the area franchise notes receivable do not represent a significant financing component, and are fully collectible as of December 31, 2023, 2022 and 2021.

Note 5 - Property and Equipment:

Property and equipment consisted of the following as of December 31:

	2023	2022	2021
Office equipment	\$ 176,707	\$ 243,085	\$ 223,261
Furniture and fixtures	6,176	44,359	44,359
Software	366,400	447,850	415,725
Leasehold improvements	139,013	139,013	139,012
	688,296	874,307	822,357
Less: Accumulated depreciation and amortization	(465,072)	(715,888)	(639,406)
	\$ 223,224	\$ 158,419	\$ 182,951

Depreciation and amortization expense totaled \$71,565, \$76,483, and \$80,651 for 2023, 2022, and 2021, respectively.

Vanguard Cleaning Systems, Inc.

Notes to the Financial Statements

Note 6 - Contract Liabilities:

Contract liabilities consist of deferred revenue resulting from initial and renewal area franchise fees, as reduced by direct broker commissions to obtain the specific contract. These contract liabilities are included in deferred revenue in the balance sheet. As of December 31, 2020, the balance in contract liabilities was \$1,352,469.

The following table illustrates the estimated revenues expected to be recognized in the future related to deferred franchise fees as of December 31, 2023:

Year ending December 31,	
2024	\$ 207,330
2025	166,719
2026	128,692
2027	115,587
2028	97,126
Thereafter	196,224
<hr/>	
Total	\$ 911,678

Note 7 - Leases:

The Company leases its office space and a vehicle under operating leases expiring in February 2028 and October 2024, respectively. Lease cost, including variable lease costs, was \$156,917 and \$157,680 for the years ended December 31, 2023 and 2022, respectively. Rent expense for the year ended December 31, 2021 was \$159,788. As of December 31, 2023, the weighted- average remaining lease term was 4.08 years and the weighted-average discount rate was 4.44%.

Vanguard Cleaning Systems, Inc.

Notes to the Financial Statements

Future lease obligations are as follows as of December 31, 2023:

Year ending		
December 31,		
2024	\$	120,874
2025		110,400
2026		110,400
2027		110,400
2028		18,400
<hr/>		
Total lease payments		470,474
Less discount to present value		(39,525)
<hr/>		
Present value of lease liabilities	\$	430,949

Note 8 - Stock Appreciation Plan:

On March 16, 2004, the Company adopted the Vanguard Cleaning Systems, Inc. Phantom Stock Appreciation Plan (the Plan). The Plan allows for the award of Phantom Stock units to key employees upon approval of the Board of Directors. Participants are credited with units of Phantom Stock, each unit representing one underlying share of Company common stock, and are entitled to an amount equal to the appreciation in common stock share price (as defined in the plan document) from the date of grant. The units are immediately exercisable and vest as defined in the plan document over seven years.

The following table summarizes the Company's Phantom Stock unit activity during the years ended December 31, 2023, 2022 and 2021:

	Phantom Units Outstanding and Exercisable	Weighted Average Exercise Price	Phantom Units Vested
Balance at December 31, 2020	450	\$ 2,334.12	271
Balance at December 31, 2021	450	\$ 2,334.12	327
Balance at December 31, 2022	450	\$ 2,334.12	370
Exercised	(90)	2,496.53	
Balance at December 31, 2023	360	\$ 2,293.52	316

Vanguard Cleaning Systems, Inc.

Notes to the Financial Statements

Total compensation expense to be recognized over the remaining vesting period is \$95,950. Compensation expense recognized was \$397,868, \$67,374, and \$342,053, in 2023, 2022 and 2021, respectively.

Note 9 - Retirement Plan:

The Company sponsors a qualified defined contribution 401(k) Plan for the benefit of eligible employees. The plan covers all employees meeting certain age and service requirements. Employer contributions to the plan are discretionary and employees may make voluntary contributions subject to plan and Internal Revenue Service limits. The Company made no contributions to the plan in 2023, 2022 and 2021.

Note 10 - Related Party Transactions:

The Company leases office space from a related party controlled by the sole stockholder. Total rent paid to the related party for the period ended December 31, 2023, 2022 and 2021 was \$110,400, \$110,400, and \$110,400, respectively.

The Company and RR Franchising, Inc. (RRF) are separate and distinct corporations with different shareholder structures but have one significant shareholder in common.

The Company has an Area Franchise Agreement with RRF. Revenue earned under this agreement amounted to \$540,624, \$674,612, and \$562,499 for 2023, 2022 and 2021, respectively.

Note 11 - Concentrations of Credit Risk:

The Company has identified its financial instruments which are potentially subject to credit risk. These financial instruments consist of cash and money market fund. At December 31, 2023, the Company held cash in excess of federally insured limits. Investments in money market funds in general are exposed to various risks such as credit and overall market volatility. To address these risks, the Company maintains a conservative investment policy.

