

FRANCHISE DISCLOSURE DOCUMENT



Region:

Delmar Corporate Cleaning Services, Inc.
DBA Vanguard Cleaning Systems of Maryland
and Vanguard Cleaning Systems of Delaware
6810 Deerpath Road, Suite 315
Elkridge, MD 21075
(443) 461-0040
dmousley@vgcsva.com

National Franchisor:

Vanguard Cleaning Systems, Inc.
655 Mariners Island Blvd., Suite 303
San Mateo, California 94404
(650) 287-2400
www.vanguardcleaning.com

Our franchisees operate independent businesses (VCS Businesses) providing commercial janitorial services under the **Vanguard Cleaning Systems®** trade name.

The total investment necessary to begin operation of a VCS Business franchise is \$5,750 to \$10,100. This includes \$5,000 to \$7,500 that must be paid to Delmar Corporate Cleaning Services, Inc.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Doug Mousley, 6810 Deerpath Road, Suite 315, Elkridge, MD 21075; (443) 461-0040.

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

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

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

Issuance Date: June 1, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E 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 franchisee?	Item 20 or Exhibits D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Maryland. 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 Maryland than in your own state.
2. **Location of Customers.** You may have to accept and service multiple customers even though the customers may be located far apart from each other or from you. You may lose any accounts you can't properly service, and the franchisor is under no obligation to replace them.
3. **Loss of Customers.** If you lose a customer due to your fault, the franchisor is under no obligation to replace it.
4. **Additional Accounts.** The franchisor is under no contractual obligation to expand your business with additional customer accounts, even if you are willing to pay for them.
5. **Billing for Customers.** The franchisor performs billing and collection for all services that you provide to your customers, whether you obtain the customer or the franchisor provides that customer to you. If accounts you service do not pay, you suffer the loss of nonpayment. If the franchisor takes action to collect payments, the franchisor does so solely at your expense.
6. **Pricing of Customer Accounts.** The franchisor determines the amount to be charged for your services by bidding on customer accounts. You have no say in that determination, except that you can reject the customer account and the franchisor will find a different one for you. If the franchisor prices a customer account too low, even by mistake, you still must service the customer under the price the franchisor negotiates, even if you will lose money doing so.

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 Predecessor

In this franchise disclosure document, “We,” “Us” or “the Area Franchisor” means Delmar Corporate Cleaning Services, Inc., the sub-franchisor offering this franchise. “You” means the corporation or limited liability that buys the franchise and each shareholder or member of that franchise entity. If the owner of the franchise is a business entity, “you” also includes each partner, shareholder or other owner of that entity. Capitalized terms not defined in this Disclosure Document have the meaning described in the Franchise Agreement (“Franchise Agreement” or “Agreement”).

We are a corporation formed in the State of Delaware on July 15, 2005. We are a Regional sub-franchisor in Maryland and in Delaware. We do business under the name “Vanguard Cleaning Systems of Maryland” and “Vanguard Cleaning Systems of Delaware.” Our principal business address is 6810 Deerpath Road, Suite 315, Elkridge, MD 21075, (443) 461-0040.

Our agent for service of process in Maryland is Maryland Securities Commissioner whose address is 200 St. Paul Place, Baltimore, Maryland 21202-2020.

We do not have a parent. We have no predecessors. Our affiliate All One Cleaning Services, Inc. offers and sells franchises to operate a VCS Business in Virginia. Its principal business address is 7130 Glen Forest Drive, Suite 402, Richmond, VA 23226. As of December 31, 2025, it had 60 franchises. It has never offered franchises in any other line of business and has not conducted the type of business that you will operate.

Our former affiliate, D&M Corporate Cleaning Services, Inc., was a Vanguard Area Franchisor in the Vanguard system with rights to grant franchises in a region that includes Delaware. It offered franchises in the Vanguard system from January 2008 to December 2011. On December 31, 2011, D&M Corporate Cleaning Services, Inc. was merged into us and we are the surviving corporation. The Master Franchise Agreement, entered into by D&M Corporate Cleaning Services, Inc. and Vanguard was assigned to us as of December 30, 2011.

Our affiliate Midway Franchising LLC offers and sells franchises to operate a VCS Business in North Carolina. Its principal place of business is 2275 Vanstory Street, Suite 103, Greensboro, NC 27403. It also maintains offices at 9541 Julian Clark Avenue, Suite 211, Huntersville, NC 28078 and 2301 Stonehenge Drive, Suite 200, Raleigh, NC 27615. It has been offering franchises to operate a VCS Business since June 2021. As of December 31, 2025, it had 96 franchises. It has never offered franchises in any other line of business and has not conducted the type of business that you will operate.

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 and building maintenance services under the form of Franchise Agreement attached as Exhibit A and are licensed to operate under the Vanguard Cleaning System Marks (each, a “VCS Business”). Neither we nor our employees perform commercial cleaning services.

We entered into a Master Franchise Agreement with Vanguard on August 22, 2005 to offer franchises in Maryland for businesses that specialize in commercial janitorial and building maintenance

services. Our development area under the Master Franchise Agreement consisted of the Maryland Counties of Anne Arundel, Baltimore, Baltimore City, Carroll, Cecil, Harford, Howard, Kent and Queen Anne's. The initial Master Franchise Agreement was for a 20 year term. On November 18, 2020, we entered into an amendment to the Master Franchise Agreement by which the development area was amended to add all of the remaining counties in Maryland. We entered into a successor Master Franchise Agreement with Vanguard on August 22, 2025 for an additional 20 year term.

The Master Franchise Agreement previously entered into by D&M Corporate Cleaning Services, Inc. and assigned to us grants us the right to offer Vanguard franchises in the state of Delaware. The agreement was signed on February 25, 2008 and was for an initial term of 20 years and we can enter into a successor franchise for an additional 20 years. As a result of all of the foregoing agreements, our development area is now the state of Maryland and the state of Delaware ("Development Area").

We entered into a second Master Franchise Agreement with Vanguard on June 1, 2006 for a territory covering the Atlanta Metropolitan area. We sold the assets of that Master Franchise business on October 25, 2010.

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. Neither Vanguard nor its employees or agents perform commercial cleaning services.

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

There are no regulations specific to the commercial janitorial business known to Vanguard. Like other businesses, you may be subject to generally applicable laws like worker's compensation, OSHA regulations, environmental regulations, privacy and data protection laws 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. We recommend you consult with your attorney.

The market for your VCS Business offering janitorial and building maintenance services is fairly well developed. Accounts include owners or operators of business and professional offices, commercial, industrial and medical facilities. Competition includes nationally franchised and local janitorial and building maintenance businesses. Customers can be lost for various reasons, such as poor service, better competitor pricing, a poor economy, and other customer-specific reasons.

Prior Business Experience

We have offered VCS Business franchises like the one described in this Disclosure Document since December 2005. Our former affiliate that was merged into us offered franchises from April 2008 to December 2011. Neither we nor our former affiliate have offered franchises in any other line of business.

The Franchised Business

If you become our franchisee, you will be a VCS Business. You will be licensed to use the Vanguard Cleaning Systems business System to offer commercial janitorial services under the Vanguard Cleaning Systems Marks to customer Accounts on Account sites (each, a "VCS Account").

This Disclosure Document summarizes certain key features of our VCS Business franchise. You must refer to the Franchise Agreement attached at Exhibit A to this Disclosure Document for complete information. You should understand that if you become an owner of a Vanguard Cleaning Systems franchise, you will be an independent business owner and solely responsible for the day to day operations of that business, including the hiring, firing, managing, compensating, scheduling and disciplining of your own employees and all of the terms and conditions of their employment. The people 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.

We previously offered new franchisees the opportunity to select and purchase one of a number of Business Plans, which Business Plan would include 1 or more VCS Accounts that were anticipated to provide a certain level of annual gross billings. Prior to that, new franchisees were required to purchase a Business Plan along with the purchase of the franchise. With our current franchise model, we are not obligated to offer to you and you are not obligated to accept Additional Business. We may offer individual Accounts to you for a fee as described in Item 6.

Master Franchisor Information

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 Area Franchisors (like us) within certain geographic markets. Vanguard has offered these Area Franchises since February, 1999. 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 we have 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 franchises for independent Janitorial Businesses exclusively in California from 1984 through June 2013, when it transferred all its Vanguard Cleaning Systems Janitorial Businesses (each, also called a "VCS Business") franchise agreements to RR Franchising, Inc., a California corporation formed in February, 2013, with its principal place of business at 6281 Beach Boulevard, Buena Park, CA 90621. Vanguard and RR Franchising, Inc. are considered affiliates only because the same individual holds the majority of shares in both companies, but they are separate and distinct companies and have different shareholder structures. VCS Enterprises, LLC, ("VCS Enterprises") a Delaware limited liability company is another affiliated company and formed KY Franchising, LLC, a Kentucky limited liability company ("KY Franchising") and IN Franchising, LLC, an Indiana limited liability company ("IN Franchising") to acquire certain assets, including active unit franchise agreements, on April 30, 2025, from Fortitude Partners, LLC and Naptown Franchising, LLC, which are now former Area Franchisors in Kentucky and Indiana, respectively. VCS Enterprises was formed on April 7, 2025 and has its principal place of business at 655 Mariners Island Blvd., Suite 303, San Mateo, CA 94404. KY Franchising was formed April 9, 2025 and has its principal place of business at 1230 Liberty Bank Lane, Suite 110 Louisville, KY 40222. IN Franchising was formed April 8, 2025 and has its principal place of business at 1060 North Capitol Avenue, Suite 3-103. Indianapolis, IN 46204. Vanguard also formed a wholly-owned subsidiary, VCS International, LLC ("VCS International"), to sell Vanguard Cleaning Systems® Master Franchises for qualified entities to operate as VCS International subfranchisors in select international markets. VCS International was formed on December 4, 2025 and has its registered office and agent at 251 Little Falls Drive,

Wilmington DE 198081. KY Franchising and IN Franchising have offered and sold VCS Business franchises in their respective states since May 2025. VCS International began offering Vanguard Cleaning Systems subfranchises outside of the United States in December 2025.

Like Vanguard and RR Franchising, Inc., VCS International, KY Franchising and IN Franchising do not conduct commercial cleaning services businesses and are engaged only in the business of awarding and supporting their respective subfranchisees. Vanguard, VCS International, KY Franchising, IN Franchising and RR Franchising, Inc. have never offered franchises or master franchise rights in any other line of business

ITEM 2

BUSINESS EXPERIENCE

Our Principal Officers:

James D. Mousley, President and Director

Mr. Mousley has served as President and a member of our Board of Directors since August 2005. He has served as President and Director of our affiliate All One Cleaning Services, Inc. in Richmond, Virginia since September 2014. He was Managing Member of D&M Real Estate Services LLC of Elkridge, MD from December 2015 to September 2024. Additionally, Mr. Mousley has served as Managing Member of Midway Franchising, LLC in Greensboro, NC from March 2021 to the present.

Monica Lee Mousley, Secretary and Director

Ms. Mousley has served as our Secretary and a Director since July 2011.

Jessie Gary, Regional Director

Ms. Gary has been our Regional Director since December 2015 and was our Operations Director from October 2013 to December 2015.

Vanguard's Principal Officers:

Raymond Lee: President; Director; Chief Financial Officer

Mr. Lee has been the President and Chief Financial Officer 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. Mr. Lee is also the manager of VCS Enterprises, KY Franchising and IN Franchising since their inception in May 2025. He is the President of VCS International since its inception in December 2025.

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 is also the managing director of KY Franchising and IN Franchising since their inception in May 2025. 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.

Eugene Kim: General Counsel

Mr. Kim joined Vanguard as General Counsel in July 2025. From July 2018 until that time, he served as Vice President – Associate General Counsel with Vail Resorts Management Company in Denver, Colorado and from June 2014 to June 2018, he served as Global Counsel for RE/MAX, LLC in Denver, Colorado.

Eric Tanner, Vice President of Marketing and Brand Management

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.

ITEM 3 **LITIGATION**

Our Litigation:

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

Vanguard's Litigation:

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 sought to represent a class of California-based unit franchisees on the theory that, under California law, they qualify as employees of the regional franchisor from which the franchise was purchased (i.e., WCV, RR, and Buddha) and Vanguard Cleaning Systems, Inc. ("VCS").

Ms. Gonzalez and Mr. Amaya also assert a claim for penalties under the Private Attorneys General Act ("PAGA") on behalf of themselves and other California franchisees based on alleged violations of the California Labor Code resulting from the defendants' alleged failure to treat them as employees.

In this action Plaintiffs contend the defendants violated various California laws by failing to treatment them as employees. Plaintiffs originally requested certification of seven wage-related claims, but they subsequently limited the request to four claims: Inaccurate wage statements, unlawful deductions,

unreimbursed business expenses, and violations of the Business & Professions Code. Plaintiffs seek on behalf of themselves and the class unspecified amounts of damages and restitution in the form of unreimbursed business expenses and allegedly unlawful deductions, penalties (including PAGA penalties), declaratory judgments, attorneys' fees and costs, and interest. Defendants individually and collectively strenuously deny the allegations, maintain they have complied with all applicable laws and committed no violations, and intend to vigorously defend themselves against the claims.

The Court denied in part and granted in part Plaintiffs' motion for class certification, certifying a class defined to include individuals who meet all of the following criteria: they signed a Unit Franchise Agreement with a defendant, are not subject to an arbitration agreement covering the claims, and personally performed cleaning services during the period of October 1, 2016 to present for the Unit Franchise operating pursuant to the agreement signed by the same individual. Plaintiffs have indicated that they will file a Motion for Summary Judgment in April. Defendants will file their Motions for Summary Judgment in May. No trial date has been set.

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 area 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 2 actions, no other litigation information is required to be disclosed in this Item.

ITEM 4 **BANKRUPTCY**

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

ITEM 5

INITIAL FEES

You must pay us a \$5,000 initial franchise fee in full at the time that you sign the Franchise Agreement. The initial franchise fee is non-refundable except in the following instance: You have a right to terminate the Franchise Agreement on written request within 30 days of the Effective Date of the Agreement. In that case, we will return the amount of the initial franchise fee we received from you before the refund date if you sign our then current form general release. The initial franchise fee is otherwise non-refundable.

We offer qualified Veterans of the U.S. Armed Forces a 10% reduction on the initial franchise fee. In addition to meeting our standard franchisee qualifications, you must have received an honorable discharge and must own at least 50% of the franchisee Business Entity. You must advise us of your veteran status and provide evidence satisfactory to us that you meet applicable qualifications before signing any Franchise Agreement.

If you are an employee of one of our existing franchisees and you are receiving a transfer of accounts from the existing franchisee, we will waive payment of the initial franchise fee.

Additionally, we may in our discretion discount the initial franchise fee to \$0 to \$3,500 for franchise candidates who are currently conducting commercial cleaning business operations. The amount charged depends on their prior experience in the commercial cleaning business, number of existing employees, geographical area serviced and other factors.

We may on occasion be asked to offer a franchise to someone who is relocating to our area and who is an existing franchisee of a Vanguard Area Franchisor in a different franchising area in the Vanguard Cleaning Systems franchise organization. In those cases, the franchisee will have already received start up assistance from the Area Franchisor in a different location. Under those circumstances we may choose to waive or to offer a discounted initial franchise fee.

If you are signing the Franchise Agreement for a successor term, you do not pay an initial franchise fee.

The fees described in this Item are uniform as to all new franchisees who receive this offer. We have the right to change the amount of the initial franchise fees in the future.

We currently provide to franchisees a cash referral fee of \$300 or offer some other non-cash consideration for referring candidates who acquire a franchise, but we can change this policy at any time.

You may (but are not required to) purchase equipment and supplies from us before you open your VCS Business. The estimated price for these purchases ranges from \$0 to \$2,500.

ITEM 6
OTHER FEES

TYPE OF FEE (See Note 4.)	AMOUNT	DUE DATE	REMARKS
Royalty	10% of your monthly gross billings.	Deducted on the 28th day of each month from amounts collected by us from VCS Accounts your VCS Business services. (See Note 1.)	Monthly gross billings include all amounts due from VCS Accounts your VCS Business services, including any amounts you collect. Balance of amounts we collect remitted to you on the 28th day of each month after deduction of amounts due to us.
Business Support Fee	6% of your monthly gross billings.	Deducted on the 28th day of each month from amounts collected by us from VCS Accounts your VCS Business services. (See Note 1.)	See remarks above.

TYPE OF FEE (See Note 4.)	AMOUNT	DUE DATE	REMARKS
Marketing Fee for obtaining additional Accounts (Note 2)	The Marketing Fee is established between you and us if an Account is offered and can vary. We may at our option offer an Account Transfer on a Multiple Pricing basis, which is with a set Marketing Fee calculated as a multiple of the first month's Gross Billings (currently generally 4 times Gross Billings). Alternatively, we may at our option offer an Account on a Shared Revenue basis, with a Marketing Fee calculated as an ongoing percentage of Gross Billings, which currently is 25%. All Marketing Fees are subject to change by us, and may be negotiated by us on a case by case basis.	The Marketing Fee for accounts accepted on a Multiple Pricing basis is due in full at the time you accept an Account Transfer. Financing may be offered for these Accounts and, if so, payments due are deducted on the 28 th day of each month from amounts collected by us from VCS Accounts your VCS Business services. (See Note 1.) (See Item 10 on financing.)	We are not obligated to supply Accounts. You are not obligated to accept an offered Account. This fee does not apply to VCS Accounts you solicit and obtain. (See Note 2.)
Equipment Purchase	Depends on what items are purchased.	At the time you make your purchase; financing may be offered, and, if so, payments due are deducted on the 28 th day of each month from amounts collected by us from VCS Accounts your VCS Business services.	For franchisees who choose to purchase from us.

TYPE OF FEE (See Note 4.)	AMOUNT	DUE DATE	REMARKS
Special Services	The fee is usually set as a percentage of the Annual Gross Billings for the requested services and is subject to change by us. Currently, it is generally between 0% and 15% of the Annual Gross Billings. (See Note 3.)	Deducted on the 28th day of each month from amounts collected by us from VCS Accounts your VCS Business services. (See Note 1.)	Special Services are non-routine services, such as carpet cleaning, floor finishing, etc.
Substitute Services Reimbursement	Expenses we incur in arranging for substitute third party Account servicing to preserve Account good will.	Due on demand and deducted on the 28th day of an applicable month from amounts collected by us from Accounts your VCS Business services. (See Note 1.)	May be necessary for brand protection if your VCS Business does not meet Account Cleaning Services Agreement requirements or does not 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.
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.
Insurance	You pay the premium costs of coverage, plus our administrative fee if you participate in general liability, crime and umbrella liability insurance coverage through us, which together will not exceed 7% of your gross revenues. The current charge for insurance through us is 4% of your gross billings.	When due to insurance carrier or, if using our group policy, paid to us, with payments deducted on the 28th day of each month from amounts collected by us from Accounts your VCS Business services. (See Note 1.)	Payable if we offer franchisees an opportunity to participate in a group insurance program and you choose to obtain general liability, crime, and umbrella liability insurance coverage through the group. You can buy this insurance through other sources, and it may be less expensive from another source. Your VCS Business insurance must meet our minimum coverage standards. We are not obligated under the Franchise Agreement to offer an insurance program.

TYPE OF FEE (See Note 4.)	AMOUNT	DUE DATE	REMARKS
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.
Taxes on payments you make to us	Amount of tax.	On demand once tax is assessed.	If we have any fees, taxes or other assessments imposed on us because of payments you make to us, we can require you to pay us an additional amount so that the net amount we receive after payment of the tax is the full amount of the payment due to us from you.
Interest	1.5% per month or the highest rate allowable under applicable law, whichever is more.	On demand.	Incurred with late payments.
Advance Payment Service Fee	1% of the amount advanced	Deducted on the 28 th day of the month from amounts collected by us from Accounts your VCS Business services.	If you request and we agree to deliver to you a portion of your expected monthly distribution in advance of the distribution date.

Note 1: Under the Franchise Agreement you authorize us to handle all billings and collection for the VCS Accounts your VCS Business services. We deduct royalties, business support fees, marketing fees, insurance related charges, substitute services reimbursements, special services fees, and all other amounts you owe us from amounts we collect from VCS Accounts serviced by your VCS Business. We remit the balance to you. We may at our option defer collecting those fees and/or other charges from you for up to 60 days, if VCS Account collections in any month are insufficient to cover all amounts owed. If for any reason you collect any payment directly from a VCS Account, you must report it to us and pay the applicable royalty and business support fees, or we will deduct them from amounts we collect from other VCS Accounts you service. You have the right to discontinue servicing any VCS Account if it does not pay for services rendered by your VCS Business, so you take the risk of loss if a VCS Account fails to pay its bill. 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 assign 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. You are solely responsible for billing and collection activities related to any non-Vanguard Cleaning Systems accounts you may have.

Note 2: The Marketing Fees are paid only if you request Account business. You are not required to accept any Account business if we offer you any. If we offer you an Account Transfer, we can require you to sign our current form for an applicable Account Transfer, at our option. The current forms are attached to this Disclosure Document as Exhibits J and K, but we can change the forms in the future. Marketing Fees generally are calculated as a fixed amount that is equal to a multiple of monthly Service Billings for the Account, or as an ongoing percentage of monthly Service Billings (a “Shared Revenue Account”).

With a Shared Revenue Account your combined payments may cost you more than if you paid a standard Marketing Fee established as an agreed upon multiple of monthly Service Billings for that Account. The total amount of payments you make with respect to a Shared Revenue Account ultimately will depend on how long your Vanguard Cleaning Systems® Business services that Account and the actual amount of the Account’s total Service Billings. We may occasionally offer an Account Transfer for discounted or no fees to satisfy an Account need or for other business reasons. Account Transfers are not subject to refunds or replacement unless otherwise provided in writing.

We will not charge a Marketing Fee that exceeds 5 times Service Billings if paying on a Multiple Pricing basis or 30% of Service Billings if paying on a Shared Revenue basis.

Note 3: Special Services are Account orders for non-routine VCS Business services, such as carpet cleaning, floor finishing, electrostatic disinfection cleaning, and initial cleaning. You must notify us of any Special Services orders that you receive from your VCS. If you generate the new order, but we price and sell the job, you usually pay us 15% 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. In no event will Special Services fees be increased to more than 30% of Service Billings.

Note 4: 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.

None of the fees described in the above table are refundable, except as described in Note 1 in this Item and in Item 5 above.

All payments are made to us and none are collected on behalf of any third party.

The fees listed above are currently uniform as to all 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 franchisees entering into successor franchises to carry forward certain fees/percentages under their expired franchise agreement for the term of their successor franchise agreement. We also may change the type and amount of fees offered to franchisees in the future.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (See Note 1)	\$5,000	Lump Sum	On Signing of Franchise Agreement	Us
Equipment and Supplies (See Note 2)	\$0 – \$2,500	As Arranged	As Needed to Operate the Business	Third Parties or us
Licenses and Permits; Business Entity formation and name registration (See Note 3)	\$350 – \$1,500	Lump Sum	Before Commencing Business	Governmental Agencies
Insurance (See Note 4)	\$200 – \$600	As Arranged; typically monthly	Before Commencing Business	Us or Insurance Carriers
Additional Funds – 3 months (See Note 5)	\$200 – \$500	As Arranged	As Required	Third Parties
TOTAL (See Note 6 & 7)	\$5,750 - \$10,100			

Note 1: The initial franchise fee of \$5,000 will be discounted by 10% for qualifying veterans. Also, we may discount the initial franchise fee to between \$0 and \$2,500 for franchise candidates who are currently conducting commercial cleaning business operations.