EXHIBIT G
TO THE DISCLOSURE DOCUMENT
SAMPLE FRANCHISEE RELEASE OF CLAIMS

SAMPLE FRANCHISEE RELEASE OF CLAIMS

General Release Of Claims by Franchisee:

FRANCHISEE and each Franchisee Owner for himself and, as applicable, his partners, successors, guarantors, assigns, affiliates, spouse, domestic partner, family members, heirs executors, administrators and personal representatives and anyone claiming through or under them (collectively the “FRANCHISEE Parties”), hereby releases, acquits and forever discharges FRANCHISOR and its predecessors, successors, assigns, partners, parent company, subsidiaries, affiliates, officers, directors, stockholders, members, employees, attorneys, accountants, agents and other representatives (collectively the “FRANCHISOR Parties”) of and from any and all claims, demands, debts, obligations, damages, causes of action and claims for relief of any nature whatsoever, whether known or unknown, fixed or contingent, which the FRANCHISEE Parties or any of them have against any or all of the FRANCHISOR Parties by reason of any matter, event or cause whatsoever occurring or arising at any time before, through and including the Effective Date of this Release, including, but not limited to, any claims arising under or relating to the Franchise Agreement, to the fullest extent permitted by law.

FRANCHISEE and each Franchise Owner understands that if the facts relied upon in making this release are discovered hereafter to be other than or different from the facts now believed to be true, or if additional facts are discovered, FRANCHISEE and each Franchisee Owner expressly accepts this risk of such possible different or additional facts and agrees that this release and waiver shall remain effective, notwithstanding any such discoveries. FRANCHISEE and each Franchisee Owner is not deciding to make this release predicated on any factual representations of any others regarding the nature of the claims released or any other matters.

Representations by Franchisee/Franchisee Owner:

- Franchisee/each Franchisee Owner represents, warrants, agrees and acknowledges that,
- i) Franchisee/Franchisee Owner has had ample opportunity to consult with legal counsel in making the above release and has read and fully understands the terms of this release and voluntarily and freely signs this release,
 - ii) the validity of this release is a condition to and essential consideration for the [renewal] [transfer] of Franchisee’s Franchise; and
 - iii) Franchisee currently owns the franchise and the franchised business and all of the claims released hereby and has not assigned any interest in the franchise, any franchise agreement, the franchised business, the ownership of Franchisee (if applicable) or any of such claims.

CAUTION: THIS AGREEMENT CONTAINS A FULL AND FINAL RELEASE OF CLAIMS. PLEASE READ CAREFULLY BEFORE SIGNING.

FRANCHISEE (Corp. or LLC)

(Legal Name of Franchisee Entity)

A _____
Jurisdiction of Formation

Corporation or LLC

By: _____
Print Name Title

Signature Date

GUARANTOR(S) (each Franchisee Owner)

**PERCENTAGE OF OWNERSHIP
OF FRANCHISEE**

Signature

%

Printed Name

Signature

%

Printed Name

**EXHIBIT H
TO THE DISCLOSURE DOCUMENT**

CLEANING ACCOUNT REFERRAL AGREEMENT – TRANSFER ACCEPTANCE

1. _____ (the "Franchisee") acknowledges that Franchisee has:
- acknowledged receipt of a copy of the Account Cleaning Service Agreement requirements and Services Attachments established by the client, including the Service Schedule and list of Areas To Be Serviced and have had ample opportunity to review the Account Cleaning Service Agreement for the Account named above before deciding whether or not to accept a Transfer of the Account.; and
 - inspected the Account premises, understands fully and can meet the Account requirements and finds the contract price stated below to be fair and reasonable; and
 - agreed to meet the Account requirements and Vanguard Cleaning System Standards described in the Account Cleaning Service Agreement for the Account, named below, which has been transferred to and accepted by my/our Vanguard Cleaning Services franchised business. Franchisee's VCS Business solely is responsible for providing the cleaning services, for any keys or other Account property received in connection with this Account and for maintaining Account satisfaction; and
 - the responsibility for ensuring that Franchisee has the financial and operational resources, equipment and inventory necessary to meet the Account requirements upon my/our acceptance of this Account Transfer.
 - the obligation to comply with and/or satisfy the requirements described on the following page (the "Account Requirements"), and as otherwise agreed to by the Account, in a timely manner.
2. Franchisee authorizes Franchisor and/or Franchisor's designated representatives to observe my/our VCS Business operations and to visit the premises of the Account identified above for purposes of ensuring that Vanguard System standards are maintained and Manuals requirements met.
3. Franchisee agrees to pay Franchisor the fee following the date Franchisee begins servicing the Account under its VCS Business. All of the other terms of the applicable agreement apply to this Additional Business.
4. Franchisee accepts the Account transfer from Franchisor and agrees to meet the Account requirements and Vanguard Cleaning Systems standards until the Account Agreement is cancelled or the Account business transferred to another franchise, or until the ownership of the Account Agreement reverts to Vanguard Cleaning Systems of Minnesota under the conditions described in Franchisee's Franchise Agreement.
5. Franchisee understands that the capitalized terms used in this Account Acceptance have the same meaning as in the Franchise Agreement or the Additional Business Marketing Fee Agreement (as applicable), unless they are separately defined in this Acceptance.
6. Franchisee and its Owners each acknowledge and agree that, except as permitted herein and in accordance with Franchisee's Franchise Agreement, none of them may directly or indirectly provide or solicit a contract to provide any janitorial services to the Account on their own, or through a separate entity or independent janitorial business, either during the term of Franchisee's Franchise Agreement or for a period of two (2) years after the expiration or termination of the Franchise Agreement.

Account	
Frequency	

Customer Monthly Contract Price	
First Cleaning Date	

7. Franchisee agrees to pay a 30 percent royalty and administrative fee. This fee will be deducted from the customer monthly contract price.

Account Requirements:

Acceptance of this account is contingent on Franchisee fulfilling and/or complying with the following selected criteria, which are required by the Account:

If any of these are marked yes, the Franchisee must complete Requirements 1-8 within the following amount of days before the account start date:

1. Background Check Required:	-	2. Drug Test Required:	-
3. Uniform Required:	-	4. ID Badge Required:	-
5. Designated Start Time:	-	6. Designated End Time:	-
7. Green Seal Cleaning Program:	-	8. Proof of US Citizenship required:	-

Signature _____
Printed Name _____

Date Signed _____

EXHIBIT I
TO THE DISCLOSURE DOCUMENT
ACCOUNT CLEANING SERVICE AGREEMENT AND SERVICES

VANGUARD CLEANING SYSTEMS CLEANING SERVICE AGREEMENT AND SERVICE SCHEDULE

This AGREEMENT (the "Agreement") is made and entered into as of [DATE OF CONTRACT] by and between Split Rock Management dba Vanguard Cleaning Systems of Minnesota ("Company") and [COMPANY NAME] a (SELECT ONE OF THE FOLLOWING)

sole proprietorship partnership/limited partnership limited liability company corporation not-for-profit corporation

organized under the laws of the State of _____, often referred to individually as a "Party" and collectively as the "Parties."

ACCOUNT NAME AND SERVICE ADDRESS	[COMPANY NAME] [SERVICE ADDRESS, CITY, STATE, ZIP]
---	---

1. **BEGINNING [START DATE] VANGUARD CLEANING SYSTEMS OF MINNESOTA** ("Company") will arrange for delivery of the professional commercial cleaning services described on the preceding "Service Schedule" as follows (please initial):

Initial Here (Client):	SERVICE FREQUENCY: [SERVICE FREQUENCY]	SERVICE TYPE: [EVENING/DAY PORTER CONTRACT CLEANING]	MONTHLY RATE (+ SALES TAX): [MONTHLY RATE]
------------------------	--	--	--

2. **TRANSFERABILITY:** Client accepts that the services and all associated responsibilities for performance to be provided under the Service Schedule will be transferred by Company to an independently owned Vanguard Cleaning Systems of MN Service Provider ("Service Provider"). The Service Provider will execute services outlined in accordance with the Service Schedule on the preceding pages. Client further acknowledges and agrees that the Company does not dictate or monitor the Service Provider's labor hours (outside of set porter hours) and the Service Providers manage operate their independently owned businesses.
3. **CONTRACT TERM: 12-MONTH CONTRACT AT [MONTHLY RATE]/MONTH [CONTRACT START DATE – CONTRACT END DATE]** for the services identified on, and to be delivered at the intervals provided in the Service Schedule.
4. **CONTRACT PRICE AND INCREASES:** The price of [MONTHLY RATE] is valid for the 12-month term of the agreement but is subject to adjustment based upon substantial changes in cleanable square footage, occupancy, or cleaning requirements (scope of work). After one year from the service start date, Company reserves the right to apply a 3%-6% cost of living increase; such increases would be provided in writing 30-days prior to implementation.
5. **PASSTHROUGH COSTS (CREDENTIALING, CLIENT MANAGED BACKGROUND CHECKS/SCREENING, MEMBERSHIP REQUIREMENTS, ETC.):** Clients that require 3rd party entities to manage onboarding, pre-implementation credentialing, or any other requirements as a condition of doing business shall disclose all costs prior to executing the service agreement. The Company will provide the Client with a separate invoice to cover these costs in full in alignment with the standard payment terms outlines in #10 of this service agreement.
6. **FAILURE TO PERFORM:** Client reserves the right to terminate this Agreement for failing to perform services to standards by issuing a 60-Day termination notice of cancellation to the Company by letter and delivered by trackable service (USPS/FedEx/UPS). Any modification to this Agreement must be in writing and signed by the Client and Company. The Company reserves the right to cancel or suspend services for non-payment at any time or for any other business reason by issuing a 60-Day intent to terminate services.
7. **MATERIALS:** MONTHLY RATE IS INCLUSIVE OF LABOR, CLEANING EQUIPMENT (vacuums, mops, brooms, buckets) and STANDARD CLEANING CHEMICALS. Client is responsible for the procurement and placement of all usable/consumable items including, but not limited to: hand towels, toilet tissue, hand soap, can liners, air fresheners, urinal mats and cakes, toilet seat protectors, and feminine hygiene products.
8. **OPTIONAL CONSUMABLE SUPPLY PROCUREMENT** is available, and Client would be invoiced for the items purchased on a separate line itemed invoice. A commercial product review can be conducted at the Clients request to compare product availability and product cost. All invoices for product ordered on behalf of the Client will be Net Due on Receipt.
9. **SPECIAL SERVICES/ADDITIONAL SERVICES:** Our team of Service Providers can manage and deliver a comprehensive program to help the Client maintain the facility, including but not limited to Carpet cleaning, Stripping/Waxing or Scrubbing/Recoating of VCT, and Window Cleaning. These services are available upon request at an additional charge. All invoices for Special Service will be invoiced separately and will be Net Due on Receipt.
10. **PAYMENT TERMS:** Standard terms are Net30 from the date of invoice for recurring monthly cleaning services. **NEW CLIENTS MUST COMPLETE AND RETURN THE NEW ACCOUNT FORM PRIOR TO INITIATING SERVICES.** *A commercial account credit review may be conducted, and low credit ratings may result in alternative terms outside of our standard Net30.* Client will be invoiced each month for that month's service, with payment due by the 5th of the following month. Payments not received by the 10th of the month in which they are due are delinquent and subject to a service charge or immediate suspension of services without liability.