Note 2: You need to ensure that your VCS Business maintains the equipment and products necessary to provide the services specified by the Accounts you accept. We sell franchisees various equipment. If you do not already have sufficient supplies and equipment you can choose to purchase the equipment from us or to buy the products you need from another supplier. Your actual costs will vary depending on the products and equipment you require and the vendor you select. If you already have sufficient supplies and equipment, no purchases are required.

Note 3: You must have all business licenses/permits required under the laws applicable to your VCS Business before operating it. The above range also includes an estimate of costs you may incur in forming a corporation or limited liability company to conduct your VCS Business and in filing a fictitious business name, if required. Professional fees, like legal or accounting fees, are not included in this range, but would be additional expenses and would vary significantly depending on the firms engaged to perform the services and on your particular ownership circumstances.

Note 4: You must have insurance coverage meeting our then current minimum coverage/policy requirements as published in the Vanguard Cleaning Systems® Guides or as otherwise published by us or Vanguard Cleaning Systems, Inc. We currently offer you the opportunity to participate in the Vanguard Cleaning Systems® group program for commercial liability, umbrella liability and crime insurance coverage and to make monthly payments, which include costs of coverage and our administrative charges. The program provides the following coverage: crime insurance coverage of \$1,000,000; commercial general liability coverage on an occurrence basis against claims for bodily injury (including death), property damage, personal injury, and advertising injury with a minimum liability limit of \$1,000,000 per occurrence and \$2,000,000 in the aggregate or, if higher, the statutory minimum required by state law; and commercial umbrella liability coverage of \$10,000,000. You must maintain automobile liability insurance coverage for owned or leased vehicles used in the VCS Business in an amount at least as great as the statutory minimum required under the state in which your VCS Business will operate. You also must maintain workers' compensation insurance as required under the law of the state in which you will operate your VCS Business. The estimated insurance costs range provided is based upon what participants in this group program typically pay us for the described general liability, crime, and umbrella liability insurance coverage (plus our administrative fees), from the time they begin their VCS Business and during the first 90 days of operation. If you have or obtain this coverage through another source, your costs may be different than our insurance program costs, depending on the carrier you select, your negotiating skills, your policy limits and other variables.

If you are obtaining insurance coverage independent of the Vanguard Cleaning Systems® group program, you must have crime insurance coverage of at least \$1,000,000 and commercial general liability coverage on an occurrence basis against claims for bodily injury (including death), property damage, personal injury, and advertising injury with a minimum liability limit of \$1,000,000 per occurrence and \$2,000,000 in the aggregate or, if higher, the statutory minimum required by state law, and commercial umbrella liability coverage of \$10,000,000. General liability policies and crime insurance must name us and Vanguard Cleaning Systems, Inc. as additional insured. Certificates of insurance and copies of endorsements identifying us and Vanguard Cleaning Systems Inc. each as an additional insured must be received by us before you begin operating your VCS Business. The above policies also are to be primary and non-contributory with respect to any insurance carried by your Area Franchisor or Vanguard Cleaning Systems, Inc. The Area Franchisor and Vanguard Cleaning Systems, Inc. are to receive at least thirty (30) days prior written notice of any amendment to, or cancellation of, a required policy. Minimum coverage requirements are subject to change. You must meet our then current minimum insurance requirements.

The Vanguard Cleaning Systems group program does **not** offer coverage for the following: Automobile, Medical, Dental, Plan Deductibles, Workers Compensation and any items excluded under the particular group policies. You also have to maintain an unemployment insurance account as required under the laws of the state in which your VCS Business will operate. In all cases, insurance industry rates can change and you may need to pay more for coverage if they do. An estimated worker's compensation coverage is not included in the range provided. If you are required to have this coverage under local law, then your costs will be higher. Lastly, you also must maintain vehicle liability insurance in the minimum amounts noted. No amount is included for vehicle coverage in the estimated range since most franchisee owners already own their vehicle and are required by law to maintain liability coverage meeting statutory minimums. Therefore, this is an ongoing expense most franchisee owners have before they obtain the franchise.

Your Accounts may require additional coverage or that they be named as an additional insured.

Note 5: 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 business as a VCS Business. These expenses will be mainly for transportation (gas and vehicle maintenance) from your VCS Business location to Account locations. This estimate does not include any owner's draw or

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salary or any Marketing Fees. It also does not include payroll processing fees and employer matching tax contributions and other employment related fees for employers because we do not predict how many employees you may hire to meet Account requirements. Additional funds were estimated on the basis of experience with franchisees' operations and general knowledge of the industry.

Note 6: Most franchisee owners manage their VCS Business operations from their homes, including storage of supplies. 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 7: Most franchisee owners have an existing means of transportation sufficient to operate the business, so no vehicle costs are included in the range provided. If you choose to purchase a vehicle specifically for your VCS Business, you will incur additional insurance and vehicle expenses and your costs of doing business will be higher than those reflected in the estimated range provided. Since franchisee owners live within driving distance of our Business System Program facilities, the estimated cost range also does not include any travel or lodging expenses in connection with participation in the Business System Program, should you choose to attend. You may incur some minimal additional commuting expenses, depending on where you live. Most franchise owners already own a cell phone and are paying for cell phone service, so no amount has been included in the range above for the purchase of a cell phone or for monthly service.

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 franchised 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.

We may offer to finance Account Assignment in the future, as described in Item 10. Otherwise, we do not offer, either directly or indirectly, financing to our franchisees for any of the items described in the above chart. All amounts paid to us are nonrefundable, except as described in Items 5 and 6. Typically, amounts paid to third parties will not be refundable unless otherwise agreed.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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, you agree not to use any materials or programs for your VCS Business which are disapproved by us.

Other than VCS Account billing and collection services, 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 purchase insurance coverage in the types and amounts established by us. Current minimum coverage requirements are: crime insurance coverage of \$1,000,000, commercial general liability coverage of \$1,000,000, and commercial umbrella coverage of \$10,000,000.

You may obtain these policies on your own or, if you chose, you may participate in our liability insurance group program. Vanguard negotiates rates with the carriers listed below and we arrange for your coverage through Vanguard. You are liable for any amount over the insurance coverage. Claims are

submitted to us and we submit and coordinate their processing. You are directly insured under this program. All franchisees pay a flat premium of 4% of gross monthly billing. The premium is deducted from your gross billings every month. Deductions in excess of the premiums are not credited back to you. Vanguard Cleaning Systems, Inc., Delmar Corporate Cleaning Services and all their master and unit franchisees are listed as insureds. Approximately 70% of all Vanguard's franchisees currently participate in this insurance program; and 98% of our franchisees are currently participating in the insurance program.

You must sign our Insurance Request Form/Payment Authorization. A sample of the current form is attached as Exhibit B to this Disclosure Document, but we can change the form periodically.

Vanguard does not derive revenue from your insurance purchases under this program. We derived revenue from these purchases. For the fiscal year ended December 31, 2025, our revenue from insurance administrative fees paid by franchisees was \$293,496.61 and represents 10.6% of our total gross revenue of \$2,770,356.

We also make a profit if you buy or rent products or equipment from us. These items typically are purchased by a Region at wholesale and the Region receives a mark-up on their resale to you. For the fiscal year ended December 31, 2025, our revenue from the sale or rental of cleaning products, supplies and equipment to franchisees was \$27,272.54 or less than 1% of our total gross revenue of \$2,770,356.

Current Insurance Carriers/Coverages:

General Liability – James River Insurance Company

Each Occurrence - \$1,000,000
Damage to Rented Premises - \$1,000,000
Medical Expense (any one person) - \$5,000
Personal Injury - \$1,000,000
General Aggregate - \$2,000,000
Products (Comp./Op. Agg.) - \$2,000,000
Property Damage Deductible - \$2,500 per occurrence

Auto Liability (Hired and Non-Owned Autos Only) – James River Insurance Company

Combined Single Limit - \$1,000,000

Umbrella Liability – Federal Insurance Company

Each Occurrence - \$10,000,000
Aggregate - \$10,000,000

Crime – National Union Fire Insurance Co. of Pittsburgh, PA

Limit - \$1,000,000
Deductible - \$15,000

Under the Franchise Agreement, we, Vanguard and our/their respective affiliates have the right to make revenue, and receive and retain rebates, discounts and other economic benefits from suppliers based on sales of products and services made to you and other franchisees or received from third party suppliers to franchisees. We currently do not receive rebates. We currently do not negotiate discounted rates from chemical and equipment supply companies for the benefit of its franchisees, but may do so in the future.

Owners or officers of us 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 interest and our
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executive officers' ownership interest in us, no officer or owner of ours or Vanguard has any ownership interest in any of your suppliers.

Purchases or leases which you must make according to franchise specifications total between 3% and 6% 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. We do not provide material benefits to you (for example, awarding a successor franchise term or offering Account Assignments) 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	Not applicable	Item 11
b.	Pre-Opening Purchases/Leases	Sections 2 and 16	Items 5, 7 and 8
c.	Site Development and Other Pre-Opening Requirements	Section 2	Items 7 and 11
d.	Initial and Ongoing Training	Sections 3 and 5	Items 7 and 11
e.	Opening	Sections 2 and 16	Item 11
f.	Fees	Sections 2, 4, 5, 11, 12, 13, 14, 15, 16, 17, 20, 25, and 32 of the Franchise Agreement Account Transfer and Acceptance forms (FDD Exhibits J and K) Insurance Request Form/Payment Authorization (FDD Exhibit B)	Items 5, 6 and 11
g.	Compliance With Standards and Policies/Operating Manual	Sections 2, 6, 7, 8, 10, 12, 16, 17, and Exhibit B	Items 8 and 11

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
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 12	Items 12 and 17
l.	Ongoing Product/Service Purchases	Section 12 Account Transfer and Acceptance forms (FDD Exhibits J and K)	Items 6 and 8
m.	Maintenance, Appearance and Remodeling Requirements	Not applicable	Not applicable
n.	Insurance	Sections 2 and 16 Insurance Request Form/Payment Authorization (FDD Exhibit B)	Items 6, 7 and 8
o.	Advertising	Section 9	Item 11
p.	Indemnification	Sections 5 and 15	Items 6 and 13
q.	Owner's Participation Management/Staffing	Section 7, 8 and Exhibit B	Item 15
r.	Records and reports	Section 10	Not applicable
s.	Inspections and audits	Section 8	Not applicable
t.	Transfer	Sections 5, 18 and 21 Account Transfer and Acceptance forms (FDD Exhibit J and K) Franchise Transfer Agreement (FDD Exhibit L)	Items 6 and 17
u.	Renewal	Section 18 Successor Term Addendum to Franchise Agreement (FDD Exhibit N)	Item 17

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
v.	Post-Termination Obligations	Sections 6 and 20	Item 17
w.	Non-Competition Covenant	Sections 6 and 20 Section 7 of Franchise Transfer Agreement (FDD Exhibit L)	Item 17
x.	Dispute Resolution	Sections 31 and 32	Item 17
y.	Personal Guaranty of Owners	Section 13 and 30 and Exhibit A; Section 5 and Exhibit B of the Account Transfer and Acceptance forms (FDD Exhibits J and K) Section 5 of Franchise Transfer Agreement (FDD Exhibit L) Section 4 of Successor Term Addendum to Franchise Agreement (FDD Exhibit N)	Item 15

ITEM 10 **FINANCING**

If you are offered and accept Account Transfers with Marketing Fees calculated as a monthly multiple of the Gross Annual Billings, we may offer, in our sole discretion, to finance a portion of the marketing fee. The amount financed and terms of financing are negotiated between you and us and are included in the Account Transfer and Acceptance (Exhibit J), but in most cases payments of the amount financed will be made in equal monthly installments bearing 12% simple interest beginning the first month following the month in which the service on the new Account begins.

You are responsible for repayment of all amounts due for such as Account under an Account Transfer and Acceptance (Exhibits J and K of this FDD), regardless of whether you keep the Account or not. However, we may choose to forgive the outstanding balance in circumstances that we think warrant it. Our current policy is as follows: if an Account requests that a VCS Business other than yours assume the services obligations under the Account Cleaning Services Agreement, the Account reverts to us and is transferred to another VCS Business. If the applicable Account Cleaning Services Agreement is in effect more than 60 days after the transfer and if you are in good standing, we typically forgive the balance of any then outstanding note amount you owe us in connection with the reverted Account.

The Account Transfer and Acceptance does not impose a penalty if you prepay the balance owed. Under the Franchise Agreement, we can terminate your Franchise Agreement if you default in payments owed to us and recover from you our costs of collection, including attorneys' fees. The Personal Guaranty (Exhibit A to the Franchise Agreement) provides that persons signing the Guaranty will be required to pay the debts the Franchisee fails to pay. We have no practice or present intent to assign or discount to a third party any debt you owe, but can do so.

All amounts due to us are deducted each month from the amounts collected from the VCS Accounts that your VCS Business services.

Except for the financing described above, we do not offer direct or indirect financing. We do not place financing with anyone, and do not receive any payment for the placement of financing. However, we may choose to do so in the future.

ITEM 11

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

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

Pre-Opening Obligations

1. We will make our Business System Program instruction available to new franchisees (not franchisees entering into a successor term) for attendance at their option. (Section 3 of Franchise Agreement.)
2. We will loan you a copy of the confidential Vanguard Cleaning Systems Manual, called the Unit Franchise Guide. (Section 6 of the Franchise Agreement).
3. We offer you the opportunity to participate in the Vanguard group insurance plan for VCS Businesses.
4. We offer to sell you the equipment and supplies you need to begin operating your VCS Business and servicing Accounts, however, you can purchase these from other suppliers.

After your VCS Business Begins Operations

1. We will provide certain accounting, collection and back office support services to your VCS Business in connection with VCS Business Accounts (but not Non-Vanguard Accounts). We must make reasonable efforts to collect on all VCS Business Accounts, although collection cannot be guaranteed and we are not required to engage attorneys or to file suit to collect. If we have tried but been unable to collect on a VCS Business Account (an "Uncollected Account") and you give us a written request for the right to collect, we will transfer that right to you. (Section 5 of Franchise Agreement.)
2. We establish the prices for services to be rendered to you for all VCS Business Accounts we transfer to you. You establish your own prices for Non-Vanguard Accounts.

Unit Franchise Guide

We will loan you a copy of the Unit Franchise Guide for you to use as long as you are a Franchisee. A copy of the table of contents of the Unit Franchise Guide is attached to this Disclosure Document at Exhibit G. The Unit Franchise Guide contains 20 pages. The Unit Franchise Guide is part of the VCS Systems and is a compilation of information on various subjects pertinent to your VCS Business. The Unit Franchise Guide 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 Brand standards and all applicable codes, laws, regulations, ordinances and other legal requirements.

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.

You are encouraged to develop new VCS Account business and can use your own advertising materials. All advertising must be in good taste and conform to legal and ethical standards. You cannot use any advertising materials or programs for your VCS Business that we disapprove. (Section 9 of the Franchise Agreement)

You have to meet the requirements we set for identifying your franchised 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 approval (Sections 6 and 9 of the Franchise Agreement.)

Site Selection and Service Opening

You are not required to find a site or office to provide your VCS Business services. Your VCS Business services Accounts at their commercial locations to meet the requirements specified in the applicable Account Cleaning Services Agreements. Most franchisee owners 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 (i) the earlier of (a) the signing of the Franchise Agreement or (b) the first payment of consideration of the franchise, and (ii) beginning VCS Business operations is approximately 6 to 8 weeks. Factors affecting this time period include whether or not you choose to participate in the Business System Program, as well as how long it takes you to get all required business licenses, to obtain at least the minimum required insurance coverage, and if necessary, to purchase equipment and supplies to operate the VCS Business.

VCS Business System Program

We conduct an optional initial program (the “Business System Program”) for you when you purchase your Franchise, if you choose to participate in it. The Business System Program includes information on certain of our System standards (“Brand Standards”) and is designed to promote maintenance of the quality and goodwill associated with the System and the Marks. The Business System program lasts 1 to 2 days and typically is offered to you within 30 days after signing the Franchise Agreement. Classroom portions of the Business System Program are typically conducted at our office. 100% of our new franchisees in the last 12 months participated in the optional Business System Program.

In addition to the Unit Franchise Guide described above, we may provide you supplementary instructional materials on various products and other matters pertinent to the VCS Business operation.

The following table summarizes the content of our Business System Program:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF FIELD TRAINING	LOCATION
Review of Unit Franchise Guide	1-2 hours	0	Our offices in Elkridge, MD

James D. Mousley conducts and supervises training of new franchisees. Mr. Mousley has been our President since August 2005. Mr. Mousley is assisted by our Regional Director, Jessie Gary, who has been with us since June 2013. Instructors for the training program may also include other staff personnel, current Vanguard franchisees, or independent contractors who all have experience in the janitorial services industry. We reserve the right to make changes to instructors at any time.

Electronic Cash Registers and Computer Hardware and Software

You are not required to purchase or use electronic cash registers or computer hardware or software in the operation of the Franchise. However, you must have access to email for communication with us. This can be done with a cell phone as an alternative to a computer. You must have a working cell phone at all times with texting capability.

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 do sell janitorial supplies directly to VCS Accounts assigned to our franchisees. You receive no compensation for supplies we sell to your VCS Accounts.

The franchise is not granted for a specific location. You will be licensed to conduct your VCS Business within our Development Area. The license is not exclusive and we may grant other VCS Business franchises in the Development Area in our sole discretion. If you purchase a Business Plan or Additional Account Business, you will receive the names of certain Accounts in the Development Area that you may continue to service as long as you perform your obligations to the Account's satisfaction. Generally, all of your Accounts will be within the county you select for your business and approximately within a 15-mile radius of each other. The number of Accounts offered to you and the exact location of the accounts will depend on the accounts that are available at the time you purchase your franchise.

We can, and can license others to, operate under the Marks or other brands and sell any product or service in the Development Area.

You may operate your VCS Business and solicit Vanguard Cleaning Systems Accounts within the Development Area. Your VCS Business may not offer or provide services outside of the Development Area without our prior consent. You may provide services to accounts outside of your VCS Business ("Non-Vanguard") inside and outside of your Area.

Continuation of an Account Transfer is not dependent on the achievement of a certain sales volumes or market penetration. 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 to you if the Account Cleaning Services Agreement is cancelled, 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 are required to discontinue servicing the Account because you or an owner/agent of yours engages in any activity that we think is likely to have a significant adverse impact upon the operation or reputation of your VCS Business, us, the Vanguard Cleaning Systems System or the goodwill and image associated with the Marks, or 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 above, we can transfer the Account to another VCS Business in order to carry out our continuing obligations to the Account.

You have no obligation to accept any Additional Business Accounts, if any are offered to you. If any are offered to and accepted by you, you will pay a Marketing Fee. (Refer to Item 6 of this Disclosure Document.)

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

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 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:

Mark	Registration Date	Registration Number	Class
VANGUARD CLEANING SYSTEMS	October 27, 1998; Renewed on October 31, 2018	2200583	37 (as amended 2020)
VANGUARD CLEANING SYSTEMS And Design (logo)	February 8, 2005; Renewed on March 20, 2014; renewed June 10, 2024	2925071	37
VANGUARD CLEANING SYSTEMS and design (logo)	November 1, 2011; renewed on July 14, 2021	4048280	37 (as amended 2020)
THE STANDARD OF CLEAN	December 13, 2011; renewed on July 7, 2021	4070385	35, 37 (as amended 2020)
VANGUARD (word only)	March 26, 2013; renewed on April 26, 2023	4308795	35, 37 (as amended 2019)
VANGUARD CLEANING SYSTEMS and design (logo)	February 25, 2014; renewed September 28, 2023	4488511	35 (as amended 2020)

Mark	Registration Date	Registration Number	Class
VANGUARD CLEANING SYSTEMS & Design (color logo)	July 14, 2015; renewed November 20, 2024	4772976	35, 37 (as amended 2020)
Building Design service mark	April 20, 2021	6,327,106	35, 37
			
VANGUARD CLEANING SYSTEMS & Design (horizontal design b/w reverse)	July 30, 2024	7461700	37
			

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

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 Marks.

Vanguard has granted us under our master franchise agreement the right to use and subfranchise the Marks to VCS Businesses in our Development Area for a 20 year term with certain rights to a successor franchise term. Vanguard can terminate our master franchise agreement if we commit an incurable default or fail to cure another breach of the master franchise agreement or any other agreement we have with Vanguard. Under the terms of our master franchise agreement, if the master franchise agreement is terminated or expires, 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, which occurs only at Vanguard's option, you will no longer be authorized to use the Marks and the System, and will have to stop doing so.

Other than our Master Franchise Agreement, there are no agreements currently in effect which significantly limit Vanguard's or our rights to use or license the use of the Marks in any manner material to the franchise.

Vanguard learned of a Virginia company providing commercial cleaning services using a similar mark in and around the Manassas area and possibly in DC and Maryland ("Vanguard Medical"). Vanguard sent a cease and desist demand in 2025 but received no response. Upon further monitoring, Vanguard learned that Vanguard Medical filed to register a new US trademark for VANGUARD MEDICAL AT THE FOREFRONT OF SERVICE W/Stylized Design in connection with various services which included commercial cleaning. Vanguard filed a Letter of Protest and

Vanguard Medical was required to delete "cleaning services" from their application by the US Trademark Examiner. The application is proceeding without those services and in early 2026 Vanguard sent a follow-up demand to Vanguard Medical that any *actual* use must immediately cease. As of the date of this disclosure, cleaning services are still listed on their website as Vanguard assesses further options.

Otherwise, we and Vanguard are not aware of any infringing or prior superior uses of the Marks that could materially affect your use of them.

Franchisee's Rights and Obligations with Respect to the Marks

You must use the Marks only in the operation and promotion of the franchised business and in a manner that complies with the Franchise Agreement. You 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 the Brand Standards in using the Marks. You cannot authorize anyone else to use the Marks.

You must notify us on learning of any alleged 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. Neither we nor Vanguard are 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.

We 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 such changes implemented by Vanguard. Your changes would be made at your own expense. Each Franchise Owner will sign the Franchise Agreement. They and the person signing on behalf of the Franchisee as a Franchisee Representative are parties to the Franchise Agreement.

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 Unit Franchise Guide, which is not your property and is loaned to you. All VCS Accounts must have an Account Cleaning Services Agreement. We give ownership and control of your VCS Accounts, but your ownership is conditional. Account ownership reverts back to us if your Franchise Agreement terminates or expires and under other conditions explained in the Franchise Agreement and in this Franchise Disclosure Document. Under the Franchise Agreement, you are free to operate any businesses outside of your VCS Business and can own 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

You (or the Designated Owner) must manage and operate the VCS Business and supervise the performance of services by your employees. You must give us advance notice of a proposed change in the Designated Owner. Each VCS Business is an independent contractor and must be conducted as a limited liability company or a corporation. You must give to use before you begin operating your VCS Business a copy of your articles of incorporation or organization, as applicable, your business license, and other related information regarding the establishment of the entity. We can at our option require you to sign an independent contractor acknowledgement form. The current form is attached to the Franchise Agreement at Exhibit A, but we can change the form in the future.