For accounting and communication purposes, please provide the appropriate billing contact information below:

BILLING CONTACT	BILLING CONTACT EMAIL	BILLING CONTACT PHONE

11. **HOLIDAYS/NON SERVICE DAYS:** Services are not provided on the follow national holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day, unless built in to the contract or if separate arrangements are made for an additional charge. The contract price is not prorated or reduced for non-service on the noted holidays.
12. **CONTRACT DELIVERY:** Client will issue a signed copy of this Agreement to Company and Company will provide Client with a copy of the fully executed agreement.

13. **OWNERSHIP OF AGREEMENT AND INVOICING:** Client understands that Service Provider cannot make an agreement on Company's behalf or bill the Client directly for any services and that all discussions regarding invoicing and billing of services must come through the Vanguard Cleaning Systems office.
14. **DIRECT HIRE/CONTRACT FOR SERVICES:** Client understands that during the term of this Agreement and for a period of one (1) year after the expiration or termination of this Agreement, Client and its affiliates may not contract for the services referenced in the above Service Schedule directly or indirectly with the Service Provider, or any individual or entity that directly or indirectly, whether partially or fully, owns or is owned or operated by the Service Provider.
15. **UNRESTRICTED TRANSFER (FRANCHISEE):** Vanguard Cleaning Systems of Minnesota has an unrestricted right to transfer this Agreement, and any or all of Vanguard's rights and/or obligations under it, in whole or in part, without Client's consent.
16. **AUDIT/TRACKING OF KEYS/CARDS:** Client will issue the Vanguard Cleaning Systems Service Provider:

_____ SET(s) OF KEYS WITH _____ KEYS PER SET _____ KEY CARD(s)/KEY FOB(s) _____ NO KEYS/ACCESS GRANTED

17. **INDEMNIFICATION:** The Company and the Client shall fully indemnify, defend and hold harmless the other for any and all costs and expenses (including reasonable attorneys' fees) for any and all claims, costs, expenses and damages arising as a result of acts or omissions of the other, its employees, agents, guests, invitees and/or representatives.
18. **ENTIRE AGREEMENT/LIMITATION OF DAMAGES:** This Agreement and any exhibits attached hereto constitute the entire agreement of the parties with respect to the subject matter hereto. If terms or provisions herein conflict with the terms or conditions set forth in another agreement between the parties, the terms hereof shall prevail even if the other agreement is entered into prior to this Agreement. The Company's maximum legal liability and exposure, with respect to conflicts, to Client hereunder shall not exceed the charges paid by the Client for one month's Services. No oral representations or promises have been made to the Client.
19. **COMPLIANCE:** The Client agrees to keep, or cause to keep, all of its facilities in conformity with all applicable federal, state or local laws, ordinances and regulations, as well as in conformity with requests made by The Company to facilitate the performance of its Services, and agrees to fully indemnify, defend and hold harmless The Company from any loss, injury or damages (including attorneys' fees) caused by the Client's failure to abide by the terms of this paragraph and/or this Agreement.
20. **FORCE MAJEURE:** The Company shall be excused from its performance for a commercially reasonable period of time to the extent that it is prevented, hindered or delayed by a force majeure occurrence.
21. **ASSIGNMENTS:** This Agreement shall bind all parties, their heirs, assigns, successors, agents and representatives.
22. **GOVERNING LAW:** This Agreement shall be governed by the laws of Minnesota. The Client consents to the jurisdiction and venue of any court in Minnesota.
23. **ARBITRATION:** This Agreement shall be governed by Minnesota law, without reference to conflict of law provisions. The parties agree that any dispute arising from this Agreement, including the interpretation of the Agreement or any party's performance there under, shall be resolved by binding arbitration. The arbitration shall be governed by the Commercial Arbitration Rules of the American Arbitration Association and be conducted before a single arbitrator in the State of Minnesota. The parties shall equally share the cost of arbitration. The arbitrator may award costs of arbitration to be borne by the party that does not prevail. The parties consent to the jurisdiction of the courts of the State of Minnesota for the purpose of enforcing any arbitration award or for purposes of granting equitable relief that may be necessary prior to arbitration.
24. **COUNTERPARTS:** This Agreement may be executed in counterparts and as so executed shall constitute one agreement binding on the parties hereto.

IN WITNESS WHEREOF, the Parties have made and executed this Agreement by their duly authorized representatives as of the date first written above.

CLIENT SIGNATURE

Vanguard Cleaning Systems of Minnesota

Signer's Title

Signer's Title

Date Signed

Date Signed

Legal Business Name

Federal Tax ID #

**EXHIBIT J
TO DISCLOSURE DOCUMENT**

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 (651) 296-4026	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101

**EXHIBIT K
TO DISCLOSURE DOCUMENT
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TO DISCLOSURE DOCUMENT
RENEWAL ADDENDUM TO FRANCHISE AGREEMENT

RENEWAL ADDENDUM TO FRANCHISE AGREEMENT
(Current Form of Addendum; Subject to Change by Franchisor)

THIS Renewal Addendum (the “Addendum”) is made and entered into on the _____ day of _____, 20____ (the “Effective Date”) by and between Split Rock Management, Inc. d/b/a Vanguard Cleaning Systems Of Minnesota (“Franchisor”) and _____ [an individual] [individuals] [a corporation] [a partnership] [a limited liability company] with a principal place of business located at _____ (hereinafter collectively called “Franchisee”).

WHEREAS, Franchisor and Franchisee have entered into the Franchise Agreement for a renewal franchise term (the “Franchise Agreement”) to replace the immediately preceding franchise agreement, which has expired (the “Expiring Agreement”), for Franchisee’s continued operation of a Vanguard Cleaning Systems® franchised business.

WHEREAS, capitalized terms in this Addendum have the same meanings as are given under the Franchise Agreement, unless otherwise provided in this Addendum.

NOW, THEREFORE, for and in consideration of the full performance of each of the promises, terms and conditions of this Addendum and the General Release of Claims by Franchisee granted as of the Effective Date, the parties agree as follows:

1. CHANGES TO FRANCHISE AGREEMENT

A. Obligations Fulfilled: Franchisee and Franchisor have entered into the Franchise Agreement for a renewal franchise term and, therefore, acknowledge and agree that:

- i. Franchisee has met the pre-operating commitments described in Section 2 of the Agreement and Franchisee is operating a VCS Business as of the Effective Date if this Agreement;
- ii. Franchisee is not required to attend and Franchisor is not required to offer Franchisee an opportunity to participate in the Business System Program, as described in Section 3. A. 1. of the Franchise Agreement;
- iii. Franchisee shall not pay an initial franchise fee. Franchisee previously paid an initial franchise fee;
- iv. The Manuals referenced in Section 6. B. of the Franchise Agreement were loaned by Franchisor to Franchisee under the Expiring Franchise Agreement and the loan will continue pursuant to the terms of the Franchise Agreement.

B. Franchisee as a Business Entity: If Franchisee has not already done so as of the Effective Date of this Addendum, Franchisee must form a Business Entity to operate the VCS Business as required by Section 2. A. of the Franchise Agreement, unless Franchisor consents

otherwise in writing. Franchisor has an unrestricted right to grant or deny such a consent, as it deems appropriate and on a case-by-case basis.

2. ADDITIONAL BUSINESS AND REFUNDS

Additional Business Commitments: Franchisor and Franchisee acknowledge and agree that Franchisee is not due any Additional Business Accounts as of the Effective Date. If Franchisee has any outstanding amounts owed to Franchisor in connection with the Transfer of one or more Additional Accounts to Franchisee, then such amounts shall remain due and owed to Franchisor under the Franchise Agreement.

A. Refunds: Franchisor and Franchisee acknowledge and agree that no refunds are due Franchisee under the Expiring Agreement, the Franchise Agreement, or otherwise as of the Effective Date of this Addendum.

B. No Obligation to Offer/Accept a Transfer of an Additional Business Account: Franchisor and Franchisee further agree that throughout the term of this new Franchise Agreement Franchisee has no obligation to request or accept, and Franchisor has no obligation to offer, any Additional Business Account Transfers.

3. TERM AND FRANCHISE EXPIRATION

Term: The Franchise Agreement and this Addendum are binding from the Effective Date for the renewal term of five (5) years, unless earlier terminated in accordance with the Franchise Agreement. *[Franchisee has no right to renew the Franchise Agreement at the expiration of the term of this Franchise Agreement and agrees that any renewal rights under the Expiring Franchise Agreement are satisfied with this renewal franchiseterm. Franchisee acknowledges and agrees that Franchisor has made no promise or representation as to any renewal or further extension of this franchise at the expiration of its term and Franchisee has no expectation of any such renewal.]*

4. PROMISSORY NOTES AND GUARANTEES

Continuing Obligations: In the event that Franchisee has any outstanding promissory notes payable by Franchisee to Franchisor as of the Effective Date, then Franchisee and each undersigned Guarantor hereby ratifies and affirms the terms and obligations provided in such promissory notes and acknowledges that any personal guaranty provided in connection with the Expiring Franchise Agreement is continuing and remains in full force and effect and the obligations under and terms of such personal guaranty shall apply to this Agreement in the same manner and to the same extent that they applied to the Expiring Agreement. Franchisee and Guarantors will sign an additional personal guaranty in connection with the Franchise Agreement if so requested by Franchisor.