You are responsible for hiring a minimum of 1 employee. You must maintain sufficient personnel to staff your VCS Business, and are responsible for the terms of their employment and compensation, and for providing ongoing crew development to meet VCS Business System Brand Standards.

Each Designated Owner must have an equity interest in the VCS Business. We can require that Owners with a direct or indirect interest in the franchisee guarantee the performance of the franchisee under the Franchise Agreement if we ask them to do so. We do not require a guarantee from spouses of Owners who are not Owners themselves. The current form is attached to the Franchise Agreement as Exhibit A, 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 hiring, firing, disciplining, promoting, compensating, scheduling and managing 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 security-related policies or personnel policies or procedures. 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.

You and your owners must maintain the confidentiality of our Confidential Information during the term of the Franchise Agreement and for 2 years after it ends for any reason, and for an unlimited period of time for trade secrets.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You and your VCS Business operations must meet any required Brand Standards published in the Unit Franchise Guide or otherwise established because they are essential to the consistent quality and services associated with the Marks and their goodwill. Brand Standards can be changed from time to time. Your VCS Business can only offer services approved for use under the Marks, which currently include certain commercial janitorial and building maintenance services as specified by us. Your VCS Business

may not offer or provide any other services under the Marks without advance consent. For example, if you wish to provide any "Special Services" (non-routine services like carpet cleaning or floor finishing) 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 bid on any account that is being bid on by us or solicit any Accounts that are doing business with us or any other VCS Business or are outside of our Development Area. Otherwise, you are encouraged to adopt business development strategies that meet your business objectives and to generate VCS Business Accounts. 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 Services Agreement with us and ownership of the Account is then transferred to you, subject to certain conditions, as described in the Franchise Agreement and this Disclosure Document. We can decline to accept 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 may independently solicit and service janitorial accounts as Non-Vanguard Accounts as long as Vanguard Cleaning Systems Marks, the System, forms and other materials are not used in or connected with these activities in any manner.

You can also choose to market and deliver independently to VCS Accounts services/products that are ancillary to the services provided under the Account Cleaning Services Agreement. "Ancillary Services" do not include commercial janitorial or building/facilities maintenance services or any other services authorized by Licensor to be provided by Vanguard Cleaning Systems® subfranchisors or their subfranchisees or subcontractors. These ancillary services/products may include services such as plant care and replacement. You must notify us in writing of the ancillary services/products you wish to provide one or more VCS Accounts before offering/delivering any ancillary services/products to VCS Accounts. If we mutually agree that the proposed product/service is ancillary, you may proceed. We can require i) that any ancillary services/products be offered/sold to a VCS Account by 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 brand; ii) that you fully indemnify and hold us harmless from any costs, damages, claims, expenses or liabilities arising from 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 or any Non-Vanguard Accounts.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

THE FRANCHISE RELATIONSHIP

	PROVISION	SECTION IN AGREEMENT	SUMMARY
a.	Length of the franchise term	Sections 1 and 18 Section 3 of the Successor Term Addendum (FDD Exhibit N)	5 years from date of Agreement. Franchisees may have a 10-year successor term based on their expired franchise agreement.
b.	Renewal or extension of the term	Section 18 Section 3 of Successor Term Addendum (FDD Exhibit N)	3 additional 5-year terms, if conditions for a successor term are met, for new franchisees. Franchisees entering into a successor term may not have rights to additional successor terms, based on the terms of their expired agreement, subject to applicable law.
c.	Requirements for franchisee to renew or extend	Section 18 Section I-9 of the Successor Term Addendum (FDD Exhibit N)	When this term is to expire, you will be required at our option to sign a term extension addendum or new form of Franchise Agreement (including any applicable successor term addendum), either of which may include materially different terms and conditions than your original contract. Our current form of successor term addendum is attached as Exhibit N, but we can change the form over time. Additionally, you must not be in default under the Franchise Agreement or any other agreement with us, give written notice of election to obtain a successor term 90 to 180 days before agreement expires, pay amounts owed to us, and sign a general release of claims against us. Refer to Ex. C of this Disclosure Document for the current version of General Release, which we can change in the future.
d.	Termination by franchisee	Section 19.E.	You may terminate the Franchise Agreement within 30 days of the Effective Date for any reason by written request. You must sign a general release of claims to receive a refund of the initial franchise fee you paid us, subject to state law. If you terminate after 30 days of the Effective Date, no refund will be due to you. You must comply with post-termination obligations.
e.	Termination by franchisor without cause	Section 21	Your agreement will end if our master franchise agreement is terminated or ends and your agreement is not assigned to another person or Business Entity with rights to use the Marks and System.
f.	Termination by franchisor with cause	Section 19	Section 19 provides some grounds for immediate termination; other defaults require prior notice.

	PROVISION	SECTION IN AGREEMENT	SUMMARY
			A default under any other agreement with us is a default under your Franchise Agreement and vice versa.
g.	“Cause” defined – curable defaults	Section 19	Termination if default for non-payment is not cured within 15 days, if violations of non-solicitation provisions are not cured in 5 days, or if other default under Agreement is not cured within 30 days after notice, except where immediate termination provisions apply as described in (h) below.
h.	“Cause” defined - non-curable defaults	Section 19	Bankruptcy or insolvency; unauthorized transfer; material misrepresentation or omission in the application for the Franchise; criminal conviction or no contest plea to offense material to performance or 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 in the required time; failure to maintain minimum required insurance coverage; misuse of Marks or proprietary material/information; you or your owner’s or agent’s conduct likely to have significant adverse impact on VCS Business Marks, Systems and/or us. Uncured default under other agreements with us. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.). Failure to pay any installment of note; failure to perform under the note; any attachment, execution or process against your assets; failure to pay, withhold, collect or remit any tax or tax deficiency; or bankruptcy or insolvency.
i.	Franchisee’s obligations on termination or nonrenewal	Sections 6 and 20	Cease operating the VCS Business and VCS Business Accounts; stop using Marks including in websites, web pages and social media, and de-identify, pay all amounts due us, including notes according to their terms; return or destroy Unit Franchise Guide and confidential materials at our option; honor post-term non-competes; cease use of Vanguard 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

	PROVISION	SECTION IN AGREEMENT	SUMMARY
			indemnification and confidentiality and dispute resolution continue. A “nonrenewal” in this Franchise Disclosure Document means when we and you do not enter into an extension of your Franchise Agreement or into a successor Franchise Agreement at the expiration of the initial term, regardless of the reason.
j.	Assignment of contract by franchisor	Section 21	We can assign contract or any note without your consent.
k.	“Transfer” by franchisee – definition	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.	Franchisor approval of transfer by franchisee	Section 21 Unit Franchisee Account Assignment Agreement and Area Franchisor Consent (Exhibit M of Disclosure Document)	Our advance written consent is required; You can only assign your rights in an Account to another Vanguard franchisee and with our approval.
m.	Conditions for franchisor’s approval of transfer	Section 21 Franchise Transfer Agreement	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 be in compliance with all laws, regulations and ordinances governing the operation of a commercial cleaning business; payment of amounts due; at our option, assignee must (1) agree to be bound to your Franchise Agreement for the remainder of the term, or (2) or 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 (Refer to Exhibit L of this Disclosure Document for current version of Franchise Transfer Agreement which we can change in the future); execution of general release, to the extent permitted under applicable law (which for Maryland franchisees, pursuant to COMAR

	PROVISION	SECTION IN AGREEMENT	SUMMARY
			0.02.08.16L, cannot and does not apply to any liability under the Maryland Franchise Registration and Disclosure Law); your indemnification and post-term obligations must survive transfer; you may not have a security interest in the Franchise after the assignment without our consent. Terms of the assignment cannot in our estimation jeopardize business viability or system standards. Refer to Ex. D of this Disclosure Document for current version of General Release, which we can change in the future.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 23	We have right to match offer.
o.	Franchisor's option to purchase franchisee's 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, subject to applicable law.
p.	Franchisee's death or disability	Section 22	Assignment to third party within 180 days. Subject to all assignment requirements and restrictions. Until 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 Brand Standards.
q.	Non-competition covenants during the term of the franchise	Section 6	You may provide janitorial services to accounts outside of the franchised business, which are non-Vanguard accounts but may not do so using Vanguard's or our name or marks or materials and may not compete against us or any other Vanguard business or franchisee for their accounts.
r.	Non-competition covenants after the franchise is terminated or expires	Not applicable.	Not applicable.
s.	Modification of the agreement	Section 29	Agreement amendments must be written and signed by parties, but we can make changes in the Unit Franchise Guide and Brand Standards. You have to implement any required changes we make.

	PROVISION	SECTION IN AGREEMENT	SUMMARY
t.	Integration/merger clauses	Section 29 Section 9 of the Franchise Transfer Agreement (FDD Exhibit L) Section 9 of the Successor Term Addendum (FDD Exhibit N)	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	Section 32	Except for claims that are specifically excluded in Section 32: i) disputes are subject to informal negotiation for a minimum of 30 days; and ii) if not resolved through informal negotiation, the dispute will be resolved by binding arbitration (with limited exceptions). Either party can bring an action in court that can be heard in small claims court. Provision survives termination or expiration of the Franchise Agreement
v.	Choice of forum	Section 31	The arbitration proceeding will be no more than 45 miles from the geographical area in which your VCS Business performed commercial janitorial services. Please see state specific addendum. Subject to Section 32, venue for any litigation will be in an appropriate state or federal court with jurisdiction in Howard County, Maryland.
w.	Choice of Law	Section 31	Maryland law applies.
x.	Statute of limitations for Maryland franchisees	Not applicable	Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

ITEM 18

PUBLIC FIGURES

Neither Vanguard nor the Region uses 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, 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 Doug Mousley, 6810 Deerpath Road, Suite 315, Elkridge, MD 21075, (443) 461-0040, the Federal Trade Commission, and the appropriate state regulatory state agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

The first set of tables (1-5), below, includes information specific to our franchising area, called DE – Wilmington and MD - Baltimore, and our unit franchisees. The second set of tables (6-10) includes statistics on all unit franchises within the Vanguard system. Unit franchise data for other Area Franchisors is provided by and relates to unit franchising activities of Area Franchisors in other franchising areas.

Region Table No. 1

Region Outlet Summary

For the fiscal years ended December 31, 2023, December 31, 2024 and December 31, 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2023	77	78	+1
	2024	78	80	+2
	2025	80	78	-2
Company-Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	2023	77	78	+1
	2024	78	80	+2
	2025	80	78	-2

Region Table No. 2

Region Transfers of Outlets from Franchisees to New Owners
For the fiscal years ended December 31, 2023, December 31, 2024 and December 31, 2025

State	Year ¹	Number of Transfers
Delaware	2023	0
	2024	0
	2025	0
Maryland	2023	1
	2024	1
	2025	0
Totals	2023	1
	2024	1
	2025	0

Region Table No. 3

Status of Region Franchised Outlets
For the fiscal years ended December 31, 2023, December 31, 2024 and December 31, 2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year ¹
Delaware	2023	9	0	0	0	0	1	8
	2024	8	0	0	0	0	1	7
	2025	7	0	0	0	0	1	6
Maryland	2023	68	5	0	0	0	3	70
	2024	70	4	0	0	0	1	73
	2025	73	3	0	0	0	4	72
Totals	2023	77	5	0	0	0	4	78
	2024	78	4	0	0	0	2	80
	2025	80	3	0	0	0	5	78

A list of all of our unit franchisees as of December 31, 2025, is attached to this Franchise Disclosure Document as Exhibit D.

Attached to this Disclosure Document at Exhibit F is a list of active and former unit franchisees as of December 31, 2025 of one other Vanguard Area Franchisor (which is our affiliate) with a territory located in Virginia.

A list of our franchisees who have left the Vanguard system during the fiscal year end December 31, 2025 or have not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document is also attached to this Franchise Disclosure Document as Exhibit D. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. As of the date of this Franchise Disclosure Document, only former franchisees of ours have signed such restrictive provisions.

There are no franchisee associations in our Development Area.

Region Table No. 4

Status of Company-Owned Outlets – Region

For the fiscal years ended December 31, 2023, December 31, 2024 and December 31, 2025

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
DE	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
MD	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Totals	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Region Table No. 5
Projected Regional Openings for 12 months
beginning December 31, 2025

State	Franchise Agreements Signed But Not Opened	Projected New Franchised Outlets in the Current Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Delaware	0	1	0
Maryland	0	4	0
Totals	0	5	0

VANGUARD'S STATUS SUMMARY
OUTLETS AND FRANCHISEE INFORMATION

Table 6
Systemwide Unit Outlet Summary of All Area Franchisors
For the Fiscal Years of 2023, 2024 and 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023*	2,302	2,200	-102
	2024*	2,104	2,011	-93
	2025*	2,004	1,914	-90
Company-Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	2023*	2,302	2,200	-102
	2024*	2,104	2,011	-93
	2025*	2,004	1,914	-90

*Historical numbers adjusted to correct reporting errors.

Table No. 7

Transfers of Unit Outlets from Franchisees to New Owners (other than their Franchisor)
For the Fiscal Years of 2023, 2024, and 2025

State	Year	Number of Transfers
AL-Birmingham	2023	0
	2024	0
	2025	1
AR-Ozarks	2023	0
	2024	1
	2025	0
CA-Southern California	2023	3
	2024	1

State	Year	Number of Transfers
	2025	1
CA-Northbay	2023	0
	2024	0
	2025	3
FL-Jacksonville	2023	0
	2024	1
	2025	0
FL-Miami	2023	1
	2024	1
	2025	0
FL-North Port	2023	0
	2024	2
	2025	0
FL-Orlando	2023	1
	2024	0
	2025	0
FL-Tampa	2023	1
	2024	0
	2025	0
GA-Atlanta	2023	0
	2024	2
	2025	1
IL-Chicago	2023	1
	2024	1
	2025	1
KY – Louisville	2023	0
	2024	1
	2025	1
MD-Baltimore	2023	1
	2024	1
	2025	0
NJ-Central	2023	0
	2024	1
	2025	0
NV-Las Vegas	2023	0
	2024	0
	2025	1
NC-Charlotte/Greensboro	2023	2
	2024	0
	2025	0
NM-Albuquerque	2023	1
	2024	1
	2025	0
OH-Cincinnati	2023	1
	2024	0
	2025	0
OR-Portland	2023	2
	2024	0
	2025	0
PA-Allentown	2023	1

State	Year	Number of Transfers
	2024	0
	2025	0
PA-Central	2023	0
	2024	1
	2025	1
PA-Philadelphia	2023	0
	2024	0
	2025	1
TX-Dallas	2023	0
	2024	1
	2025	1
TX-San Antonio	2023	1
	2024	0
	2025	0
WA-Seattle	2023	0
	2024	1
	2025	0
WA-Spokane/ Kennewick	2023	6
	2024	2
	2025	1
Total	2023	22
	2024	18
	2025	13

Table No. 8
Status of Unit Franchised Outlets
For the Fiscal Years of 2023, 2024 and 2025

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	2023	108	3	0	2	0	5	104
	2024*	72	2	0	0	0	6	68
	2025	68	4	0	0	0	7	65
AZ – Phoenix	2023	38	0	0	3	0	0	35
	2024	35	3	0	0	0	4	34
	2025	34	1	1	1	0	0	33
AZ-Tucson	2023	16	1	0	1	0	0	16
	2024	16	1	0	0	0	2	15
	2025	15	0	0	2	0	0	13
AR-Ozarks	2023	43	2	0	2	0	6	37

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
	2024	37	0	0	2	0	1	34
	2025	34	0	0	0	0	2	32
CA-Bakersfield	2023	37	2	1	0	0	2	36
	2024*	35	7	2	0	0	1	39
	2025	39	7	0	1	0	1	44
CA-Northern California	2023	62	1	4	3	0	2	54
	2024*	53	4	6	3	0	2	46
	2025	46	3	1	2	0	4	42
CA-Southern California	2023	67	4	0	5	0	2	64
	2024	64	1	0	0	0	6	59
	2025	59	1	0	2	0	5	53
CA-North Bay	2023	43	0	0	0	0	2	41
	2024	41	0	0	0	0	2	39
	2025*	35	0	0	0	0	0	35
CA-Sacramento	2023*	16	0	0	0	0	1	15
	2024	15	1	0	0	0	1	15
	2025	15	0	0	0	0	0	15
CA-Stockton	2023	33	0	0	0	0	1	32
	2024	32	2	0	0	0	1	33
	2025	33	0	1	0	0	0	32
CO-Denver	2023	7	1	0	0	0	0	8
	2024	8	0	0	0	0	1	7
	2025	7	0	0	1	0	0	6
DE-Wilmington	2023	9	0	0	0	0	1	8
	2024	8	0	0	0	0	1	7
	2025	7	0	0	1	0	0	6
FL-Jacksonville	2023	48	1	0	0	0	1	48
	2024	48	2	0	0	0	5	45

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
	2025	45	4	0	0	0	4	45
FL-Miami	2023	51	0	0	0	0	6	45
	2024	45	0	0	0	0	3	42
	2025	42	0	0	0	0	4	38
FL-North Port	2023	82	5	0	0	0	2	85
	2024*	56	1	0	0	0	12	45
	2025	45	6	0	0	0	3	48
FL-Orlando	2023	38	0	0	0	0	0	38
	2024	38	1	0	0	0	1	38
	2025	38	0	0	0	0	3	35
FL-Tampa	2023	70	0	0	0	0	2	68
	2024	68	0	0	0	0	3	65
	2025	65	0	0	0	0	2	63
GA-Atlanta	2023	62	2	0	1	0	3	60
	2024	60	2	0	5	0	0	57
	2025	57	0	0	0	0	7	50
IL-Chicago	2023*	56	5	0	0	0	8	53
	2024	53	6	0	1	0	5	53
	2025	53	3	0	0	0	3	52
IN-Indianapolis	2023	0	3	0	0	0	1	2
	2024	2	4	0	0	0	0	6
	2025	6	0	0	0	0	0	6
IA-Des Moines	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	1	7
	2025	7	0	0	0	0	1	6
KY-Louisville	2023	29	0	0	0	0	7	22
	2024	22	0	0	0	0	2	20
	2025	21*	0	0	0	0	0	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
MD-Baltimore	2023	68	5	1	0	0	2	70
	2024	70	4	0	0	0	1	73
	2024	73	3	0	0	0	4	72
MI-Detroit	2023	54	0	0	4	0	1	49
	2024	49	2	0	0	0	3	48
	2025	48	4	0	2	0	2	48
MN- Minneapolis/ St. Paul	2023*	61	4	7	1	0	2	55
	2024*	56	2	5	1	0	2	50
	2025	50	2	4	0	0	7	41
NC-Central (Charlotte/ Greensboro)	2023	55	9	0	0	0	4	60
	2024	60	5	0	0	0	1	64
	2025	64	6	0	0	0	6	64
NC-Raleigh	2023	70	2	0	0	0	2	70
	2024*	44	1	0	0	0	9	36
	2025	36	0	0	0	0	4	32
NE-Omaha	2023	16	3	0	0	0	4	15
	2024	15	2	0	0	0	1	16
	2025	16	0	0	0	0	0	16
NJ-Central	2023	57	1	0	0	0	9	49
	2024	49	1	0	0	0	4	46
	2025	46	2	0	0	0	9	39
NJ-Northern	2023	73	2	0	0	0	4	71
	2024	71	0	0	0	0	7	64
	2025	64	0	0	0	0	3	61
NM- Albuquerque	2023	24	1	0	1	0	6	18
	2024	18	1	0	0	0	0	19
	2025	19	1	0	0	0	0	20
NV-Las Vegas	2023	26	1	0	1	0	0	26

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
	2024	26	0	0	0	0	0	26
	2025	26	0	1	0	0	0	25
NY–Hudson Valley	2023	16	0	0	0	0	0	16
	2024	16	0	0	0	0	1	15
	2025	15	0	0	0	0	0	15
NY-Long Island	2023	23	0	0	0	0	2	21
	2024	21	0	0	0	0	1	20
	2025	20	0	0	0	0	0	20
NY–Rochester	2023	21	1	1	0	0	0	21
	2024	21	0	1	0	0	1	19
	2025	19	1	0	0	0	1	19
OH-Cincinnati	2023	22	5	3	0	0	3	21
	2024	21	2	1	0	0	2	20
	2025	20	0	2	0	0	4	14
OR-Portland	2023*	27	2	0	0	0	7	22
	2024	22	2	0	0	0	2	22
	2025	22	2	0	0	0	2	22
PA-Allentown/ Scranton/ Wilkes Barre	2023	81	4	0	0	0	5	80
	2024	80	3	0	0	0	4	79
	2025	79	2	0	0	0	1	80
PA-Central (Harrisburg)	2023	87	6	0	0	0	9	84
	2024	84	2	0	0	0	6	80
	2025	80	6	0	0	0	11	75
PA-Philadelphia	2023	41	0	0	0	0	5	36
	2024	36	0	0	0	0	0	36
	2025	36	0	0	0	0	1	35
TN–Nashville	2023	27	2	0	0	0	4	25
	2024	25	0	0	0	0	3	22

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
	2025*	18	0	0	0	0	4	14
TX-Austin	2023	36	3	0	0	0	3	36
	2024*	33	5	0	0	0	3	35
	2025	35	2	0	0	0	3	34
TX-Dallas	2023	69	2	0	0	0	8	63
	2024*	64	6	0	0	0	10	60
	2025	60	2	1	1	0	1	59
TX-Houston	2023	38	2	0	0	0	0	40
	2024*	35	0	0	0	0	5	30
	2025	30	1	0	0	0	4	27
TX-San Antonio	2023	59	1	0	0	0	6	54
	2024	54	4	0	0	0	2	56
	2025	56	4	0	0	0	5	55
UT-Salt Lake City	2023	94	0	2	1	0	0	91
	2024	91	1	2	0	0	5	85
	2025	85	1	3	1	0	0	82
VA-Central Virginia & Chesapeake**	2023	68	3	0	0	0	5	66
	2024	66	4	0	0	0	5	65
	2025	65	2	0	0	0	7	60
WA-Seattle	2023*	61	3	0	0	0	6	58
	2024	58	1	0	0	0	9	50
	2025	50	0	0	0	0	2	48
WA-Spokane/Kennewick	2023	75	8	0	0	0	5	78
	2024	78	5	0	1	0	3	79
	2025	79	5	0	0	0	11	73
WI-Milwaukee	2023	29	4	4	1	0	3	25
	2024	25	1	1	0	0	3	22

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
	2025	22	3	1	0	0	0	24
UNITED STATES Total	2023*	2,302	104	23	26	0	157	2,200
	2024*	2,104	91	18	13	0	153	2,011
	2025*	2,004	77	15	13	0	139	1,914

*Historical numbers adjusted to correct reporting errors.

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

Table No. 9
Status of Company-Owned Unit Outlets
For Fiscal Years of 2023, 2024, and 2025

Neither we, Vanguard nor any other Area Franchisor has owned or operated a Unit Outlet for the years of 2023, 2024, or 2025.

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	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Table No. 10
Projected New Franchised Unit Outlets As of December 31, 2025

State	Unit Franchise Agreements signed But Outlet Not Opened as of December 31, 2025	Projected New Unit Franchised Outlets in the Next Fiscal Year (2026)	Projected New Company-Owned Outlet In the Next Fiscal Year (2026)
AL-Birmingham	0	4	0
AZ- Phoenix	0	1	0
AZ-Tucson	0	1	0
AR-Ozarks	0	2	0
CA-Bakersfield	0	2	0
CA-Northern California	0	3	0

State	Unit Franchise Agreements signed But Outlet Not Opened as of December 31, 2025	Projected New Unit Franchised Outlets in the Next Fiscal Year (2026)	Projected New Company-Owned Outlet In the Next Fiscal Year (2026)
CA-Southern California	0	3	0
CA-North Bay	0	0	0
CA-Sacramento	0	0	0
CA-Stockton	0	0	0
CO-Denver	0	1	0
DE-Wilmington	0	1	0
FL-Jacksonville	0	3	0
FL-Miami	0	2	0
FL-North Port	0	4	0
FL-Orlando	0	3	0
FL-Tampa	0	3	0
GA-Atlanta	0	3	0
IL-Chicago	0	4	0
IN-Indianapolis	0	8	0
IA-Des Moines	0	1	0
KY-Louisville	0	3	0
MD-Baltimore	0	4	0
MI-Detroit	0	2	0
MN-Minneapolis/St. Paul	0	3	0
NC – Central (Charlotte/Greensboro)	0	6	0
NC-Raleigh	0	4	0

State	Unit Franchise Agreements signed But Outlet Not Opened as of December 31, 2025	Projected New Unit Franchised Outlets in the Next Fiscal Year (2026)	Projected New Company-Owned Outlet In the Next Fiscal Year (2026)
NE-Omaha	0	1	0
NJ-Central	0	6	0
NJ-Northern	0	3	0
NM-Albuquerque	0	1	0
NV-Las Vegas	0	1	0
NY-Hudson Valley	0	2	0
NY-Long Island	0	2	0
NY-Rochester	0	3	0
OH-Cincinnati	0	3	0
OR-Portland	0	4	0
PA- Allentown/Scranton/Wilkes Barre	0	4	0
PA-Central (Harrisburg)	0	5	0
PA-Philadelphia	0	4	0
TN-Nashville	0	4	0
TX-Austin	0	3	0
TX-Dallas	0	3	0
TX-Houston	0	3	0
TX-San Antonio	1	3	0
UT-Salt Lake City	0	1	0
VA-Central Virginia & Chesapeake	0	4	0

State	Unit Franchise Agreements signed But Outlet Not Opened as of December 31, 2025	Projected New Unit Franchised Outlets in the Next Fiscal Year (2026)	Projected New Company-Owned Outlet In the Next Fiscal Year (2026)
WA–Seattle	0	2	0
WA–Spokane/Kennewick	0	6	0
WI–Milwaukee	0	4	0
United States Total	1	143	0

ITEM 21

FINANCIAL STATEMENTS

Attached as part of Exhibit E are our audited financial statements for the fiscal year ended December 31, 2025 and December 31, 2024 and our audited financial statements for the fiscal year ended December 31, 2023 and December 31, 2022. Also included at Exhibit E are our interim, unaudited balance sheet and profit and loss statement as of March 31, 2026.

Also included in Exhibit E are audited financial statements of Vanguard for the fiscal years ending December 31, 2025, 2024, and 2023. Also included at Exhibit E are Vanguard’s interim, unaudited balance sheet and income statement as of March 31, 2026. 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 franchise disclosure document are the contracts we use in offering franchises:

Exhibit A	Franchise Agreement with Exhibits Ex. A – Form of Personal Guaranty Ex. B – Independent Contractor Acknowledgement
Exhibit B	Insurance Request Form/Payment Authorization
Exhibit C	General Release
Exhibit I	State Specific Addendum
Exhibit J	Account Transfer and Acceptance (Multiple Pricing Option)
Exhibit K	Account Transfer and Acceptance (Shared Revenue Option)
Exhibit L	Franchise Transfer Agreement
Exhibit M	Unit Franchise Account Assignment Agreement and Area Franchisor Consent
Exhibit N	Successor Term Addendum to Franchise Agreement

You may be required to sign customer contracts at the time that the VCS Account is assigned to you.

We include certain acknowledgements in Section 36 of the Franchise Agreement that you must sign. No statement, questionnaire or acknowledgement 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 any 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.

ITEM 23

RECEIPTS

Our copy and your copy of the Franchise Disclosure Document Receipt are located at the end of this document. Please sign and date both copies of the Receipt; keep one copy for your records and return the other copy (titled “Our Copy”) to us, as directed by our representative.

EXHIBIT A
TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

VANGUARD CLEANING SYSTEMS OF MARYLAND AND DELAWARE
FRANCHISE AGREEMENT

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Exhibit A – Form of Personal Guaranty

Exhibit B – Independent Contractor Acknowledgement

FRANCHISE AGREEMENT

THIS AGREEMENT is made by and between Delmar Corporate Cleaning Services, Inc., a Delaware 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” brand (each a “VCS Business”).

B. A VCS Business is licensed to use the processes, standards, know-how and other proprietary information (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 an area franchise by Vanguard Cleaning Systems, Inc. (the “Licensor”) to award VCS Business franchises using the System and the Marks in the states of Maryland and Delaware (“Franchisor’s Development Area”). 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 to operate a commercial cleaning business as 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. 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 a commercial janitorial service business that offers to business accounts select commercial cleaning services under the Marks (each a “VCS Account”) only in the Franchisor’s Development Area.

Franchisee’s VCS Business may not offer or provide services to VCS Accounts under the Marks outside of the Franchisor’s Development Area without Franchisor’s prior consent, although Franchisee may provide services to Non-Vanguard Accounts inside and outside of the Area, as provided in Section 5 D. of the Agreement.

B. No Exclusivity Granted. Franchisee is not granted any exclusivity in Franchisor’s Development Area, including marketing or customer exclusivity. Franchisee can only solicit and generate VCS Accounts that are physically located in Franchisor’s Development Area. Each VCS Account involves a commercial cleaning services customer relationship established and maintained under a contract for VCS commercial cleaning services (an “Account Cleaning Services Agreement”). 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 Franchisor’s Development Area, including other VCS Businesses. Franchisor reserves all rights not expressly granted to Franchisee under this Agreement.

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

A. Initial Franchise Fee. Franchisee will pay to Franchisor in a lump sum on or before the effective date of this Agreement an initial franchise fee of \$5,000 (the "Initial Franchise Fee"). The Initial Franchise Fee is due in full and fully earned when paid. The Initial Franchise Fee is non-refundable unless Franchisee exercises its right to terminate this Agreement within thirty (30) days of the effective date of this Agreement, as provided in Section 19 E., below. The effective date of this Agreement is specified on the signature page (the "Effective Date"). Payment of the Initial Franchise Fee enables Franchisee to use the System and the Marks, subject to the terms of this Agreement.

B. Documents and Actions Required. Before Franchisee may begin operating its business as a VCS Business, Franchisee must deliver to Franchisor the items described below.

- i) certificates of insurance and copies of required endorsements as provided in Section 16, below, demonstrating that Franchisee has obtained at least the minimum insurance coverage for Franchisee's VCS Business;
- ii) a copy of the Franchisee's current Business License. Franchisee must ensure that a current Business License is on file with Franchisor at all times during the term of this Agreement; and
- iii) a copy of Franchisee's articles of incorporation or articles of organization filed with the state, and/or Franchisee's operating agreement, as applicable, and the related state-issued entity/file number and federal employer identification number.

3. Franchisor's Pre-Operating Commitments

A. Business System Program.

1. Franchisor will make its Business System Program available for a Designated Owner and other owners of Franchisee. The VCS Business System Program is attended at Franchisee's option and includes information on certain standards and other information. All standards are collectively, the "Brand Standards". Brand Standards are designed to promote maintenance of the quality and goodwill associated with the System and the Marks. A "Designated Owner" is a person with an ownership interest in Franchisee and is identified on the signature page of this Agreement.

2. The VCS Business System Program may be delivered at various locations within Franchisor's Development Area, and Franchisor will use reasonable efforts to accommodate Franchisee's schedule. Franchisee is responsible for any travel, incidental costs, and other expenses that Franchisee Owners may incur in participating in the VCS Business System Program or in any additional programs. A Franchisee Owner is any person with an ownership interest in Franchisee.

4. VCS Accounts

Franchisee has no obligation to accept or pay for any VCS Account Transfers, if offered by Franchisor. 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 as described in Section 19 B., below. If a VCS Account is offered and accepted by Franchisee, Franchisor can require that Franchisee sign the then current and applicable VCS Account Transfer form, which will specify the payments due from Franchisee in connection with the VCS Account, as further described in Section 12 A. of this Agreement. (Refer to the Account Transfer and Acceptance forms attached as Exhibits J and K of Franchisor's Franchise Disclosure Document). In accepting an Account Transfer, Franchisee is solely responsible for meeting the Account Cleaning Services Agreement requirements described in the applicable Account agreement until the applicable Account business is cancelled or re-assigned to another franchisee, the Franchise Agreement is terminated or expires, or until the ownership of the Account Agreement reverts to Franchisor under the conditions described in Section 19 B. of this Agreement.

5. Franchisor Services to VCS Businesses

A. Business Support Services for VCS Business 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 Franchisees to concentrate on management operations and business development for their VCS Businesses. Therefore, Franchisee gives Franchisor the exclusive right to perform the Business Support Services on Franchisee’s behalf for all of Franchisee’s VCS Business Accounts (each a “VCS Account”), including those obtained by Franchisee. Non-Vanguard Accounts, which are described in Section 5 D., are excluded from this requirement. Franchisor can 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 an 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 makes commercially reasonable efforts to collect amounts owed by Franchisee’s VCS Business Accounts for services provided by Franchisee under the applicable Account Cleaning Services Agreement. Franchisor will remit to Franchisee by the 28th of each calendar month (the “Payment Date”) the balance of collected amounts remaining after appropriate deductions are made. Franchisor will deduct from the funds collected from Franchisee’s VCS Business Accounts all amounts then due from Franchisee to Franchisor, including the amounts identified below (the “Deductions”).

- i) Business Support Services fees described in Section 11;
- ii) Royalty fees described in Section 11;
- iii) Any amounts owed under an Account Transfer and Acceptance in connection with VCS Accounts, or for equipment purchases or otherwise;
- iv) Any Marketing Fee (or portion thereof) then due, as described in Section 12;
- v) Any amounts due Franchisor for Special Services, as described in Section 12, or for Services Reimbursements incurred by Franchisor under Section 12;
- vi) Any insurance or bond payments and any related administrative charges due, if Franchisee chooses to participate in such coverage through Franchisor; and
- vii) Any other amounts payable to Franchisor.

2. 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 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 Account Cleaning Services Agreement. Franchisor will consult with Franchisee before discontinuing invoices to any of Franchisee’s VCS Accounts. 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 can discontinue Account collection activity after expending reasonable efforts. 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 collected for Account services performed under an Account Cleaning Services Agreement are subject to the royalty and other Franchisor compensation requirements described in Section 11, below.

3. On written request by Franchisee, Franchisor will assign 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 assigned rights in the Uncollected Account and/or Franchisee’s related acts or failures to act in connection with an Uncollected Account.

4, If, upon the request of Franchisee, Franchisor agrees to make a partial distribution of collections to Franchisee in advance of the Payment Date, Franchisor shall have the right to charge its then current service fee for making such additional distribution in advance of the Payment Date.

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

D. Non-Vanguard Accounts. Franchisee can independently own janitorial accounts solicited by Franchisee outside of the VCS Business ("Non-Vanguard accounts"), if the services provided 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 any Non-Vanguard accounts Franchisee may have, which accounts are not covered under any insurance or bonding coverage that may be available through Franchisor. Franchisee must not refer to Franchisor or the Vanguard Cleaning Systems® brand 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.

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.

F. Ancillary Account Services. Franchisee can choose to market and deliver independently to VCS Accounts services/products that are ancillary to the services provided under the Account Cleaning Services Agreement or such other account arrangement as may be established by Franchisor. "Ancillary Services" do not include commercial janitorial or building/facilities maintenance services or any other services authorized by Licensor to be provided by Vanguard Cleaning Systems® subfranchisors or their subfranchisees or subcontractors. Franchisee shall notify Franchisor in writing of the ancillary services/products Franchisee wishes to provide one or more VCS Accounts before offering/delivering any ancillary services/products to VCS Accounts. If Franchisor and Franchisee mutually agree that such proposed product/service is ancillary within the meaning of this Section 5 F., Franchisee may proceed. Franchisor can require i) that any such services/products be offered/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 brand; ii) that Franchisee 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 provide evidence of insurance coverage sufficient to permit Franchisee to meet such indemnification obligations.

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 must 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 must 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 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 must 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/or 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 agrees to provide Franchisor such information as Franchisor may reasonably request to demonstrate Franchisee's compliance with any data protection and/or cybersecurity requirements Franchisor may establish from time to time. Franchisee and its shareholders and/or members 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 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/entities licensed to use it. Franchisee will adopt and comply with the changes at Franchisee's expense as required.

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. Franchisor and Licensor are not obligated to indemnify or hold Franchisee harmless from any costs, expenses or damages incurred by Franchisee in connection with any trademark infringement proceeding or action arising out of Franchisee's use of the Marks.

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 which, if any, action to take with respect to any potential infringement of the Marks.

7. Franchisor and/or Franchisor's Licensor, as applicable, can defend and settle any claim or suit relating to the Marks using their selected counsel. Franchisee shall cooperate in the defense of such actions at Franchisor's expense. Franchisee shall 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. Unit Franchise Guide. During the Term of this Agreement, Franchisor will loan Franchisee one copy of the Unit Franchise Guide, which is a component of the VCS System. "Guides" means the compilation of VCS System information contained in one or more publications on various subjects. Guides can be communicated to Franchisee in different mediums, including electronic. Franchisee has no right or interest in the Guides other than a license to use them while this Agreement is in effect. The Guides do not, nor are they intended to, control day to day operation of Franchisee's VCS Business. Franchisor and Licensor can make additions, deletions, or modifications to the Guides.

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 Guides, instructional programs and 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 the Term of this Agreement and for two (2) years after it expires or is terminated, Franchisee and each Owner must use the Confidential Information only for Franchisee's VCS Business, keep it confidential, and not make or distribute any unauthorized copies of any Confidential Information or permit others to do so. Franchisee will ensure that its employees and agents treat Confidential Information in the same manner as Franchisee is required to protect it. Franchisee and Owners agree to protect System trade secrets in the manner described in this paragraph both during and after the term of this Agreement, without regard to any time period limitation.

D. Domain Names, E-mail Addresses, and Internet Usage. The domain name www.vanguardcleaning.com is Licensor's sole 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, including Facebook, LinkedIn, Twitter, YouTube, or other social media or applications, without Franchisor's prior written consent.

E. Terms of Franchisee's Use of Intellectual Property. Franchisee's ownership of Franchisee's VCS Accounts and Franchisee's license to use the Confidential Information, the Marks, the System, the Guides and other Vanguard Cleaning Systems Intellectual Property and to provide services to VCS Accounts ends when this Agreement is assigned, terminated or expired, whichever occurs first, and as provided under Section 19 B., below.

F. Accounts and System Protections; Non-solicitation.

1. Franchisor and VCS Businesses share a mutual interest in enhancing Vanguard Cleaning Systems companies' 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 Franchise and represent a reasonable balancing of Franchisee's and Franchisor's respective interests. Under this Agreement, Franchisee is free to operate businesses outside of and in addition to Franchisee's VCS Business, while Franchisor can ensure that ownership of VCS Business Accounts and the related Account Cleaning Services Agreements revert to Franchisor under the circumstances described in Section 19 B., below.

2. During the term of this Agreement, Franchisee 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. Franchisee and its Affiliates can identify, solicit, and bid on new accounts that are not currently being bid on by Franchisor. However, Franchisee, Franchisee Owners and Franchisee Affiliates shall not independently solicit janitorial business from Accounts that are already doing business with Franchisor or with any VCS Business, or 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 to an extent 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 the Franchise Relationship; Franchisee's Independent Business 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, and 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. Franchisee's VCS Business is, and shall remain, totally separate from any business that

Franchisor or Licensor operates. Franchisee acknowledges and agrees that nothing in this Agreement or in the parties' course of conduct is intended as, or shall be construed to create, state or imply, 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 agrees that it and Franchisee Owners are not 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 Franchisee Owners, nor will Franchisor be obligated to provide Franchisee with insurance or protection from liability to any third party that may arise out of your 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, both Franchisee and Franchisor are 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. 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 Account, employee 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.

3. Franchisee has sole authority over and shall 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 Account Cleaning Services Agreement terms and requirements. Franchisee is exclusively in charge of hiring and firing, disciplining, promoting, compensating, scheduling, staffing 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's employees are solely employees of Franchisee's VCS Business.

4. Throughout the term of this Agreement Franchisee must employ a minimum of 1 employee and maintain sufficient, capable personnel to adequately staff the VCS Business and meet Account Cleaning Services Agreement requirements. As an independent business, Franchisee is solely responsible for Franchisee's VCS Business 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.

B. Franchisor Not a Commercial Cleaning Service. Franchisee understands and acknowledges that Franchisor is engaged in the business of licensing the System and providing franchise support services to the VCS Businesses to which it has committed. Franchisor's employees do not provide commercial cleaning services.

C. Licensor Unrelated to Franchisee. Franchisee further acknowledges that Vanguard Cleaning Systems, Inc. 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 Vanguard Cleaning Systems, Inc. has no obligation to or relationship with any of them. It is engaged exclusively in the business of licensing the System and providing support services to its area franchisors, like Franchisor. Neither it nor its employees perform commercial cleaning services.

8. VCS Business Activities

A. Brand Protections.

1. 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 Guides 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. Brand Standards do not include security-related policies or personnel policies or procedures, including those relating to hiring, firing, disciplining, promoting, compensating, scheduling and other terms and conditions for Franchisee's employees and contractors, as Franchisee is solely responsible for establishing such policies and procedures. To protect the Vanguard Cleaning Systems franchise network's reputation, image, and goodwill and to maintain uniform quality, Franchisee also agrees to comply with the following terms in conducting its VCS Business:

- i) Franchisee is free to determine which, if any, Account Transfers Franchisee wishes to 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 as described in Section 19 B., below. In accepting an Account Transfer, Franchisee commits to meet the Account Cleaning Services 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 services;
- ii) Franchisee hereby authorizes Franchisor, Licensor and/or their designated agents or representatives to observe Franchisee's operations and to visit Account locations serviced by Franchisee's VCS Business for purposes of ensuring that Brand Standards are maintained. Franchisee agrees to correct promptly deficiencies identified by or through a VCS Account or as a result of such visit;
- iii) Franchisee shall 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;
- iv) Franchisee's VCS Business will offer and provide only services that Franchisor associates with the Marks;
- 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 Account Cleaning Services 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

Franchisee is encouraged to emphasize new business development for the VCS Business and to focus resources on activities that can enhance negotiation, pricing, and proposal skill building. Any VCS Business advertising and promotion will be in good taste and conform to ethical and legal standards. Franchisee's uses of the

Marks can impact Franchisor and other VCS Businesses, so Franchisee agrees not to use any or publish materials or programs for its VCS Business using the Marks which are disapproved by Franchisor.

10. Accounts and Record Keeping; Account Summaries

Franchisee will keep complete books and records for the operation of the VCS Business reflecting income and expense items of the VCS Business and will deliver to Franchisor periodic Gross Billings summaries when and in the form Franchisor requests. Books and records for any non-VCS Business activities in which Franchisee or any Franchise Owner or Affiliates engage must be separately maintained from VCS Business records.

11. Royalties and Business Support Services Fees

A. Royalties. Franchisee agrees to pay Franchisor throughout the term of this Agreement a continuing royalty of ten percent (10%) of Gross Billings for the use of the System and the Marks, among other benefits. For purposes of this Agreement, “Gross Billings” means the total monthly billings due from all Accounts serviced by Franchisee’s VCS Business, regardless of the source for such Account or the manner in which it is obtained (but excluding any Non-Vanguard Account revenue). The royalty is payable monthly based upon the prior month’s Gross Billings and is entirely non-refundable. Gross Billings includes funds collected by Franchisee’s VCS Business, rather than by Franchisor. Franchisee is not authorized to collect any such amounts, except as provided under Section 5 B. 3., above, of this Agreement or as may be separately authorized by Franchisor in writing.

B. Business Support Services Fee. Franchisee agrees to pay to Franchisor throughout the term of this Agreement a Business Support Services fee of six percent (6%) of Gross Billings, which is payable monthly based upon the prior month’s Gross Billings for Franchisee’s VCS Business and is entirely non-refundable.

12. Marketing Fees and Other Possible Fees/Payments to Franchisor

A. Marketing Fee. Franchisee will pay Franchisor a fee (a “Marketing Fee”) for marketing and related services performed by Franchisor in connection with any Account that Franchisee chooses to accept from Franchisor. A Marketing Fee is also due on increases in service billings for Accounts after any initial Account Assignment services billings commitment has been met. Franchisee has no obligation to accept or pay for any VCS Account Transfers, if offered by Franchisor. A Marketing Fee is payable in full when a transfer is accepted, unless Franchisor offers and Franchisee accepts financing terms or other pricing or payment arrangements, such as a shared revenue arrangement (Refer to the Account Transfer and Acceptance forms attached as Exhibits J and K of Franchisor’s Franchise Disclosure Document). The amount of a Marketing Fee, availability of financing, pricing method used, as well as any amount financed, the interest rate, the number of installments and other financing terms can vary. No Marketing Fee is due on a VCS Account generated and obtained entirely by Franchisee. Each such VCS Business Account enters into an Account Cleaning Services Agreement with Franchisor and ownership of each such VCS Business Account shall be Transferred to Franchisee promptly thereafter, subject to the conditions as described in Section 19 B., below.

B. Special Services. Special Services orders are Account requests for non-routine VCS Business services, such as carpet cleaning, floor finishing, and initial cleaning (“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. Franchisor can charge an additional fee for each Special Services order accepted by Franchisee. The Special Services fee generally is established as a percentage of the Gross Billings associated with the Special Services and is in addition to the Business Support Services and royalty fees. The generally applicable percentage is subject to adjustment by Franchisor and may vary depending upon the source for the order, among other factors. In all instances, Franchisee will be informed of the applicable Special Services fee before any acceptance 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.