5. FRANCHISEE REPRESENTATIONS

A. Franchise Ownership: Franchisee warrants and represents that the following individuals own 100% of all interests in Franchisee's Vanguard Cleaning Systems franchise and the franchised business and in Franchisee:

Name	Ownership Percentage (Total Must equal 100%)

B. Disclosure Documents: Franchisee warrants and represents that Franchisee has received, read and understood (i) a copy of Franchisor’s Franchise Disclosure Document with all exhibits at least fourteen (14) calendar days before signing any binding agreement or paying any money (whichever happened first), and (ii) a copy of this Addendum, the Franchise Agreement and all other agreements complete and in form ready to sign at least seven (7) calendar days before signing any binding documents.

6. GENERAL RELEASE OF CLAIMS

Franchisee Release of Claims: In compliance with the renewal conditions required to be met by Franchisee under the Expiring Franchise Agreement, Franchisee and each Franchisee Owner will sign a general release of claims in form satisfactory to Franchisor (Exhibit 1 to this Addendum) at or before the execution of the Franchise Agreement and any applicable Addendum.

7. ADDENDUM GOVERNS

Effect of Addendum: Except as expressly amended by this Addendum, the terms of the Franchise Agreement remain in full force and effect. In the event of any conflict with or inconsistency between the provisions of the Franchise Agreement and the provisions of this Addendum, the provisions of this Addendum shall control.

8. ENTIRE UNDERSTANDING

Complete Agreement: This Addendum and the Franchise Agreement (and all exhibits and addenda thereto) comprise the entire agreement between Franchisee and Franchisor with respect to the renewal of the Franchisee’s Vanguard Cleaning Systems franchise. All contemporaneous and prior discussions, negotiations and representations concerning this matter are superseded by this Addendum and the Franchise Agreement; provided, that nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document that was furnished to Franchisee by Franchisor.

[Signatures Appear on Following Page]

Agreed and accepted by the undersigned. This Agreement is not effective until signed by an authorized representative of Franchisor.

FRANCHISOR:
Vanguard Cleaning Systems of Minnesota

FRANCHISEE:
[Name]

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

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

GUARANTOR(S)

[Name], Individually

[Name], Individually

EXHIBIT 1

to

RENEWAL ADDENDUM TO FRANCHISE AGREEMENT

FRANCHISEE RELEASE OF CLAIMS

In consideration of the Franchise Agreement (the “Franchise Agreement”) granted to _____ (“Franchisee”) by Split Rock Management, Inc. d/b/a Vanguard Cleaning Systems Of Minnesota (“Franchisor”) for a renewal term in connection with Franchisee’s Vanguard Cleaning Systems® franchised business, the waiver of the Initial Franchise Fee for such Franchise Agreement, for other good and valuable consideration and as required under the franchise agreement governing the expiring franchise term (the “Expiring Franchise Agreement”), Franchisee and each undersigned Franchisee Owner makes the following general release of claims in favor of Franchisor and the related parties identified below as of _____, 20____ (the Effective Date):

General Release Of Claims by Franchisee:

FRANCHISEE and each Franchisee Owner for himself and, as applicable, his partners, successors, guarantors, assigns, affiliates, spouse, domestic partner, family members, heirs executors, administrators and personal representatives and anyone claiming through or under them (collectively the “FRANCHISEE Parties”), hereby releases, acquits and forever discharges FRANCHISOR and its predecessors, successors, assigns, partners, parent company, subsidiaries, affiliates, officers, directors, stockholders, members, employees, attorneys, accountants, agents and other representatives (collectively the “FRANCHISOR Parties”) of and from any and all claims, demands, debts, obligations, damages, causes of action and claims for relief of any nature whatsoever, whether known or unknown, fixed or contingent, which the FRANCHISEE Parties or any of them have against any or all of the FRANCHISOR Parties by reason of any matter, event or cause whatsoever occurring or arising at any time before, through and including the Effective Date of this Release, including, but not limited to, any claims arising under or relating to the Franchise Agreement, to the fullest extent permitted by law.

FRANCHISEE and each Franchise Owner understands that if the facts relied upon in making this release are discovered hereafter to be other than or different from the facts now believed to be true, or if additional facts are discovered, FRANCHISEE and each Franchisee Owner expressly accepts this risk of such possible different or additional facts and agrees that this release and waiver shall remain effective, notwithstanding any such discoveries. FRANCHISEE and each Franchisee Owner is not deciding to make this release predicated on any factual representations of any others regarding the nature of the claims released or any other matters.