C. 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 Systems Brand Standards. Franchisee acknowledges that a failure to meet Account Cleaning Service Agreement requirements or to arrange schedule substitutions in advance for a VCS Business Account is a material breach of this Agreement and damaging to the Vanguard Cleaning Systems image and reputation. Franchisee hereby authorizes Franchisor to arrange for a third party to meet Account needs in order to preserve the goodwill associated with the Marks, and Franchisee agrees to reimburse Franchisor to the extent of any expenses incurred when Franchisee fails to meet Account Cleaning Services Agreement requirements.

D. 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 other agreements between Franchisee and Franchisor relating to Franchisee's VCS Business by signing an Owner's Guaranty in the form then requested by Franchisor. Franchisor's current form of Owner's Guaranty is attached to this Agreement as Exhibit A, but Franchisor can change the form from time to time.

14. Franchisor's Right of Offset

Franchisor has the right to withhold from revenues received from Franchisee's VCS Business Accounts any amounts due from Franchisee to Franchisor under this Agreement, 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 of Franchisor's choosing, 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 and expenses), 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, and regardless of the basis of alleged liability, whether joint employer, ostensible agency, vicarious liability or otherwise. 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 assignment, 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 Franchisee must have insurance coverage of the types and in the amounts then required by Franchisor as a minimum. General liability and umbrella liability policies and crime insurance must name Franchisor and Licensor as additional insureds 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. Franchisor and Licensor shall receive at least thirty (30) days prior written notice of any amendment to or cancellation of a required policy. 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. Minimum insurance requirements as of the Effective Date of this Agreement are as published in the Guides, or as otherwise published by Franchisor or Licensor.

2. Franchisee will give Franchisor certificates of such required coverage and copies of endorsements reflecting Franchisor's and Licensor's status as additional insureds before beginning the VCS Business, annually upon the renewal of each policy and upon request from Franchisor. Commercial liability insurance coverage and crime insurance may be available through a Franchisor program. Franchisor is not required to maintain such a program, and Franchisee can elect to buy coverage with carriers of Franchisee's choosing as long as the selected carriers meet then current Franchisor System standards. If Franchisor offers Franchisee an opportunity to participate in any group insurance program available to VCS Businesses and Franchisee chooses to purchase coverage through the group, Franchisor will charge Franchisee Franchisor's cost for the coverage, as well as the then current administrative fee, which is subject to change by Franchisor. All such payments are non-refundable and payable monthly. If Franchisee elects to participate in any available group insurance plan. Franchisor may require Franchisee to sign the then current Insurance Request Form/Payment Authorization.

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 such coverage and Franchisee must reimburse Franchisor upon demand. A failure to maintain required insurance is a material breach of this Agreement.

4. Franchisee will follow the risk management policies and requirements established by Franchisee's carriers, as well as by any Accounts Transferred to Franchisee's VCS Business, including, but not limited to drug and alcohol policies, background checks and injury or claim reporting requirements. Franchisee hereby acknowledges and agrees that Franchisor may, from time to time at Franchisor's sole discretion, obtain background checks on Franchisee and Franchisee's principals and employees for any legitimate business reason, and Franchisee, on behalf of itself and its employees and principals, expressly consents to this practice and any background check made under it.

C. Franchisee's Other Businesses. All Non-Vanguard Accounts business and operations 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. 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 Business 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 Successor Terms

A. This Agreement shall be in effect for a period of five (5) years from the Effective Date of this Agreement, unless sooner terminated under Section 19, below, or in connection with an assignment of Franchisee's VCS Business. Franchisee may elect to enter into a successor franchise for Franchisee's VCS Business when the term of this Franchise Agreement expires for one consecutive five (5) year term, if:

- i) Franchisee is not in default under this Agreement or any other agreement between Franchisee and Franchisor at the time this Agreement is to expire;
- ii) Franchisee gives Franchisor written notice of Franchisee's decision to enter into a successor franchise term at least ninety (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 this Agreement is to expire;
- iv) Franchisee timely signs, at Franchisor's sole option, either a term extension addendum or the form of franchise agreement and ancillary documents then used by Franchisor for franchisees entering into successor terms, 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.

Franchisee may elect to enter into franchise for two additional five (5) year successor terms thereafter if Franchisee meets the conditions for obtaining a successor term 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 in its discretion 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 for 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 assignment 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;
- 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 Business Accounts, or fails to service Franchisee's VCS Business Accounts according to their Account schedules and to communicate with Franchisor or an Account for more than seven (7) 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, an Account Transfer and Acceptance, 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 such 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 period 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 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; and
- xiii) If Franchisee fails to comply with any mandatory Brand Standard or 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 Conditions. All right, title and interest in a VCS Account and Account Cleaning Services Agreement Transferred to Franchisee under this Agreement shall revert to Franchisor:

- i) immediately upon a termination or expiration of this Agreement;
- ii) immediately if a customer terminates such Account Cleaning Services 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 Account Cleaning Services Agreement requirements;
- iii) immediately if Franchisee chooses to discontinue providing the services outlined in the applicable Account Cleaning Services 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 Account Cleaning Services 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 such reverting VCS Accounts may be Transferred by Franchisor in its discretion 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.

E. Franchisee's Right to Terminate. Franchisee shall have a right to terminate this Agreement without cause exercisable within thirty (30) days of the Effective Date of this Agreement (the "Franchisee Termination Period"). Franchisee shall exercise the right by delivering to Franchisor a written request to terminate this Agreement within the Franchisee Termination Period. If Franchisee gives Franchisor and related parties a signed general release of claims in a form prescribed by Franchisor, subject to any applicable franchise laws or other state limitations, Franchisor shall refund to Franchisee within thirty (30) days of Franchisor's receipt of such a release of claims the amount of the Initial Franchise Fee actually received from Franchisee prior to the refund date. If this Agreement is terminated as provided in this Section 19 E., Franchisee's right to use the Marks and System and to operate as a VCS Business franchisee shall be ended and without further effect. Franchisee shall be required to comply with Franchisee's rights and duties on termination, as provided in Section 20, below.

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 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. Franchisee may sell and assign its VCS Business Accounts to another VCS Business franchisee subject to Franchisor's consent, as provided in Section 21 C. below, prior to the expiration or termination of this Franchise Agreement;

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;

iii) Within thirty (30) days of termination/expiration of the Franchise Agreement, Franchisee shall take such action as may be necessary to cancel or assign 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 ten (10) 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, 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 Guides 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 four (4) 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, assignment 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. Amounts due Franchisor under any other agreement shall be payable according to the terms of that agreement.

B. Costs of Enforcement. Franchisee agrees to pay to Franchisor upon demand all damages, costs, expenses, including costs of collection and reasonable attorneys' fees, incurred by Franchisor in enforcing these post-termination/expiration/assignment provisions.

C. Internet and Other Media. When this Agreement is assigned 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. **Assignments**

A. Assignment by Franchisor. Franchisor has an unrestricted right to assign or otherwise 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 area 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. Franchisor also may transfer or assign, independently or in conjunction with this Agreement, related agreements between Franchisee and 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 assigned or otherwise transferred with Franchisor's prior written approval. Any assignment, or attempted assignment, 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, unless Franchisor consents otherwise in writing or as provided in Section 21 C., below. Section 22 applies to any assignment 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 of stock or of any partnership or member interest, including by operation of law, and any transfer of any interest in revenues, profits or assets of the VCS Business not made in the ordinary course of the VCS Business.

C. VCS Account Assignments. Franchisee occasionally may wish to assign a VCS Account to another VCS Business or to accept an assignment of a VCS Account from another VCS Business. Franchisee agrees to follow Franchisor's then current policies and procedures applicable to such an assignment, which shall include Franchisor's prior written consent, but which consent shall not be unreasonably withheld. It is not unreasonable for Franchisor to require that outstanding payment obligations owed Franchisor under any promissory note or other agreement made by the transferor franchisee in connection with the assigned Account be assumed by the franchisee taking the Account. Franchisee shall not assign or attempt to assign a VCS Account to any person or entity that is not a VCS Business.

D Assignment Conditions.

1. Franchisor has the right to require that some or all of the following conditions be met on all assignments:

- i) Franchisee must be in compliance with this Agreement and any agreements between Franchisee and Franchisor;
- ii) the assignee and its Owners must meet Franchisor's then current requirements for applying 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;
- iv) 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;
- v) Franchisee and assignee must have signed Franchisor's consent to assignment agreement or an equivalent document in a form satisfactory to Franchisor;
- vi) Franchisee and each Owner must sign a general release of claims in a form then required by Franchisor, to the extent permitted by law;
- vii) the assignment must be conditioned on the continuation of Franchisee's indemnification and other post termination obligations intended to survive termination of this Agreement;
- viii) 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
- ix) 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 System 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 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 assignment. Franchisee acknowledges and agrees that an approval of a proposed assignment shall not be deemed 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.

E. 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 Franchised Business and/or the Franchisee must be assigned 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 and 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 organization's 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 in its sole discretion or in compliance with local law.

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 of such provision 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 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 in Franchisor's sole discretion, 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 electronic mail transmission. Notices shall be effective at the earlier of i) the time of actual receipt; or ii) immediately on transmission by 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.

28. **Addresses for Notices**

Notices to Franchisor:

Vanguard Cleaning Systems of Maryland and Delaware
Attn: James D. Mousley, Sr.
6810 Deerpath Rd., Suite 315
Elkridge, MD 21075

EMAIL: dmousley@vgcsva.com

Notices to Franchisee: (no PO boxes)

EMAIL: _____

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. Furthermore, no existing arbitration agreement between the parties shall be superseded unless disputes subject to the prior agreement are also deemed arbitrable under Section 32, it being the intention of the parties that the arbitrability of any dispute covered by the existing arbitration agreement not be limited in any manner by Section 32. 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 Guides 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: Successors and Assigns. 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. This Agreement shall be binding on the heirs, executors, administrators, conservators, nominees, and assigns of the parties, and its benefits shall extend to the successors, assigns, subsidiaries, and affiliated companies of the parties.

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. Franchisor's Exercise of Discretion. In this Agreement, when the phrases "Franchisor's sole and absolute discretion" and/or "sole discretion" are used and whenever Franchisor exercises a right, prescribes an action

or thing, or otherwise makes a choice or uses discretion, Franchisee and Franchisor agree that Franchisor has the express, unrestricted right to make decisions and/or take (or refrain from taking) actions, as Franchisor considers appropriate. Franchisor shall use its judgment in exercising such discretion based on its assessment of the interests Franchisor considers relevant and will not be required to consider Franchisee's individual interests or the interests of any other particular franchisee(s). Franchisor has this right even if a particular decision/action may have negative consequences for Franchisee, a particular franchisee, or a group of franchisees.

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 signatures of the Franchisee's Representative below constitutes an express representation that the representative 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. 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 franchise or to the consent to an assignment under this Agreement by Franchisor, Franchisor can require each of Franchisee's Owners to execute a Guaranty in the form of Exhibit A attached hereto. The undersigned Franchisee Owner(s) and Franchisee Representative 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)/Franchisee Representative(s) 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.

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 Maryland, 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 Maryland statute, regulation or law regarding franchises (including any franchise registration and disclosure law or franchise relationship law) 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 Howard County, Maryland. 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 SUCH LITIGATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS, AND NOT AS PART OF A CONSOLIDATED, COMMON OR CLASS ACTION, FRANCHISOR WAIVES ALL RIGHTS TO PROCEED ON A CONSOLIDATED, COMMON OR CLASS BASIS IN ANY ACTION AGAINST FRANCHISEE AND FRANCHISEE OWNERS. FRANCHISEE AND FRANCHISEE OWNERS WAIVE ALL RIGHTS TO PROCEED ON A CONSOLIDATED, COMMON OR CLASS BASIS IN ANY ACTION AGAINST FRANCHISOR OR LICENSOR, EXCEPT CLAIMS WHICH BY LAW CANNOT BE ARBITRATED OR SUBJECTED TO PRE-DISPUTE ARBITRATION AGREEMENT UNDER CONTROLLING LAW.**

32. **Dispute Resolution**

A. **Informal Negotiation.** The parties to this Agreement agree that 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. To speed resolution and reduce the cost of any dispute, controversy or claim between or among the parties, the parties agree to first attempt to negotiate any dispute informally for at least thirty (30) days before initiating any arbitration proceeding. Such informal negotiations will begin the date a party provides notice to the other that the informal negotiations are necessary.

B. **Exclusive Arbitration of Claims.** If a dispute between the parties occurs, the parties agree to resolve the dispute as described in this Agreement. This Agreement is governed by the Federal Arbitration Act (9 U.S.C. § 1, et seq.) and evidences a transaction involving commerce. Any disputes as to whether the Federal Arbitration Act applies to this Agreement shall be resolved exclusively by an Arbitrator, to the extent permitted by law. If the Federal Arbitration Act is held not to apply, the arbitration law of the state in which Franchisee provides commercial janitorial services under the “Vanguard Cleaning Systems®” trade name will apply. With the exception of the claims expressly carved out below, this Agreement applies to any existing or future dispute brought by Franchisee, Franchisor, any other party, or any agent acting on behalf of either.

THIS AGREEMENT REQUIRES ALL SUCH DISPUTES TO BE RESOLVED ONLY BY AN ARBITRATOR THROUGH FINAL AND BINDING ARBITRATION ON AN INDIVIDUAL BASIS, AND NOT BY WAY OF A COURT OR JURY TRIAL, NOR BY WAY OF A CLASS OR COLLECTIVE ACTION OR PROCEEDING.

1. **Claims Covered By the Arbitration Requirements in this Agreement:** Unless carved out below, claims involving the following disputes shall be subject to arbitration under this Agreement regardless of whether brought by Franchisee, Franchisor, any other party or any agent acting on behalf of either (including their subsidiaries, affiliates, shareholders, owners, officers, directors, managers, representatives, and employees): (1) disputes arising out of or related to Franchisee’s performance of commercial janitorial services under the “Vanguard Cleaning Systems®” trade name and/or its operation as a unit franchisee for this purpose, including disputes relating to the services provided by Franchisee’s workers (including any services provided by a person signing this Agreement); (2) disputes arising out of or related to Franchisee’s relationship or purported relationship with Franchisor; (3) disputes arising out of or related to any standard, specification, or operating procedure relating to the establishment or operation of the franchised business, and (4) disputes arising out of or relating to this Agreement or a breach thereof, as well as disputes relating to the interpretation or application of this Agreement, including the enforceability, revocability, formation, or validity of the Agreement or any portion of this Agreement. This Agreement also applies, without limitation, to disputes regarding any city, county, state or federal wage-hour law, trade secrets, unfair competition, compensation, expense reimbursement, property damage, franchise and business opportunity law compliance and related franchising requirements, training, termination, privacy, copyright, patents, intellectual property, contracts, indemnification, insurance disputes, discrimination or harassment and claims arising under the Uniform Trade Secrets Act, Americans With Disabilities Act, Age Discrimination in Employment Act, Family Medical Leave Act, Fair Labor Standards Act, Employee Retirement Income Security Act, Genetic Information Non-Discrimination Act, and state statutes, if any, addressing the same or similar subject matters, and all other federal and state statutory and common law claims (excluding workers’ compensation, state disability insurance and unemployment insurance claims, and any other claims carved out in this Agreement or claims that may not be compelled to arbitration under applicable law).

2. **Limitations on Application of Arbitration Requirements in this Agreement:** The Arbitration requirements contained in this Agreement do not apply to claims for workers compensation, state disability insurance, or unemployment insurance benefits. Claims may be brought before, and remedies awarded by, an administrative agency if applicable law permits access to such an agency notwithstanding the existence of this Agreement. Such administrative claims include without limitation claims or charges brought before the Equal Employment Opportunity Commission (www.eeoc.gov), the U.S. Department of Labor (www.dol.gov), the National Labor Relations Board (www.nlr.gov), and the Office of Federal Contract Compliance Programs (www.dol.gov/esa/ofccp). Nothing in this Agreement will be deemed to preclude or excuse a party from bringing an administrative claim before any agency in order to fulfill the party’s obligation to exhaust administrative

remedies before making a claim in arbitration (if such an obligation exists).

3. *Additional Excluded Claims*: The following claims shall be excluded from coverage under the *Arbitration* requirements contained in this Agreement: (1) claims that, as a matter of law, may not be subject to a mandatory arbitration agreement; (2) claims that may be adjudicated in small claims court; and (3) claims pending in a state or federal court or arbitration as of the date of Franchisee's receipt of this Agreement.

C. *Class Action Waiver*. The parties agree to bring any dispute in arbitration on an individual basis only, and not on a class, collective, or representative action basis. Accordingly:

1. **There will be no right or authority for any dispute to be brought, heard or arbitrated as a class action, collective or representative actions ("Class Action Waiver"). In any case in which (1) the dispute is filed as a class action, collective or representative action, and (2) there is a final judicial determination that all or part of this Class Action Waiver is unenforceable, the Class Action Waiver shall be enforced to the extent permitted by law and any remaining class, collective and/or representative claims must be litigated in a civil court of competent jurisdiction.**

2. Claims which by law cannot be arbitrated or subjected to pre-dispute arbitration agreement under controlling law are not subject to this Section 32.

3. Franchisor will not take any retaliatory action in response to any exercise of rights Franchisee may claim to have under section 7 of the **NATIONAL LABOR RELATIONS ACT**, if any, including the filing of or participation in a class, collective or representative action. However, Franchisor may lawfully seek enforcement of this Section 32 and seek dismissal of such class or collective action or claims.

4. This Class Action Waiver will be severable, or shall be enforced to the greatest extent possible, in any case in which the dispute is filed as an individual action and severance is necessary to ensure that the individual action proceeds in arbitration.

D. *Arbitration Procedure and Rules*. The Arbitrator shall be selected by mutual agreement of Franchisee and Franchisor. Unless Franchisee and Franchisor mutually agree otherwise, the Arbitrator shall be an attorney licensed to practice in the location where the arbitration proceeding will be conducted or a retired federal or state judicial officer who presided in the jurisdiction where the arbitration will be conducted, with experience in handling the claims and defenses at issue. If for any reason the parties cannot agree to an arbitrator, then an arbitrator will be selected using the alternate strike method from a list of five (5) neutral arbitrators provided by AAA (American Arbitration Association). Franchisee will have the option of making the first strike. Regardless of whether an AAA arbitrator or AAA is used, the parties agree to use the AAA Commercial Arbitration Rules. The parties may agree to use a different set of arbitration rules if other rules would be more appropriate based on the unique claims brought in a particular case, or the Arbitrator may, in his/her reasonable discretion, order the use of an alternative set of AAA Arbitration Rules, if appropriate. If there is a conflict between the AAA Rules and this Agreement, this Agreement shall govern. The AAA rules are available here: <https://www.adr.org/Rules>. Copies of the rules may be requested from Franchisor by emailing dmousley@vgcsva.com or calling (443) 461-0040. Further, the rules may easily be found through a web-based search on Google or Bing.

1. In arbitration, the parties will have the right to conduct adequate civil discovery, bring dispositive motions, and present witnesses and evidence as needed to present their cases and defenses, and any disputes in this regard will be resolved by the Arbitrator. Parties may bring any claim in arbitration that would otherwise be available in a court or venue of competent jurisdiction, including claims under applicable state or local law, except as otherwise expressly provided herein. Likewise, additional claims that would be compulsory or necessary if the dispute were brought in court under the state law provided in Section 31 must be asserted in the same arbitration proceeding, including counter-claims and counter complaints, or the claims will be waived and/or barred to the same extent as if the dispute were being adjudicated in court under applicable law.

2. All claims in arbitration are subject to the same statutes of limitation that would apply in court. Notwithstanding Section 27 of this Agreement, a demand for arbitration must be in writing and delivered by hand or

first-class mail to the other party within the applicable statute of limitations period. Any demand for arbitration by a party must be delivered to the other party to the address provided in Section 28 of this Agreement or to the address listed below, as applicable (or the last known address, if updated address information is provided). The Arbitrator will resolve all disputes regarding the timeliness or propriety of the demand for arbitration.

3. The location of the arbitration proceeding shall be no more than 45 miles from the geographical area in which Franchisee performed commercial janitorial services as a unit franchisee under the “Vanguard Cleaning Systems®” trade name, unless each party to the arbitration agrees otherwise. Arbitrators in any proceeding under this Section 32 will apply applicable law, and a failure to apply the applicable law in accord with Section 31 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.

E. Attorneys’ Fees and Arbitration Costs. Each party will pay the fees for its own attorneys, subject to any remedies to which that party may later be entitled under applicable law. Costs incidental to the arbitration, including the cost of the Arbitrator and the meeting site (“Arbitration Costs”), will be borne by Franchisor and Franchisee equally, unless otherwise required by applicable law. In the event Franchisee contends that, as a matter of law, it is not responsible for payment of any Arbitration Costs, Franchisee will have no obligation to pay any portion of the contested Arbitration Costs until, and only if, the Arbitrator determines that Franchisee is responsible for the costs. If necessary for arbitration of the dispute, Franchisor agrees to advance the amount of the Arbitration Costs contested by Franchisee – to the extent that those costs exceed the costs that Franchisee would be required to pay in initiating and maintaining a comparable legal proceeding outside of arbitration – until such time as the Arbitrator determines payment responsibility. If the Arbitrator determines that Franchisee is responsible for any amount of the Arbitration Costs already paid by Franchisor, Franchisee will remit payment of that amount to Franchisor within a reasonable period of time after the Arbitrator’s determination becomes final or, if regulated by law, within the time allowed by law.

F. Post-Arbitration Procedures. Within thirty (30) days of the close of the arbitration hearing (which period may be extended by stipulation of the parties), any party will have the right to prepare, serve on the other party and file with the Arbitrator a post-arbitration brief. 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 and agrees that the claiming party (including its owners, principals, and guarantors, if applicable) shall be limited to the recovery of actual damages sustained. Subject to the foregoing, the Arbitrator may award any party any remedy to which that party is entitled under applicable law, but such remedies will be limited to those that would be available to a party in his or her or its individual capacity in a court of law for the claims presented to and decided by the Arbitrator, and no remedies that otherwise would be available to an individual in a court of law will be forfeited by virtue of this Agreement. The Arbitrator will issue a decision or award in writing, stating the essential findings of fact and conclusions of law. Except as may be permitted or required under the FTC Rule on Franchising or state franchise law, or as otherwise permitted or required by law and as determined by the Arbitrator, neither a party nor an Arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of the parties. A court of competent jurisdiction will have the authority to enter a judgment upon the award made pursuant to the arbitration.

G. Right to Consult With an Attorney and to Opt Out of Arbitration. Franchisee has the right, and is encouraged, to consult with private counsel of Franchisee’s choice with respect to any aspect of, or any claim that may be subject to, this Agreement. This dispute resolution provision (Section 32 of this Agreement) is voluntary and refusal to enter into it will have no impact on Franchisee’s operation as a Vanguard Cleaning Systems® unit franchise business. If Franchisee signs this Agreement and afterwards no longer wishes to be subject to Section 32 of this Agreement, Franchisee may opt out by notifying Franchisor in writing of Franchisee’s desire to opt out of Section 32. To be effective, the writing indicating Franchisee’s intent to opt out must be dated, signed, and submitted to Franchisor within 30 days of Franchisee’s execution of this Agreement. The writing may be submitted to Franchisor in any reasonable manner, including by U.S. Mail, overnight mail, hand delivery, or email, so long as the method used ensures verifiable receipt by Franchisor within the 30-day period. Franchisee’s writing opting out of this Agreement will be filed with a copy of this Agreement and maintained by Franchisor.