Representations by Franchisee/Franchisee Owner:

Franchisee/each Franchisee Owner represents, warrants, agrees and acknowledges that,

- i) Franchisee/Franchisee Owner has had ample opportunity to consult with legal counsel in making the above release and has read and fully understands the terms of this release and voluntarily and freely signs this release,
- ii) the validity of this release is a condition to and essential consideration for the [renewal] [transfer] of Franchisee’s Franchise; and

iii) Franchisee currently owns the franchise and the franchised business and all of the claims released hereby and has not assigned any interest in the franchise, any franchise agreement, the franchised business, the ownership of Franchisee (if applicable) or any of such claims.

CAUTION: THIS AGREEMENT CONTAINS A FULL AND FINAL RELEASE OF CLAIMS. PLEASE READ CAREFULLY BEFORE SIGNING.

FRANCHISEE (Corp. or LLC)

(Legal Name of Franchisee Entity)

A _____
Jurisdiction of Formation Corporation or LLC

By: _____
Print Name Title

_____ _____
Signature Date

GUARANTOR(S) (each Franchisee Owner)

PERCENTAGE OF OWNERSHIP
OF FRANCHISEE

Signature _____ %

Printed Name

Signature _____ %

Printed Name

**EXHIBIT M
TO DISCLOSURE DOCUMENT
FRANCHISE TRANSFER AGREEMENT**

VANGUARD CLEANING SYSTEMS®
FRANCHISE TRANSFER AGREEMENT

This Franchise Transfer Agreement (the “Agreement”) is made by and among

_____ (the “Seller”),

_____ (the “Buyer”), and

_____ (the “Franchisor”), with an effective date of
_____ (the “Effective Date”).

If Seller is a corporation or other Business Entity, “Seller” shall also include all persons having an interest in the Seller (individually and together, “Seller’s Owners”), all of whom shall be liable, separately and together, for Seller’s and each other’s performance under this Agreement. If Buyer is a corporation or other Business Entity, “Buyer” shall also include all persons having an interest in the Buyer (individually and together, “Buyer’s Owners”), all of whom shall be liable, separately and together, for Buyer’s and each other’s performance under this Agreement.

1. Seller entered into a Franchise Agreement with Franchisor on _____ (the “Seller’s Franchise Agreement”).
2. Buyer wants to purchase Seller’s Vanguard Cleaning Systems franchised business (the “Franchised Business”) and operate under a franchise agreement with Franchisor. Seller wants to transfer the Franchised Business to Buyer and requires Franchisor’s consent to the transfer.
3. Seller agrees to pay to Franchisor \$_____ and all other outstanding amounts owed Franchisor on or before the transfer.

(INSERT ANY OUTSTANDING AMOUNTS OWED BY SELLER, OR \$0)

Franchisor acknowledges receipt of \$_____, which satisfies all amounts due or to be due under each promissory note identified on Schedule 1 of this Agreement. Each note listed on Schedule 1 is cancelled as of the Effective Date of this Agreement.

At Franchisor’s choice, Buyer must either take an assignment from Seller of Seller’s Franchise Agreement or sign Franchisor’s current form of Franchise Agreement (a “New Franchise Agreement”) being offered as of the Effective Date.

Under this Agreement, Buyer will:
(FRANCHISOR TO CHECK ONE)

- A. _____ Accept an Assignment of Seller’s Franchise Agreement and the Franchised Business.**

Upon signing this Agreement, Seller transfers and assigns to Buyer all of Seller’s rights and obligations under Seller’s Franchise Agreement and the Franchised Business. Upon signing this Agreement, Buyer assumes and accepts all of Seller’s rights and obligations under Seller’s Franchise Agreement and the Franchised Business.

OR

B. _____ Sign a New Franchise Agreement when Buyer accepts the transfer of the Franchised Business from Seller.

Buyer acknowledges receipt of Franchisor's Franchise Disclosure Document ("FDD") at least 14 calendar days before the Effective Date of this Agreement, which included the current form of Vanguard Cleaning Systems franchise agreement and related documents. Upon signing this Agreement, Seller transfers and assigns to Buyer all of Seller's rights and obligations in connection with the Franchised Business, and Seller's rights under Seller's Franchise Agreement are cancelled. Upon signing this Agreement, Buyer assumes and accepts all of Seller's rights and obligations in connection with the Franchised Business.

4. Buyer agrees to sign all other documents routinely required by Franchisor when granting a franchise, including any personal guarantees. Buyer agrees to be bound by all the terms and conditions of Buyer's Vanguard Cleaning Systems franchise agreement and to fully perform all obligations to all Accounts for which Seller's Franchised Business performs services as of the Effective Date of this Agreement.

5. Seller agrees that Seller's post term obligations under Seller's Franchise Agreement, like discontinued use of the Vanguard Cleaning Systems Marks, Manual and branded materials, remain in effect even after any cancellation or assignment of Seller's Franchise Agreement.