If Franchisee signs this Agreement and does not opt out of Section 32 of this Agreement within the following thirty (30) day period, Franchisee and Franchisor will be bound by the terms of the Section 32 of this Agreement.

H. Use of Arbitration Awards. No findings, conclusions, orders or awards emanating from any arbitration proceeding conducted pursuant to this Section 32 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.

I. Survival and Enforcement. The terms of Section 31 and 32 shall survive termination or expiration of this Agreement. If any portion of Section 31 or 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, pandemic, epidemic or endemic, 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. The 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 in its discretion 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 Acknowledgements

A. 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.

B. Licensor (Vanguard Cleaning Systems, Inc.) 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.

C. 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.

D. 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. 4. and 17, above.

E. 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.

This Agreement is effective only upon execution by both Franchisor and Franchisee and the undersigned Franchisee Owner(s) and Franchisee Representative. 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.

THE EFFECTIVE DATE IS: _____

FRANCHISOR

Delmar Corporate Cleaning Services, Inc.
dba Vanguard Cleaning Systems of Maryland and
Delaware

By: _____
Signature

Print Name: _____

Title: _____

FRANCHISEE (Corp. or LLC)

(Legal Name of Franchisee Entity)

a _____
Jurisdiction of Formation Corporation or LLC

By: _____
Signature Title

Print Name 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)**

Franchisee Owners:

Name: _____

Name: _____

Position/Title: _____

Position/Title: _____

Percentage of ownership: _____ %

Percentage of ownership _____ %

Name: _____

Name: _____

Position/Title: _____

Position/Title: _____

Percentage of ownership: _____ %

Percentage of ownership _____ %

TOTAL 100%

Franchisee Owner Address: _____

Franchisee Owner Address: _____

Fax: _____

Fax: _____

Email: _____

Email: _____

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 Delmar Corporate Cleaning Services, Inc. dba Vanguard Cleaning Systems of Maryland and Delaware ("FRANCHISOR") of that certain Franchise Agreement (the "Agreement") dated [REDACTED] between FRANCHISOR and [REDACTED] ("FRANCHISEE"), or in consideration of and as an inducement to FRANCHISOR's consent to an assignment by or of FRANCHISEE under the Agreement, each of the undersigned parties, including:

[REDACTED] ("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 (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 Account Transfer and Acceptance or other related agreement between Franchisee and Franchisor. Each Guarantor expressly represents and acknowledges that he or she has read the Agreement, 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, an Account Transfer and Acceptance or other agreement between FRANCHISEE and FRANCHISOR, and all exhibits thereto 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;
- (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 and any exhibits thereto, including any Account Transfer and Acceptance, and shall be continuing and irrevocable with respect to such Agreement and any related exhibits, whenever executed, for so long as any performance is or might be owed under the Agreement 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

Signature

%

Print Name

Total must = 100%

EXHIBIT B
TO THE FRANCHISE AGREEMENT
INDEPENDENT CONTRACTOR ACKNOWLEDGEMENT



INDEPENDENT CONTRACTOR ACKNOWLEDGEMENT

I hereby acknowledge that my company, _____, has been awarded a Vanguard Cleaning Systems® franchise by Delmar Corporate Cleaning Services, Inc. dba Vanguard Cleaning Systems of Maryland and Delaware (my Area Franchisor) 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 training, scheduling, wages, 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 Delmar Corporate Cleaning Services, Inc. dba Vanguard Cleaning Systems of Maryland and Delaware, Vanguard Cleaning Systems, Inc. or any other Vanguard Cleaning Systems area franchisor, 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: _____, VCS Business owner

Signature

Print Name

VCS Business Name

Each Vanguard Cleaning Systems® business is independently owned and operated.

® is a registered mark of Vanguard Cleaning Systems, Inc.

EXHIBIT B
TO THE FRANCHISE DISCLOSURE DOCUMENT

INSURANCE REQUEST FORM/PAYMENT AUTHORIZATION

INSURANCE REQUEST FORM/PAYMENT AUTHORIZATION

_____ (Franchisee) understands that Franchisee is required to obtain certain minimum insurance coverage, as described in Franchisee's Franchise Agreement. Franchisee has the option of obtaining commercial liability and umbrella liability coverage and crime insurance meeting the minimum requirements by participating in the Vanguard Cleaning Systems® group insurance program offered to Franchisee by Delmar Corporate Cleaning Services, Inc. (Franchisor). Franchisee voluntarily chooses to participate in this insurance program and hereby requests to participate understanding the following:

Coverage available under the optional insurance program and shared by participating Vanguard Cleaning Systems® businesses includes-

A master policy with \$1 million crime insurance coverage;

A master commercial general liability policy with a liability limit of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; and

A master commercial umbrella liability policy with insurance coverage of \$10,000,000

- Coverage only applies to Accounts for which Franchisee's business provides services under the Vanguard Cleaning Systems® brand
- Coverage does NOT include workers' compensation insurance, automobile liability insurance, unemployment insurance, medical/dental or plan deductible coverage and any items excluded under the particular group policies
- If Franchisee has or obtains this coverage through another source, the costs could be less than the group insurance program costs, depending on the carrier selected, policy limits and other variables.

Under the insurance program currently available through Franchisor, Franchisee pays Franchisor the cost of coverage, plus an administrative fee charged by the Franchisor. The administrative fees are revenue for the Franchisor. Rates are subject to change. Any insurance program is subject to change or elimination in Franchisor's discretion.

By signing in the space below, Franchisee agrees to pay to participate in the insurance program a nonrefundable monthly fee of _____% of Franchisee's total gross monthly Accounts and special services billings. Franchisee authorizes Franchisor to deduct this amount from funds collected from Franchisee's Accounts to the extent available. Vanguard can discontinue the Vanguard® insurance program by giving 30 days advance written notice of cancellation to Franchisee. Franchisee can discontinue participation in the Vanguard® insurance program by giving 30 days advance written notice of cancellation and delivering to Franchisor certificates of coverage issued by the insurance companies Franchisee selects to provide alternative coverage and copies of endorsements identifying Franchisor and Vanguard Cleaning Systems Inc. each as an additional insured.

FRANCHISEE (Corp. or LLC)

(Legal Name of Franchisee Entity)

By: _____
Signature Title

Print Name Date

EXHIBIT C
TO THE FRANCHISE DISCLOSURE DOCUMENT
GENERAL RELEASE
(Subject to change by Franchisor)

FRANCHISEE RELEASE OF CLAIMS

INCLUDE FOR FRANCHISEES ENTERING INTO A SUCCESSOR FRANCHISE TERM AND ATTACH THE RELEASE TO THE SUCCESSOR TERM ADDENDUM AS AN EXHIBIT:

In consideration of the Franchise Agreement (the “Franchise Agreement”) granted to the undersigned (the “Franchisee”) by Delmar Corporate Cleaning Services, Inc., dba Vanguard Cleaning Systems of Maryland and Delaware (“Franchisor”) for a successor term in connection with Franchisee’s Vanguard Cleaning Systems® franchised business, 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 **202** (the Effective Date):

INCLUDE FOR FRANCHISE TRANSFERS:

In consideration of the consent from Delmar Corporate Cleaning Services, Inc. dba Vanguard Cleaning Systems of Maryland and Delaware (“Franchisor”) to the undersigned (the “Franchisee”) in connection with the transfer of Franchisee’s Vanguard Cleaning Services Franchise and as required under the franchise agreement between Franchisee and Franchisor (the “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 **202** (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.

Limitations on Release Required by State Franchise Laws.

This release expressly excludes, as applicable, any claims arising under the Maryland Franchise Registration and Disclosure Law, and will not operate to limit or relieve any person from any liability imposed by such law.

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 [grant of a successor term] [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)

PERCENTAGE OF OWNERSHIP
OF FRANCHISEE

Signature

_____ %

Printed Name

Signature

_____ %

Printed Name

(Total must = 100%)

EXHIBIT D
TO THE FRANCHISE DISCLOSURE DOCUMENT
LIST OF OUR CURRENT AND FORMER FRANCHISEES

Franchise Owner	Account Name	Phone	Address	City	State	Zip Code
Diamond Manire	Divine Enterprises LLC	(215) 828-9535 - De	5 Bluegrass Blvd.	Smyrna	Delaware	19977
Michael Yearian	Fox Cleaning Services Inc.	(302) 547-5035	704 Tracy Circle	Townsend	Delaware	19734
John Mellette	Highline Cleaning Services, Inc.	(302) 442-2080	407 Carriage Way	New Castle	Delaware	19720
Mark Royster	MMR Cleaning Services		12 Swanson Lane	Newark	Delaware	19702
Patricia Lee	PDL Cleaning Services Inc.	(302) 345-9376	525 McCabe Avenue	Wilmington	Delaware	19802
Rosemary Okwudishu	Troikamaxx LLC	302-220-9107	8 Cromwell Court	Newark	Delaware	19702
Tavon Burton	A Pure Cleaning LLC	443-929-5953	2014 Rock Glenn Blvd.	Havre de Grace	Maryland	21078
Calvin McNeil	Above & Beyond Cleaning	443-866-6159	3490 Dolfield Ave.	Baltimore	Maryland	21215
Helman Gomez	Aimtru Consulting LLC	443-356-5069	669 Belair Road #1077	Bel Air	Maryland	21014
Angela Acevedo	Angie Cleaning Service LLC	(443) 991-9728	1309 Hillsway Court	Parkville	Maryland	21234
Onix Reyes	Ascencio Cleaning Services, LLC	240-355-3108	6511 Rosalie Lane	Riverdale	Maryland	20737
Evelyn Ayala	Ayalas Commercial and Resident	(443) 210-5365	107 Willow Bend DriveA	Owings Mills	Maryland	21117
Xiomara J. Reyes Perdon	B&X Cleaning Systems LLC	(443) 301-2046	2803 Marnat Road	Baltimore	Maryland	21209
Jorge Batres	Batres Cleaner, Inc.	443-850-8302	5915 Loch Raven Blvd.	Baltimore	Maryland	21239
Ben Gary	Ben Gary LLC	(443) 463-0177	705 Woodland Drive	Halethorpe	Maryland	21227
Karla Salmeron	Brilla Clean LLC	(443) 320-6789	334 Bishop CT	Westminster	Maryland	21157
Brenda Sanchez	CAMI Cleaning Service LLC	(415) 559-1906	318 Highfalcon Road	Reisterstown	Maryland	21136
Claudia Franco	CEF Cleaning Services LLC	443.922.8931	5021 Columbia Rd.Apt 3	Owings Mills	Maryland	21117
Celia Umanzor	Celia's Cleaning	240.750.7034	808 Uniontown Rd.	Westminster	Maryland	21558
Martha Amaya Solis	CJM Cleaning Services LLC	443-868-8550	24 Hillside Court	Westminster	Maryland	21157
Elmer Lobos	Cleanpro Company LLC	443.467.7957	9824 Clanford Road	Randallstown	Maryland	21133
Maria De Los Angeles	Colin Cleaning Services LLC	443-547-9719	102 Brookview Court	Westminster	Maryland	21157
Bernard Freeman	Correct Cleaning, LLC	(443) 518-6717	4022 Winlee Road	Randallstown	Maryland	21133
Tim Davis Jr.	Davis Cleaning Service LLC	443-401-5396	4924 Bowland Ave.	Baltimore	Maryland	21206
Marlenis E Diaz Ramos	Diazz Cleaning LLC	(443) 680-2554	1901 Hillcrest Road	Baltimore	Maryland	21207
Delroy Crosdale	DMV All Vending LLC	240-423-8435	6882 Riverdale Road Apt	Lanham	Maryland	20706
Ericka Machado	EC Cleaning Service LLC	(443) 559-1978	6701 Railway Avenue	Dundalk	Maryland	21222
Elida Rosales	Eli Cleaning Service LLC	410.565.2348	10 Blue Spire Circle	Middle River	Maryland	21220
Alicia Mendoza	EYK Professional Services LLC	(443) 531-7899	4678 Leonardtown Rd.	Waldorf	Maryland	20601
Patricia L. Luber	From Dust to Shine LLC	667.213.8957	401 Fairfax Avenue	Baltimore	Maryland	21225

Sindy Perdomo	G&J Cleaning Systems of Maryland	443-814-3021	3812 Cassandra Rd	Baltimore	Maryland	21133
Tywanna Gardner	Gardner & Company Realty LLC	(443) 230-6421	4504 Wentworth Road	Gwynn Oak	Maryland	21207
Glenda Avalos	Genesis Cleaning Systems LLC	410-670-1142	3808 Dakota Road	Hampstead	Maryland	21074
Gerardo Torres Rivera	GT Starclean LLC	571-309-1061	12 Allspice Ct.	Owings Mills	Maryland	21117
Enma Rosario Guevara-L	Guevara Cleaning Services Inc.	443.680.9273	309 6th Avenue	Baltimore	Maryland	21225
Jose Gutierrez	Gutierrez Master Clean	(443) 525-6198	9312 Beowulf Circle	Rosadale	Maryland	21237
Flor Ocon	H AND F CLEANING LLC	(240) 543-5594	794 Redskin Drive	Westminster	Maryland	21157
Sebastiana Carcamo Rey	Heavy Cleaning Specialist, Commercial & Industrial Services, LLC	443.814.7679	925 Homberg Avenue	Essex	Maryland	21221
Howard Jenifer	HLJ3 Enterprises, LLC	(443) 829-9274	3508 Sussex Road	Baltimore	Maryland	21207
Irene Sanchez-Claros	J & R Professional Cleaning LLC	443-522-4443	23 Brookebury DriveApt	Reisterstown	Maryland	21136
Merf Thomas Mitten	J & T Services LLC	(410) 262-7099	7301 School Avenue	Dundalk	Maryland	21222
Alma Leticia Chavarria	JADS, LLC	(443) 851-6909	946 Foxridge Lane	Baltimore	Maryland	21221
Jaime Jacome	Jame Cleaning Services LLC	(443) 762-8146	3409 Essex Road	Baltimore	Maryland	21207
Gabriel Marroquin	Johan's Cleaning Service LLC	(443) 500-4979	10 Enchanted Hills Road Apartment 2	Owings Mills	Maryland	21117
Lisa Drummond	Joyful Cleaning	410-294-2994	732 McKewin Ave.	Baltimore	Maryland	21218
Kimberly Salmeron	Kimberly Cleaning Services LLC	443-929-7653	16 Richmar RoadApt A	Owings Mills	Maryland	21117
Mirna Jacome	LY Cleaning Services, Inc.	(443) 813-6361	15 Aldyth Avenue	Reisterstown	Maryland	21136
Marina Martinez Franco	Mairyn Cleaning Service LLC	443-447-6089	208 Conewood Avenue	Reisterstown	Maryland	21136
Dairin Gutierrez	Maranatha's Cleaning Service LLC	(443) 857-7533	3641 Dolfeld Avenue	Baltimore	Maryland	21215
Marcos Bernal	Marcos Cleaning Company LLC	443.887.3023	203 Alymer Court	Westminster	Maryland	21157
Jose Orellana-Urbina	Mercy Cleaning System	443-536-6017	495 Monarch Drive	Westminster	Maryland	21157
Maria Ester Rivera	MERR Cleaning	(443) 986-3380	68 Winchester Avenue	Westminster	Maryland	21157
William Mask	Mint Condition Cleaning Service	301-219-7013	10604 Lazy Day Lane	Bowie	Maryland	20721
John Stilling	Mop Squad Cleaning Service	410-808-6021	403 Chestnut Hill Road	Forest Hill	Maryland	21050
Shrae Lewis	Ms Anns Cleaning Service Limited	(410) 300-8430	9 Prestwick Sq.	Catonsville	Maryland	21228
Mayra Aracely Maravilla	NG Cleaning LLC	667.600.8355	7542 Westfield Road	Dundalk	Maryland	21222
Tony Cena	Nohemy's Professional Cleaning	(443) 804-7080	1 Craftsman Court	Reisterstown	Maryland	21136

Norma Elizabeth Vasquez	NRV Cleaning Services LLC	443-985-4238	9824 Clanford Road	Randallstown	Maryland	21133
Jaime Lopez	ON DOT SERVICES LLC	240-997-9226	204 Rosetta Way	Davidsonville	Maryland	21035
Silvia Garcia	Optimal Cleaning and Painting Se	(443) 691-0141	4600Mannasota Avenue	Baltimore	Maryland	21206
Livinia Evelin Rodriguez	Perfect Cleaning Service LLC	(919) 436-5523	321-C Lake Vista Circle	Cockeysville	Maryland	21030
DeVita Davis	Puzzies Girl Cleaning Services	(443) 983-2570	1943 Graymount Way	Edgewood	Maryland	21040
Randy Gue	REO Properties and Inspections L	4435672300	4815 Clermont Mill Road	Pylesville	Maryland	21132
Elvin Reyes	Reyes Cleaning Systems LLC	443-536-9214	1 E. Marys Ct.	Finksburg	Maryland	21048
Jose Diaz	Right Hand Cleaning LLC	443-756-0405	PO Box 8599	Parkville	Maryland	21234
Maximiliana Caton	Rogers Contracting LLC	(443) 414-7210	21 King Richard Court	Rosedale	Maryland	21237
Ana Claros Amaya	S&H Supreme Cleaning LLC	(443) 522-7959	129 S. Tollgate Rd.	Owings Mills	Maryland	21117
Ana Velasquez	Sparkclean LLC	(443) 425-5729	2513 Fox Road	Fallston	Maryland	21047
Roderick Jones	Squeaky Clean Cleaning Services	410-205-0495	3534 Virginia Avenue	Baltimore	Maryland	21215
Lonzo Warren	Suds & A Bucket LLC	443-680-3153	1544 York RoadLower Le	Lutherville	Maryland	21093
Blanche Candeloro	Sunny Side Up Tanning	(443) 797-9922	5503 Delores Avenue	Halethorpe	Maryland	21227
Alejandra Cena	Super Shiny Cleaning LLC	443-334-7478	1 Craftsman Court	Reisterstown	Maryland	21136
David Mauricio Huevo						
Cortez	The4 Magic Services LLC	(443) 993-9832	40 Sullivan Avenue	Westminster	Maryland	21157
Terry Stahl Jr.	TJS Services LLC	410-802-1230	1401 Claridge Avenue	Halethorpe	Maryland	21227
Blanca Reyes	Walkcleaning LLC	(443) 891-5170	2904 Dunmore RoadApt	Dundalk	Maryland	21222
Wilson Mendoza	Wilson MM Cleaning LLC	(443) 763-8657	207 Embleton Road	Owings Mills	Maryland	21117
Yami Barahona	Yamis Cleaning LLC	(443) 881-0007	3452 Erdman Avenue	Baltimore	Maryland	21213
David Kevin Williams IV	Zuri Solutions, LLC	919-594-7301	3342 Toledo Terrace #3C	Hyattsville	Maryland	20782

**LIST OF FORMER FRANCHISEES DEPARTING
DURING THE PERIOD JANUARY 1, 2025 THROUGH DECEMBER 31, 2025**

Delaware

Vincent Puckham
New Castle, DE
302-897-9279

Maryland

Andrea Perez
Abingdon, MD
(443) 356-5069

Bianca Serrano
Laurel, MD
(443) 560-1348

Milton Arias
Randallstown, MD
410-718-6140

Gustavo Funes
Reisterstown, MD
410-718-6140

EXHIBIT E
TO THE FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS
OF REGION AND VANGUARD

Delmar Corporate Cleaning Services, Inc.

D/B/A Vanguard Cleaning Systems of Delaware and Vanguard
Cleaning Systems of Maryland

Financial Statements and
Independent Auditors' Report

For the periods ended December 31, 2025, 2024, and 2023





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Alpharetta, GA 30009
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www.WhirleyProactive.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Delmar Corporate Cleaning Services, Inc.

6810 Deerpath Rd, Suite 315

Elkridge, MD 21075

Opinion

We have audited the accompanying financial statements of Delmar Corporate Cleaning Services, Inc. (the "Company"), which comprise the balance sheet as of December 31, 2025, and 2024, and the related statements of income and stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and 2024, 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Company for the year ended December 31, 2023, were audited by another auditor, who expressed an unmodified opinion on those statements on June 14, 2024.

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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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.

Whitely & Associates, LLC

May 5, 2026
Alpharetta, Georgia

Delmar Corporate Cleaning Services, Inc.

Balance Sheets

As of December 31, 2025, 2024, and 2023

Assets	2025	2024	2023
Current Assets:			
Cash and cash equivalents	\$ 448,967	\$ 139,350	\$ 49,986
Accounts receivable, net of allowance for credit losses of \$4,464, \$28,867 and \$-0-, respectively	565,465	519,682	741,037
Marketing fee and equipment notes receivable , net of allowance for credit losses of \$4,000, \$6,000 and \$-0-, respectively	48,478	53,082	78,194
Income tax receivable	35,807	41,404	41,404
Due from shareholder	-	45,448	45,023
Prepaid expenses	1,935	24,336	6,409
Total Current Assets	1,100,652	823,302	962,053
Non-Current Assets:			
Net fixed assets	26,679	47,733	69,619
Marketing fee and equipment notes receivable	-	417	1,987
Due from shareholder	-	165,295	209,389
Right-of-use assets	144,025	205,354	255,901
Franchise rights	13,042	12,820	27,083
Deferred tax assets	53,395	65,806	20,302
Total Assets	1,337,793	1,320,727	1,546,334
Liabilities and Members' Equity			
Current Liabilities:			
Accounts payable and accrued expenses	676,314	632,792	698,303
Operating lease obligations	71,899	64,950	58,389
Deferred revenue	2,100	16,564	15,086
Total Current Liabilities	750,313	714,306	771,778
Non-Current Liabilities:			
Deferred revenue	-	1,921	4,692
Operating lease obligations	79,407	151,306	209,714
Total Liabilities	829,720	867,533	986,184
Stockholders Equity			
Common stock, \$1 par value, 25,000 shares authorized 25,000 shares issued and 14,967 outstanding	25,000	25,000	25,000
Additional paid in capital	327,873	327,873	327,873
Treasury stock, at cost 10,033 shares	(377,938)	(377,938)	(377,938)
Retained earnings	533,138	478,259	585,215
Total Stockholders Equity	508,073	453,194	560,150
Total Liabilities and Stockholders Equity	\$ 1,337,793	\$ 1,320,727	\$ 1,546,334

SEE ACCOMPANYING NOTES

Delmar Corporate Cleaning Services, Inc.

Statements of Income and Stockholders' Equity

For the Year Ending December 31, 2025, 2024, and 2023

	2025	2024	2023
Revenues			
Royalty and administration fees	\$ 2,029,890	\$ 2,034,590	\$ 2,296,508
License fees	2,592	11,977	9,400
Marketing fees	127,561	118,146	203,593
Supply, equipment sales and other revenues	610,313	206,473	257,637
Total Revenues	2,770,356	2,371,186	2,767,138
Cost of Revenues			
Royalty fees	323,794	322,772	348,244
Group insurance	115,628	100,823	103,339
Supply, equipment costs and other	175,592	201,361	250,260
Total Cost of Revenues	615,014	624,956	701,843
Gross Profit	2,155,342	1,746,230	2,065,295
Expenses			
Selling and general and administrative	2,065,453	1,881,361	2,080,321
Depreciation and amortization	30,832	36,149	36,524
Total Operating Expenses	2,096,285	1,917,510	2,116,845
Income from Operations	59,057	(171,280)	(51,550)
Other Income (Expense)			
Interest expense	(846)	(69)	(389)
Interest income	11,238	14,352	22,503
Other	3,885	4,537	3,063
Total Other Income (Expense)	14,277	18,820	25,177
Net Income Before Income Taxes	73,334	(152,460)	(26,373)
Current income tax expense	(6,044)	-	-
Deferred tax benefit	(12,411)	45,504	5,803
Net Income (Loss)	\$ 54,879	\$ (106,956)	\$ (20,570)
Retained Earnings, Beginning of Year	478,259	585,215	605,785
Dividends	-	-	-
Retained Earnings, End of Year	\$ 533,138	\$ 478,259	\$ 585,215

SEE ACCOMPANYING NOTES

Delmar Corporate Cleaning Services, Inc.

Statements of Cash Flows

For the Year Ending December 31, 2025, 2024, and 2023

Operating Activities	2025	2024	2023
Net Loss	\$ 54,879	\$ (106,956)	\$ (20,570)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	30,832	36,149	36,524
Loss on disposal of assets	-	-	1,167
Amortization of right-of-use assets	61,329	50,547	52,982
Provision for losses on receivables	-	34,867	-
Deferred income tax provision (benefit)	12,411	(45,504)	(5,947)
(Increase) decrease in:			
Accounts receivable	(45,783)	192,488	(95,993)
Franchise and marketing fee notes receivable	5,021	20,682	94,562
Prepaid expenses	22,401	(17,927)	4,217
Income tax receivable	5,597	-	-
Increase (decrease) in:			
Accounts payable and accrued expenses	43,522	(65,511)	42,008
Operating lease obligations	(64,950)	(51,847)	(52,341)
Deferred revenue	(16,385)	(1,293)	(15,208)
Net cash provided by operations	108,874	45,695	41,401
Investing Activities			
Acquired intangibles	(10,000)	-	-
Proceeds from repayment of shareholder notes	210,743	43,669	41,960
Net cash provided by investing activities	200,743	43,669	41,960
Financing Activities			
Payments on line of credit	-	-	(58,000)
Net cash used in financing activities	-	-	(58,000)
Net Change in Cash and Cash Equivalents	309,617	89,364	25,361
Cash and Cash Equivalents at the Beginning of the Period	139,350	49,986	24,625
Cash and Cash Equivalents at the End of the Period	\$ 448,967	\$ 139,350	\$ 49,986
Supplemental Cash Flow Disclosure			
Interest paid	\$ 846	\$ 69	\$ 389
Interest received	11,238	14,352	22,503
Operating cash flows from operating leases	(77,391)	(75,137)	(72,949)

SEE ACCOMPANYING NOTES

Note 1: Nature of Operations

Delmar Corporate Cleaning Services, Inc. (the Company) was organized and incorporated in the State of Delaware on July 15, 2005, as a master franchisor of commercial, industrial, and building maintenance services. As a master franchisor its region encompasses all counties in Maryland and Delaware. The Company purchased the right to solicit sub franchises throughout this territory.

Note 2: Summary of Significant Accounting Policies

Revenue Recognition:

Marketing fees are charged for activities associated with lead generation and inside sales activities provided for the benefit of the Company's franchisees. Administrative and support fees are charged for franchisee customer monthly billing services, providing group rates for general liability and crime bond insurance, as well as general franchisee customer support. Royalties, administrative billings service, supply sales and marketing fees are recognized at the point in time the service is provided.

The Company recognizes revenue from the sale of initial franchise licenses over a five-year period, which is the initial term of the franchise license. Royalties and administrative billing services are recognized monthly based upon a percentage of the Franchisee's monthly janitorial revenue. The Company recognizes revenue from the sale of supplies and equipment net of sales taxes and discounts to its customers as the supplies are delivered. Marketing fees are recognized monthly based upon a multiple of the new revenue sourced for the Franchisee. Contract assets associated with our contracts with franchisees are accounts and notes receivable. The liabilities associated with our contracts with franchisees are franchisee payables and deferred license fee revenue.

The franchise agreements require the franchisees to pay the Company an administration fee, a royalty fee, and a marketing fee. Franchisees can also participate in a group insurance plan. The fees and insurance are based on percentages of monthly janitorial billings

Cash Equivalents:

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Notes Receivable:

Accounts Receivable are generally short-term and do not carry interest. They are recorded when invoices are issued and presented on the balance sheet net of the allowance for credit losses. Accounts receivable are written off when they are determined to be uncollectible. The allowance for doubtful accounts is estimated based on the Company's historical losses and its customers' financial stability.

Marketing fees and equipment financing notes receivable are recorded at the contract amount, less cash received as a down payment. The carrying value of the notes receivable represents the unpaid principal balance, less the allowance for credit losses. The Company does not charge any loan origination or commitment fees. The Company charges interest on the notes and generally finances the notes over 6 to 18 months. Principal payments reduce the notes and interest income is recognized as the notes amortize under the effective interest method.

After a period of 90 days of non-payment, the notes are placed on non-accrual status, the Company suspends the recognition of interest income, and a determination is made as to whether impairment losses are incurred. The Company evaluates the collectability of the notes based upon specific circumstances and establishes an allowance for credit losses based upon historical experience. After the Company receives past due note payments, within 30 days, the notes will resume accrual of interest income. During 2024, the Company changed its methodology for estimating credit losses on its notes receivable to provide a more accurate projection of potential credit losses based primarily upon historical experience.

Property and Equipment:

Property and equipment are recorded as cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which are generally five to ten years.

Finite Lived Intangibles and Impairment of Long-lived Assets:

We review long-lived assets, such as property, plant and equipment and finite-lived intangible assets, for impairment whenever events indicate that the carrying amounts might not be recoverable. Recoverability of property, plant and equipment, and other finite-lived intangible asset is measured by comparing the projected undiscounted net cash flows associated with those assets to their carrying values. If an asset is considered impaired, it is written down to its fair value, which is determined based on the asset's projected discounted cash flows or appraised value, depending on the nature of the asset. For purposes of recognition of impairment for assets held for use, we group assets and liabilities at the lowest level for which cash flows are separately identifiable. There were no impairments of finite lived intangibles or long-lived assets during the periods ending December 31, 2025, 2024, and 2023.

Fair Value of Financial Instruments and Related Fair Value Measurements:

The carrying value amounts reflected in the balance sheet for cash and cash equivalents, accounts and notes receivable, accrued expenses and other current assets and liabilities approximate their respective fair values based on the short-term measure of these instruments.

Leases:

The Company recognizes right-of-use assets and operating lease obligations at the net present value of the future lease obligations in excess of one year from inception. The initial assessment of the lease term includes the non-cancellable periods of the lease together with those periods covered by an option to extend if management is reasonably certain to exercise the option.

The Company has elected to apply the short-term lease exception to all leases of one year or less and use its incremental borrowing rate to determine the net present value of the operating lease obligation. The incremental borrowing rate is estimated based upon market conditions and management's estimate of the Company's creditworthiness at the time of lease inception.

The Company does not record right-of-use assets and operating lease obligations for leases with a term of less than one year. Rent expense is recognized on the straight-line method over the life of the lease, the difference between the amounts paid under the terms of the lease and the amounts expensed under the straight-line method are recorded as adjustments to the right-to-use assets.

Accounting for Income Taxes:

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities reflect the tax effects of net operating losses, tax credits, and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. They are determined using enacted tax rates in effect for the year in which such temporary differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We record deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. When we establish or reduce the valuation allowance against our deferred tax assets, our provision for income taxes will increase or decrease, respectively, in the period that the determination to change the valuation allowance is made.

Accounting for Uncertainty in Income Taxes:

The Company recognizes material amounts of uncertain tax positions as income tax expense. The Company recognizes accrued interest associated with uncertain tax positions as part of interest expense and penalties associated with uncertain tax positions as part of other expense. For the periods ending December 31, 2025, 2024, and 2023, management believes there are no material amounts of uncertain tax positions. Additionally, no amounts of interest or penalties were recognized in the balance sheets or statements of income for the years presented.

Delmar Corporate Cleaning Services, Inc.

Notes to Financial Statements

For the Year Ending December 31, 2025, 2024, and 2023

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and assumptions are based on the Company's knowledge of current events and actions the Company may take in the future, actual results could ultimately differ from those estimates and assumptions and the differences could be material. The significant estimates include the allowance for credit losses.

Compensated Absences:

Employees of the Company are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The company's policy is to recognize the costs of compensated absences when actually paid to employees.

Advertising:

The Company expenses advertising expenses as incurred. Advertising expenses for the years ended December 31, 2025, 2024, and 2023 are \$9,082, \$7,088, and \$30,539, respectively.

Reclassifications:

Certain amounts in 2023 and 2024 financial statements have been reclassified for comparative purposes to conform to the presentation of 2025 financial statements.

Subsequent Events:

Subsequent events are evaluated through May 5, 2026, which is the date the financial statements are available to be issued.

Note 3: Concentration of Credit Risk

The financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of accounts receivable, notes receivable and cash deposits. Credit sales are made to the customers for services and are unsecured. Notes receivables are to various entities, including sole proprietors and incorporated entities and are unsecured. As of December 31, 2025, cash balance unsecured by the Federal Deposit Insurance Corporation was \$314,512.

Note 4: Income Taxes

The provision for income taxes includes federal and state taxes currently payable. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Generally, the Company's income tax returns are subject to examination for the years ending 2027 through 2029. The Company has a Federal net operating loss of \$179,439, which does not expire. The current provision for income tax differs from that computed by applying the statutory rate to net income (loss) before any provision for taxes because deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences result from the distinct financial and income tax methods in recording depreciation and amortization and credit losses and the availability of net operating losses. The components of the net deferred tax asset are as follows:

	2025	2024	2023
Net operating loss	\$ 53,811	\$ 64,685	\$ 37,509
Fixed assets	(2,894)	(7,706)	(17,207)
Right-of-use asset	-	(1,452)	-
Allowance for credit losses	2,478	10,279	-
Net Deferred Tax Asset	\$ 53,395	\$ 65,806	\$ 20,302

Note 5: Accounts and Marketing Fee and Equipment Notes Receivable

Marketing Fee and Equipment Notes Receivable:

The Company finances a significant portion of the marketing fees from existing franchisees for additional business (volume), and, at times, finances the sale of cleaning equipment to its franchisees. The Company does not segregate its notes based upon qualitative measures. The Company believes the credit quality is similar across the entire portfolio of notes. The franchisees purchase additional volume under a separate contract for marketing services which the Company generally finances over a 6-to 18-month period. Equipment sales are generally financed over a 12-to-24 month period. The company does not update the credit quality ratings for each franchisee until a significant event occurs in servicing the customer accounts. The current credit quality indicators were set throughout the year ended December 2025.

The notes carry rates of interest between 0%-12%. A summary of the marketing fee and equipment sale notes receivable, with anticipated cash flows from collections, are as follows:

	2025	2024	2023
Marketing Fee Notes Receivable - Commercial	\$ 42,394	\$ 56,305	\$ 76,785
Less: Allowance for credit losses	(4,000)	(6,000)	-
Net Marketing Fee Notes Receivable	38,394	50,305	76,785
Equipment Finance Notes Receivable - Commercial	10,084	3,194	3,396
Less: Allowance for credit losses	-	-	-
Net Equipment Finance Notes Receivable	10,084	3,194	3,396
Total Net Marketing, Equipment Notes Receivable	48,478	53,499	80,181
Current portion	(48,478)	(53,082)	(78,194)
Long-term portion of Notes Receivable	\$ -	\$ 417	\$ 1,987
Schedule collections in 2024	-	-	78,194
Schedule collections in 2025	-	59,082	1,987
Schedule collections in 2026	58,562	417	-
Schedule collections in 2027	-	-	-
	\$ 58,562	\$ 59,499	\$ 80,181

As of December 31, 2025, the Company does not have any franchise notes classified as past due. The recognized credit losses for trade accounts and notes receivable are reflected below along with other changes in the provision for credit losses.

Change in Provision for Credit Losses-Accounts Receivable:

	2025	2024	2023
Balance, beginning of year	\$ (28,867)	\$ -	\$ -
Receivables charged off	24,403	-	-
Recoveries	-	-	-
Provision for credit losses	-	(28,867)	-
Balance, end of year - provision for credit losses	\$ (4,464)	\$ (28,867)	\$ -

Change in Provision for Credit Losses-Marketing Fee and Equipment Notes Receivable:

	2025	2024	2023
Balance, beginning of year	\$ (6,000)	\$ -	\$ -
Receivables charged off	-	-	-
Recoveries	2,000	-	-
Provision for credit losses	-	(6,000)	-
Balance, end of year - provision for credit losses	\$ (4,000)	\$ (6,000)	\$ -

Note 6: Fixed Assets

Net fixed assets consist of the following as of December 31, 2025, 2024, and 2023:

	2025	2024	2023
Office Furniture and Fixtures	\$ 14,747	\$ 14,747	\$ 14,747
Computer Equipment	29,978	29,978	29,978
Vehicles	104,187	104,187	104,187
Total Fixed Assets, Machinery and Equipment	\$ 148,912	\$ 148,912	\$ 148,912
Less: Accumulated Depreciation	(122,233)	(101,179)	(79,293)
Fixed Assets, Machinery and Equipment - NET	\$ 26,679	\$ 47,733	\$ 69,619

Note7: Franchise Rights

The amounts paid by the Company for its rights to the master franchise were capitalized at the initial cost. The franchise rights are amortized over the life of the initial franchise acquisition. The balances consisted of the following as of December 31, 2025, 2024, and 2023:

	2025	2024	2023
Franchise Rights	\$ 215,000	\$ 205,000	\$ 205,000
Accumulated Amortization	(201,958)	(192,180)	(177,917)
Net Franchise Rights	\$ 13,042	\$ 12,820	\$ 27,083
Aggregate annual amortization expense	9,779	14,263	14,263

The Company has the master franchise rights to the Maryland and Delaware areas of development. The Maryland franchise rights have a weighted average remaining life of 19.67 years and expire in 2045. The Delaware franchise rights have a weighted average remaining life of 2.17 years. The Company has the option to renew both master franchises for an additional 20 years without substantial performance obligations. The Company will incur amortization expense of \$2,000 in 2026 and 2027, then \$500 through 2044, and then \$298 in 2045. If the Company does not renew its rights in the master franchise agreement, it will not have the right to continue operations in the development area.

Note 8: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following as of December 31, 2025, 2024, and 2023:

	2025	2024	2023
Franchisee payables	\$ 570,852	\$ 528,850	\$ 618,923
Accounts payable	70,846	69,007	35,378
Sales tax payable	34,616	30,916	40,072
Other accrued expenses	-	4,019	3,930
Total Accounts Payable and Accrued Expenses	\$ 676,314	\$ 632,792	\$ 698,303

Note 9: Leases

The Company leases its main administrative and operating space from an unrelated entity. The lease commenced in January Of 2023, is non-cancellable and terminates in December 2027 with one renewal option of 5 years. The monthly payment is \$6,593 which escalates annually by 3% in October of each year.

The Company used its incremental borrowing rate of 5% to determine the net present value of the operating lease obligation.

Lease commitments for the next five years and thereafter, excluding CAM charges, are as follows:

<u>Maturing In</u>	<u>Operating Leases</u>
2026	\$ 79,713
2027	75,110
2028	-
2029	-
2030	-
Thereafter	-
Total Commitments	154,823
Imputed Interest	(3,517)
Net Principal Commitments	<u>\$ 151,306</u>

The components of lease costs, their weighted average and applied rates and remaining terms as of the period ended are as follows:

	2025	2024	2023
<u>Lease Cost:</u>			
Operating lease cost	\$ 73,770	\$ 73,770	\$ 73,770
Short-term lease cost	-	-	-
Total Lease Cost	<u>\$ 73,770</u>	<u>\$ 73,770</u>	<u>\$ 73,770</u>
<u>Other Information:</u>			
Weighted-average discount rate applied (%)			
Operating leases	5.0	5.0	5.0
Weighted-average remaining lease term (in years)			
Operating leases	2.0	3.0	4.0

Note 10: Line of Credit

The Company maintains a line of credit with a bank in the amount of \$200,000 and carries interest at 5% over the Wall Street Journal published prime rate per annum BSBY +350. The line matures in July 2027. The line is secured by all assets of the Company and guaranteed by the stockholder. There are no substantial provisions that the Company must comply with during the remaining term of the line of credit.

Note 11: Defined Contribution Retirement Plan

The Company sponsors a defined contribution retirement plan. Accrued costs for plan benefits are funded monthly. For the period ended December 31, 2025, 2024, and 2023, the Company's contributions were \$50,580, \$32,579 and \$34,006.

Note 12: Related Party Transactions and Shareholder Note Receivable

The Company shares operating costs of certain employees and software licenses between related franchise entities with direct and indirect common control. The Company expensed \$25, 970 and \$5,029 of shared expenses during 2025 and 2024, respectively. Those amounts are included in general administrative expenses. The Company charged and collected \$385,399 and \$310,426 of its employee costs and marketing expenses to the related entities during 2025 and 2024, respectively. These charges have been recorded as other revenues in the income statement.

**DELMAR CORPORATE CLEANING SERVICES, INC.
D/B/A
VANGUARD CLEANING SYSTEMS OF DELAWARE
AND
VANGUARD CLEANING SYSTEMS OF MARYLAND**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Delmar Corporate Cleaning Services, Inc.
d/b/a Vanguard Cleaning Systems of Delaware
and Vanguard Cleaning Systems of Maryland

Opinion

We have audited the accompanying financial statements of Delmar Corporate Cleaning Services, Inc. D/B/A Vanguard Cleaning Systems of Delaware and Maryland which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and retained earnings, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Delmar Corporate Cleaning Services, Inc. D/B/A Vanguard Cleaning Systems of Delaware and Maryland as of December 31, 2023 and 2022, 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. 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 Delmar Corporate Cleaning Services, 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.

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 the 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 Delmar Corporate Cleaning Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities For The Audit Of The Financial Statements

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

To the Board of Directors
Delmar Corporate Cleaning Services, Inc.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Delmar Corporate Cleaning Services, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Delmar Corporate Cleaning Services, 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.

Report On Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules on pages 14 and 15 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Papaleo, Rosen & Chelf, PA

Wilmington, Delaware
June 14, 2024

DELMAR CORPORATE CLEANING SERVICES, INC.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
Current Assets		
Cash	\$ 49,986	\$ 24,625
Accounts receivable	741,037	645,044
Notes receivable – current portion	123,217	205,685
Prepaid expenses	47,813	52,030
Total Current Assets	962,053	927,384
Property And Equipment		
Machinery and equipment	40,036	40,036
Furniture and fixtures	4,689	9,689
Transportation equipment	104,187	104,187
	148,912	153,912
Less: Accumulated depreciation	79,293	60,865
Net Property And Equipment	69,619	93,047
Other Assets		
Deferred tax asset	20,302	14,355
Notes receivable – less current portion	211,376	265,430
Franchise agreements – net of amortization	27,083	41,346
Right-of-use assets	248,906	301,888
Security deposit	6,995	6,995
Total Other Assets	514,662	630,014
Total Assets	\$ 1,546,334	\$ 1,650,445

See accompanying notes and auditor's report.

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2023</u>	<u>2022</u>
Current Liabilities		
Accounts payable	\$ 657,931	\$ 623,480
Accrued expenses	40,372	32,815
Deferred revenue – current portion	15,086	25,861
Line of credit	-0-	58,000
Lease liability – current portion	<u>58,389</u>	<u>52,341</u>
Total Current Liabilities	<u>771,778</u>	<u>792,497</u>
Long-Term Liabilities		
Deferred revenue – less current portion	4,692	9,125
Lease liability – less current portion	<u>209,714</u>	<u>268,103</u>
Total Long-Term Liabilities	<u>214,406</u>	<u>277,228</u>
Total Liabilities	<u>986,184</u>	<u>1,069,725</u>
Stockholders' Equity		
Common stock, \$1.00 par value, 25,000 shares authorized; 25,000 shares issued and 14,967 shares outstanding	25,000	25,000
Additional paid-in capital	327,873	327,873
Retained earnings	585,215	605,785
Treasury stock	<u>(377,938)</u>	<u>(377,938)</u>
Total Stockholders' Equity	<u>560,150</u>	<u>580,720</u>
Total Liabilities And Stockholders' Equity	<u>\$ 1,546,334</u>	<u>\$ 1,650,445</u>

DELMAR CORPORATE CLEANING SERVICES, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>		<u>2022</u>	
Revenue	\$ 2,765,817	100.0	\$ 2,464,947	100.0
Cost Of Revenue	<u>353,599</u>	<u>12.7</u>	<u>296,686</u>	<u>12.0</u>
Gross Profit	2,412,218	87.3	2,168,261	88.0
General And Administrative Expenses	<u>2,508,279</u>	<u>90.7</u>	<u>2,335,568</u>	<u>94.9</u>
Loss From Operations	(96,061)	(3.4)	(167,307)	(6.9)
Other Income (Expense)				
Miscellaneous income	48,741	1.8	11,650	.5
Interest income	22,503	.8	27,807	1.1
Interest expense	(389)	.0	(402)	.0
Loss on disposal of fixed assets	(1,167)	.0	(12,658)	(.5)
Total Other Income (Expense)	<u>69,688</u>	<u>2.6</u>	<u>26,397</u>	<u>1.1</u>
Loss Before Provisions For Taxes	(26,373)	(.8)	(140,910)	(5.8)
Income Tax Benefit (Expense)				
Current tax (expense)	(144)	.0	-0-	.0
Deferred tax (expense) benefit	<u>5,947</u>	<u>.2</u>	<u>33,892</u>	<u>1.4</u>
Total Income Tax Benefit (Expense)	<u>5,803</u>	<u>.2</u>	<u>33,892</u>	<u>1.4</u>
Net Loss	(20,570)	(.6)	(107,018)	(4.4)
Retained Earnings – Beginning Of Period	<u>605,785</u>		<u>712,803</u>	
Retained Earnings – End Of Period	<u>\$ 585,215</u>		<u>\$ 605,785</u>	

See accompanying notes and auditor's report.