6. RELEASE OF CLAIMS BY SELLER:

Seller and each Seller Owner for themselves and, as applicable, each of their respective partners, successors, guarantors, assigns, affiliates, spouse, domestic partner, family members, heirs executors, administrators and personal representatives and anyone claiming through or under them (collectively the "FRANCHISEE Parties"), hereby releases, acquits and forever discharges FRANCHISOR and its predecessors, successors, assigns, partners, parent company, subsidiaries, affiliates, officers, directors, stockholders, members, employees, attorneys, accountants, agents and other representatives (collectively the "FRANCHISOR Parties") of and from any and all claims, demands, debts, obligations, damages, causes of action and claims for relief of any nature whatsoever, whether known or unknown, fixed or contingent, which the FRANCHISEE Parties or any of them have against any or all of the FRANCHISOR Parties by reason of any matter, event or cause whatsoever occurring or arising at any time before, through and including the Effective Date of this Release, including, but not limited to, any claims arising under or relating to the Franchise Agreement, to the fullest extent permitted by law.

Seller and each Seller Owner understands that if the facts relied upon in making this release are discovered hereafter to be other than or different from the facts now believed to be true, or if additional facts are discovered, Seller and each Seller Owner expressly accepts this risk of such possible different or additional facts and agrees that this release and waiver shall remain effective, notwithstanding any such discoveries. Seller and each Seller Owner is not deciding to make this release predicated on any factual representations of any others regarding the nature of the claims released or any other matters.

Representations by Seller/Franchisee Owner:

Seller/each Seller Owner represents, warrants, agrees and acknowledges that,

- i) Seller/ Seller Owner has had ample opportunity to consult with legal counsel in making the above release and has read and fully understands the terms of this release and voluntarily and freely signs this release,
- ii) the validity of this release is a condition to and essential consideration for the transfer of Seller’s Franchised Business; and
- iii) Seller currently owns the franchise and the Franchised Business and all of the claims released hereby and has not assigned any interest in the franchise, any franchise agreement, the Franchised Business, the ownership of Franchisee (if applicable) or any of such claims.

7. This Agreement, its attachments and the agreements referred to in this Agreement are the entire understanding among the parties concerning Franchisor’s consent to the transfer of Seller’s Franchise and replace all negotiations, prior discussions and preliminary agreements.

WE AGREE AND ACCEPT THE ABOVE TERMS OF AGREEMENT.

“SELLER”

“BUYER”

[SELLER BUSINESS]

[BUYER BUSINESS]

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

All SELLER Owners must sign this Agreement.
“Owner”

All BUYER Owners must sign this Agreement.
“Owner”

Individually: _____

Individually: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

% Owned of Business Entity Franchisee:

% Owned of Business Entity Franchisee:

FRANCHISOR'S CONSENT TO FRANCHISE TRANSFER

_____ hereby consents to the Franchise Transfer between the Buyer and Seller named above upon the terms and conditions stated in this Agreement.

Franchisor

Date: _____

By: _____

_____, (title)

**EXHIBIT N
TO DISCLOSURE DOCUMENT
STATE ADDENDA**

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 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.

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.

EXHIBIT O
TO DISCLOSURE DOCUMENT
STATE EFFECTIVE DATES AND RECEIPTS

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
Minnesota	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.

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 Vanguard Cleaning Systems of Minnesota offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Vanguard Cleaning Systems of Minnesota does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and Minnesota Department of Commerce, 85 Seventh Place East, Suite 500, St. Paul, MN 55101, (651) 296-4026.

The name, principal address and telephone number of each franchise seller offering the franchise: Cindy Banchy and Michael Hamerlind, 3450 Washington Drive, Eagan, MN, 55122, (651)379-4000.

Date of Issuance: March 20, 2024

We authorize the Minnesota Commissioner of Commerce at 85 Seventh Place East, Suite 280, St. Paul, Minnesota 55101, to receive service of process for the Region.

I have received a Franchise Disclosure Document dated March 20, 2024, that includes the following exhibits:

- Exhibit A Franchise Agreement (with Exhibits)
- Exhibit B List of Region's Active Unit Franchisees
- Exhibit C List of Region's Former Franchisees
- Exhibit D List of Certain Vanguard Unit Franchisees
- Exhibit E Region's Financial Statements
- Exhibit F Vanguard's Financial Statements
- Exhibit G Sample Franchisee Release of Claims
- Exhibit H Cleaning Account Referral Agreement - Transfer Acceptance
- Exhibit I Account Cleaning Service Agreement and Services
- Exhibit J State Administrators and Agents for Service of Process
- Exhibit K Unit Franchise Guide Table of Contents
- Exhibit L Renewal Addendum to Franchise Agreement
- Exhibit M Franchise Transfer Agreement
- Exhibit N State Addenda
- Exhibit O State Effective Dates and Receipts

Date: _____ Signature: _____ Printed Name: _____

Date: _____ Signature: _____ Printed Name: _____

KEEP THIS COPY FOR YOUR RECORDS.

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Date: _____ Signature: _____ Printed Name: _____

Date: _____ Signature: _____ Printed Name: _____

RETURN TO VANGUARD CLEANING SYSTEMS OF MINNESOTA