DELMAR CORPORATE CLEANING SERVICES, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Net loss	(\$ 20,570)	(\$ 107,018)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,524	28,691
Deferred income tax (benefit) expense	(5,947)	(33,892)
Loss on disposal of fixed assets	1,167	12,658
(Increase) decrease in:		
Accounts receivable	(95,993)	(76,355)
Notes receivable	136,522	200,414
Prepaid expenses	4,217	(39,308)
Right-of-use assets	52,982	(301,888)
Security deposit	-0-	(6,995)
Increase (decrease) in:		
Accounts payable	34,451	23,148
Accrued liabilities	7,557	2,382
Deferred revenue	(15,208)	(14,203)
Lease liability	(52,341)	320,444
Net Cash Provided By Operating Activities	<u>83,361</u>	<u>8,078</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	<u>-0-</u>	(40,035)
Net Cash Used By Investing Activities	<u>-0-</u>	(40,035)
Cash Flows From Financing Activities		
Proceeds from (Payments on) line of credit	(58,000)	52,000
Net Cash Provided (Used) By Financing Activities	<u>(58,000)</u>	<u>52,000</u>
Net Increase In Cash	25,361	20,043
Cash – Beginning Of Period	<u>24,625</u>	<u>4,582</u>
Cash – End Of Period	<u>\$ 49,986</u>	<u>\$ 24,625</u>

See accompanying notes and auditor's report.

DELMAR CORPORATE CLEANING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A – Summary Of Significant Accounting Policies

This summary of significant accounting policies of Delmar Corporate Cleaning Services, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are the representation of the Company's management, who is responsible for their integrity and objectivity. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the accompanying financial statements.

Nature Of Organization

Delmar Corporate Cleaning Services, Inc. (the Company) was organized and incorporated in the State of Delaware on July 15, 2005, as a master franchisor of commercial, industrial, and building maintenance services. As a master franchisor its region encompasses all counties in Maryland and Delaware. The Company purchased the right to solicit sub franchises throughout this territory.

Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, Leases (ASC 842), together with subsequent amendments, updates, and an extension of the effective date (collectively "ASC 842"), which requires an entity to recognize the right-of-use assets and liabilities for all operating leases, changes the nomenclature of capitalized leases to finance leases and other various requirements. The Company adopted ASC 842 during 2022. Right-of-use assets and liabilities are recorded at the net present value of the lease payments to be incurred under the Company's leases for its office space.

Revenue Recognition

Marketing fees are charged for activities associated with lead generation and inside sales activities and require the company to fulfill specified levels of new clients for the benefit of the Company's franchisees. Administrative and support fees are charged for franchisee customer monthly billing services, providing group rates for general liability and crime bond insurance, and general franchisee customer support. Royalties, administrative billings service, supply sales and marketing fees are recognized at the point in time the service is provided.

The Company recognizes revenue from the sale of initial franchise licenses over a five-year period, which is the initial term of the franchise license. Royalties and administrative billing services are recognized monthly based upon a percentage of the Franchisee's monthly janitorial revenue. The Company recognizes revenue from the sale of supplies net of sales taxes and discounts to its customers as the supplies are delivered. Marketing fees are recognized over time as the contract obligation is fulfilled based upon a multiple of the new revenue sourced for the Franchisee. Contract assets associated with our contracts with franchisees are accounts and notes receivable. The liabilities associated with our contracts with franchisees are franchisee payables and deferred license and marketing fee revenue.

The franchise agreements require the franchisees to pay the Company an administration and royalty fee of 16%, and franchisees can participate in a group insurance plan at 4-5% of monthly customer billings.

Cash And Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments with a maturity date of three months or less to be cash equivalents.

DELMAR CORPORATE CLEANING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A – Summary Of Significant Accounting Policies, Continued

Accounts And Notes Receivable

The Company extends credit to its various customers based on the customer's ability to pay. Notes receivable are carried at original contracted amount. Based on management's review, the accounts and notes receivable are stated at the amount management expects to collect from the outstanding balances.

Bad debts are accounted for using the direct write-off method. Expense is recognized only when a specific account is determined to be uncollectible. The Company believes bad debt expense computed under this method is not materially different than the expense computed in accordance with the allowance method.

Property And Equipment

Property and equipment are recorded at cost. Depreciation on property and equipment is computed on the straight-line method with lives as follows:

Machinery and equipment	3 - 10 years
Furniture and fixtures	10 years
Transportation equipment	10 years

The Company has defined property and equipment as assets with an initial individual cost of more than \$2,500.

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

Depreciation expenses for the years ended December 31, 2023 and 2022, were \$22,261 and \$14,428, respectively.

Amortization expense for the years ended December 31, 2023 and 2022, were \$14,263 and \$14,263, respectively.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The Company expenses advertising as incurred. Advertising expenses were \$30,539 and \$8,638 for the years ended December 31, 2023 and 2022, respectively.

Compensated Absences

The Company's obligation relating to employees' rights to receive compensation for future absences where such rights have vested or accumulated at December 31, 2023, and payment is probable, is recognized when paid. It is impracticable to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements.

DELMAR CORPORATE CLEANING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A – Summary Of Significant Accounting Policies, Continued

Finite Lived Intangibles And Impairment Of Long-lived Assets:

We review long-lived assets, such as property, plant, and equipment, and finite-lived intangible assets, for impairment whenever events indicate that the carrying amounts might not be recoverable. Recoverability of property, plant, and equipment, and other finite-lived intangible asset is measured by comparing the projected undiscounted net cash flows associated with those assets to their carrying values. If an asset is considered impaired, it is written down to its fair value, which is determined based on the asset's projected discounted cash flows or appraised value, depending on the nature of the asset. For purposes of recognition of impairment for assets held for use, we group assets and liabilities at the lowest level for which cash flows are separately identifiable. There were no impairments of finite lived intangibles or long-lived assets during the period ended December 31, 2023.

Sales Taxes

The State of Maryland imposes sales tax on all of the Company's service sales to Maryland customers. The Company collects those taxes and remits the entire amount to the State. The Company's accounting policy is to exclude the taxes collected and remitted to the State from revenue and cost of sales. The Company presents revenues net of sales taxes in its statement of operations in accordance with ASC 605-45.

Income Taxes

Deferred income tax assets are provided on temporary differences between financial statements and taxable income. Temporary differences arise primarily from the use of the accelerated methods of depreciation for income tax purposes. Determination of current or long-term status of the deferred income tax asset or liability is based upon the underlying nature of the related asset or liability.

The Company follows ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the period ended December 31, 2023, the Company has no material uncertain tax positions to be accounted for in the financial statements. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense.

Based on that evaluation, if it were more than 50% probable that a material amount of income tax would be imposed at the entity level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying balance sheets along with any interest and penalties that would result from that assessment. Should any such penalties and interest be incurred, the Corporation's policy would be to recognize them as operating expenses. Further, no interest or penalties have been accrued or charged to expense as of December 31, 2023.

The Corporation's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2023, the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Return to be Filed in 2024</u>
Federal	2020 – 2022	2023
Maryland	2020 – 2022	2023
Delaware	2020 – 2022	2023

DELMAR CORPORATE CLEANING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A – Summary Of Significant Accounting Policies, Continued

Fair Value of Financial Instruments and Related Fair Value Measurements

The carrying value amounts reflected in the balance sheet for cash, accounts receivable, notes receivable, accrued expenses, and other current assets and liabilities approximate their respective fair values based on the short-term measure of these instruments.

Certain Leasing Arrangements with Entities Under Common Control

The Company applies the accounting alternative offered to private companies in FASB ASC 810-10 for certain leasing arrangements with entities under common control. In accordance with this alternative, the Company does not evaluate entities that meet the requirements in the variable interest entities subsections of FASB ASC 810-10. Instead, the Company discloses the leasing arrangement as required by the accounting alternative (See Note I).

COVID-19 Financial Statement Impacts

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Company's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Company's balance sheet, net income, and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE B – Notes Receivable

The Company ordinarily assists in financing the purchase of franchises by the franchisee. The Company holds back payment to the franchisees for amounts due on the franchise notes. The notes are financed over a 3-4 year period at twelve percent (12%) interest per annum. At December 31, 2023, there were approximately forty-two (42) outstanding notes totaling \$76,785. At December 31, 2022, there were approximately fifty-eight (58) outstanding notes totaling \$135,708.

The Company at times will assist in financing the purchase of equipment by the franchisee. The notes are typically financed up to a 1-year period at zero percent (0%) interest per annum. At December 31, 2023, there were approximately four (4) outstanding notes totaling \$3,396. At December 31, 2022, there were approximately thirteen (13) outstanding notes totaling \$10,165.

The Company has a note receivable from a franchise totaling \$-0- and \$20,197 as of December 31, 2023 and 2022, respectively. This loan is unsecured and is financed over a 10 month period at twelve percent (12%) interest per annum.

The Company has a note receivable from D&M Real Estate Services, LLC which is owned by one of the stockholders totaling \$-0- and \$8,673 as of December 31, 2023 and 2022, respectively. This loan is unsecured and does not require interest to be repaid.

The Company has a note receivable from one of the stockholders totaling \$254,412 and \$296,372 as of December 31, 2023 and 2022, respectively. This loan is unsecured and is financed over 10 years at four percent (4%) interest per annum (See Note I).

DELMAR CORPORATE CLEANING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE C – Deferred Revenue

Deferred revenue consists of prepaid billings, marketing fees for which the Company has not substantially fulfilled its monthly commitment obligations, and franchise licensing fees (See Notes A and D). Deferred revenue consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Prepaid billings	\$ 3,109	\$ 5,077
Franchise sales with unfilled commitment obligations	4,044	11,384
Franchise licensing fees (See Notes A and D)	<u>12,625</u>	<u>18,525</u>
	<u>\$ 19,778</u>	<u>\$ 34,986</u>

NOTE D – Franchise Arrangements

Conventional franchise arrangements generally include a license and provide for payment of initial fees, as well as continuing royalties to the Company based upon a percentage of billing revenues. Under this arrangement, franchisees are granted the right to a nonexclusive license to use the Vanguard Cleaning System ('VCS') Business System and the Marks in the operation of a VCS Business franchise, generally for a period of 5 years. As of December 31, 2023 and 2022, the Company recognized \$9,400 and \$9,400, respectively, in franchise licensing fees. At December 31, 2023 and 2022, the Company has \$12,625 and \$18,525, respectively, in deferred income from franchise licensing fees. The Company will recognize franchise licensing fee revenues over the next 5 years as follows:

	<u>Amount</u>
2024	\$ 7,933
2025	2,592
2026	700
2027	700
2028	<u>700</u>
	<u>\$ 12,625</u>

Note E – Line Of Credit

In January 2022, the Company amended and restated the revolving working capital line of credit with PNC Bank National Association (PNC), to increase the line from \$100,000 to \$200,000. The principal balance of the PNC revolving capital line is not to exceed \$200,000 at any given time. Borrowings under the revolving capital line bear interest at LIBOR (London Interbank Offered Rate), plus three and a half percent (3.50%). The balance outstanding as of December 31, 2023 and 2022, was \$-0- and \$58,000, respectively. The interest rate at December 31, 2023 and 2022, was 8.06% and 7.86%, respectively.

Borrowing under the revolving credit line is collateralized by all of the assets of the Company and personally guaranteed by the Company's shareholder. The revolving capital line also contains various financial and non-financial covenants.

DELMAR CORPORATE CLEANING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE F – Franchise Fee

The Company has purchased the right under a master franchise agreement with Vanguard Cleaning Systems, Inc. to subfranchise the Vanguard Cleaning Systems® trademark and franchise concept in Delaware and Maryland. The cost of these franchises was \$175,000 for Maryland and \$30,000 for Delaware. The terms of these franchises are for a period of twenty (20) years with a renewal period of an additional twenty (20) years. Amortization expenses for the years ended December 31, 2023 and 2022, were \$14,263 and \$14,263, respectively.

NOTE G – Income Taxes

The provision for federal and state income taxes for the years ended December 31, 2023 and 2022, consists of the following:

	<u>2023</u>	<u>2022</u>
Current tax (expense) benefit	(\$ 144)	\$ -0-
Deferred tax (expense) benefit	<u>5,947</u>	<u>33,892</u>
Total (Provision) Benefit For Income Taxes	<u>\$ 5.803</u>	<u>\$ 33,892</u>

The net deferred tax assets in the accompanying balance sheet includes the following components at December 31:

	<u>2023</u>	<u>2022</u>
Deferred tax assets	\$ 37,509	\$ 38,052
Deferred tax (liabilities)	<u>(17,207)</u>	<u>(23,697)</u>
Net deferred tax assets (liabilities)	<u>\$ 20,302</u>	<u>\$ 14,355</u>

Realization of deferred tax assets is dependent upon the future taxable income during the period that deductible temporary differences are expected to be available to reduce taxable income.

At December 31, 2023, the Company has a Federal net operating loss carryforward of approximately \$129,607. The net operating loss was generated during tax year 2023 and is carried forward indefinitely. At December 31, 2023, the Company also had a Federal charitable contribution deduction carryforward of approximately \$5,803. The charitable contribution deduction carryforward expires as follows: \$5,019 in 2027 and \$784 in 2028.

No valuation allowance has been established to eliminate the net deferred tax benefit due to uncertainty as to whether the tax benefits would ever be realized because the Company believes the tax benefits will be fully utilized before any expiration.

NOTE H – Cash Flow Information

Interest paid at December 31, 2023 and 2022, was \$579 and \$208, respectively.

NOTE I – Related Party Transactions

The Company holds a note receivable from a stockholder of the Company. The loan receivable from this related stockholder at December 31, 2023 and 2022, was \$254,412 and \$296,372, respectively. This loan is unsecured and is financed over 10 years at four percent (4%) interest per annum (See Note B).

DELMAR CORPORATE CLEANING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE I – Related Party Transactions, Continued

Leasing Arrangement Under The VIE Accounting Alternative

The Company leases its land and building under a cancelable operating lease through December 2023 from D&M Real Estate Services, LLC (a Single Member LLC) which is owned by one of the stockholders under an oral month-to-month lease. The Company is responsible for condo fees, insurance, maintenance, and real estate taxes associated with the office facilities. In October 2023 D&M Real Estate Services, LLC sold the condo unit. Monthly rental payments are scheduled to be approximately \$4,000. Rental expense under this lease was \$21,673 and \$48,000 for the years ended December 31, 2023 and 2022, respectively. The limited liability company has assets totaling \$-0- and \$436,980 at December 31, 2023 and 2022, respectively, and rental income of \$21,673 and \$48,000 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the prepaid expense balance was \$-0- and \$4,000, respectively to D&M Real Estate Services, LLC for rent expense. The Company advanced funds to D&M Real Estate Services, LLC to acquire its corporate office located in Sparks, Maryland. The advance is non-interest bearing and unsecured. The note receivable balance at December 31, 2023 and 2022 totaled \$-0- and \$8,673, respectively. The loan is unconditionally guaranteed by the Company, stockholder, and the stockholder's wife. The loan balance at December 31, 2023 and 2022, totaled \$-0- and \$342,081, respectively.

NOTE J – Leases

The company was leasing two office space locations. The first location was sold in October 2023 and has been disclosed in Note I.

The second location lease was entered into on August 23, 2023, under an operating lease that expires in November 2027. Rent expense for the year ended December 31, 2023 and 2022, was \$72,930 and \$24,590, respectively.

The Company made \$72,289 and \$6,482 of fixed cash payments related to operating leases in 2023 and 2022, respectively. Noncash activities involving right-of-use ("ROU") assets obtained in exchange for lease liabilities were \$641 for 2023 and \$318,970 for 2022, including the impact of adopting the FASB ASU No. 2016-02, Leases (Topic 842) during 2022.

The adoption of ASC 842 had no impact on 2022 financial statements due to the exception for short-term leases.

The following table shows ROU assets and lease liabilities, and the associated financial statement line items, as of December 31, 2023 and 2022:

Lease-Related Assets and Liabilities	Financial Statement Line Items	2023	2022
Right-of-use assets:			
Operating leases	Other Assets	\$ 248,906	\$ 301,888
		<u>\$ 248,906</u>	<u>\$ 301,888</u>
Lease liabilities:			
Operating leases	Current Liabilities	\$ 58,389	\$ 52,341
Operating leases	Long-term Liabilities	209,714	268,103
		<u>\$ 268,103</u>	<u>\$ 320,444</u>

DELMAR CORPORATE CLEANING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE J – Leases, Continued

Lease liability maturities as of December 31, 2023, are as follow:

	Amount
2024	\$ 75,324
2025	77,583
2026	79,911
2027	75,313
Total undiscounted liabilities	308,131
Less: Imputed interest	40,028
Total lease liabilities	<u>\$ 268,103</u>

The weighted-average remaining lease term related to the Company's lease liabilities as of December 31, 2023 and 2022 was 3.9 years and 4.9 years, respectively. The discount rate related to the Company's lease liabilities as of December 31, 2023 and 2022 was 7.0% and 7.0%, respectively.

NOTE K – Commitments And Contingencies

Note Payable Guarantee

On January 11, 2016, the Company guaranteed a commercial mortgage payable by D&M Real Estate Services, LLC to Branch Banking and Trust Company ("BB&T"). D&M Real Estate Services, LLC is owned by a stockholder of the Company. The loan was for \$414,870 and was used to acquire a commercial property that will be the Company's Maryland headquarters. The loan is unconditionally guaranteed by the Company, stockholder, and the stockholder's wife. In October 2023, the loan was paid-in-full when the property was sold. The loan balance at December 31, 2023 and 2022, totaled -0- and \$342,081, respectively.

NOTE L – Retirement Plan

During 2023, the Company established a Simple IRA retirement plan covering qualified employees, as defined. Employees who receive salary of at least \$5,000 are eligible to participate in the plan. The Company matches the employee's contribution up to a maximum of three percent of the eligible employee's compensation. The Company contributed approximately \$34,006 and \$24,644 in matching Simple IRA contributions for the years ending December 31, 2023 and 2022, respectively.

NOTE M – Reclassification

Certain financial statement items relating to the prior year have been reclassified to conform to the current year presentation with no effect on previously reported net income.

NOTE N – Subsequent Events

The Company has evaluated all subsequent events through June 14, 2024, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

DELMAR CORPORATE CLEANING SERVICES, INC.

SCHEDULES OF GROSS PROFIT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>		<u>2022</u>	
Revenue				
Licensing fees	\$ 9,400	.3	\$ 9,400	.4
Marketing fees	203,593	7.4	190,929	7.7
Group insurance fee	375,987	13.6	351,229	14.2
Janitorial supplies and equipment sales	256,316	9.3	240,114	9.7
Royalties and business support fees	<u>1,920,521</u>	<u>69.4</u>	<u>1,673,275</u>	<u>68.0</u>
Total Revenue	<u>2,765,817</u>	<u>100.0</u>	<u>2,464,947</u>	<u>100.0</u>
Cost Of Revenue				
Group insurance	103,339	3.7	82,297	3.3
Janitorial supplies and equipment expense	<u>250,260</u>	<u>9.0</u>	<u>214,389</u>	<u>8.7</u>
Total Cost Of Revenue	<u>353,599</u>	<u>12.7</u>	<u>296,686</u>	<u>12.0</u>
Gross Profit	<u>\$ 2,412,218</u>	<u>87.3</u>	<u>\$ 2,168,261</u>	<u>88.0</u>

See accountant's report.

DELMAR CORPORATE CLEANING SERVICES, INC.

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>		<u>2022</u>	
Advertising	\$ 30,539	1.1	\$ 8,638	.4
Automobile expense	16,125	.6	10,835	.4
Condo fees	6,984	.3	8,381	.3
Consultant fees	12,400	.4	52,000	2.1
Depreciation and amortization	36,524	1.3	28,691	1.2
Dues and subscriptions	55,582	2.0	84,672	3.4
Employee benefits	39,815	1.4	42,058	1.7
Insurance	11,101	.4	10,307	.4
Office	101,244	3.7	107,719	4.4
Postage	614	.0	1,239	.1
Professional fees	60,682	2.2	43,403	1.8
Rent	94,603	3.4	74,010	3.0
Repairs and maintenance	-0-	.0	2,145	.1
Retirement plan match expense	34,006	1.2	24,644	1.0
Royalties	348,244	12.6	329,155	13.4
Taxes - payroll	85,296	3.1	78,553	3.2
Taxes - property	5,961	.2	5,983	.2
Taxes & licenses	2,669	.1	300	.0
Telephone	24,463	.9	21,119	.9
Travel and entertainment	13,948	.5	19,051	.8
Utilities	1,855	.1	3,246	.1
Wages	1,525,624	55.2	1,379,419	56.0
	<u>\$ 2,508,279</u>	<u>90.7</u>	<u>\$ 2,335,568</u>	<u>94.9</u>

See accountant's report.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

Delmar Corporate Cleaning Services, Inc.

Balance Sheet

As of March 31, 2026

Delmar Corporate Cleaning Services, Inc.

ASSETS

Current Assets

Checking/Savings 398,350.42

Customer Billings and Franchisee Notes Receivable 676,658.88

Other Current Assets

Prepaid Expenses 41,488.94

Total Other Current Assets 41,488.94

Total Current Assets 1,116,498.24

Fixed Assets

Furniture and Equipment 32,105.29

Total Fixed Assets 32,105.29

Other Assets

Deferred Tax Asset 65,806.00

Franchise Fee 21,320.17

Right-of-Use Asset 205,353.80

Total Other Assets 292,479.97

TOTAL ASSETS 1,441,083.50

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

Accounts Payable 689,173.35

Total Accounts Payable 689,173.35

Other Current Liabilities

Due to Affiliated Company 9,151.23

Deferred Revenue 2,100.00

ST Operating Lease Obligation 64,950.16

Total Other Current Liabilities 76,201.39

Total Current Liabilities 765,374.74

Long Term Liabilities

LT Operating Lease Obligation 151,306.34

Total Long Term Liabilities 151,306.34

Total Liabilities 916,681.08

Equity

Additional Paid in Capital 327,872.86

Capital Stock 25,000.00

Treasury Stock -377,937.96

Retained Earnings 567,095.05

Net Income -17,627.53

Total Equity 524,402.42

TOTAL LIABILITIES & EQUITY 1,441,083.50

Delmar Corporate Cleaning Services, Inc.

Profit And Loss

January through March 2026

Delmar Corporate Cleaning Services, Inc.

Ordinary Income/Expense	
Income	
Group Insurance	44,509.07
Interest Earned	2,666.06
Marketing Fees	3,299.97
Miscellaneous Income	1,521.11
Monthly Billings	
Monthly Billings for Franchisees	2,199,927.44
Special Billing for Franchisees	142,023.31
Less: Franchise Payments	-2,296,501.09
Total Net Monthly Billings	45,449.66
Royalties and Fees	433,289.40
Supply Revenues	13,139.58
Total Income	543,874.85
Gross Profit	543,874.85
Expense	
Advertising / Marketing	4,072.51
Bank Fees	4,010.61
Business Gifts	107.95
Computer Support	2,510.85
Development Fee Paid to VCS	6,950.21
Dues and Subscriptions	57,551.83
Employer Paid Benefits	24,996.92
Insurance Expense	2,052.66
Meals and Entertainment	2,494.50
Miscellaneous Expenses	553.62
Office Supplies	900.15
Payroll Expenses	310,692.59
Postage Expenses	1,001.98
Professional Fees	20,131.38
Rent Expense	20,029.15
Royalty Fees Paid to VCS	92,669.61
Taxes & Licenses	50.00
Telephone & Internet Expenses	5,805.08
Travel & Entertainment Expenses	4,920.78
Total Expense	561,502.38
Net Income	-17,627.53

Hood & Strong

Advisory, Tax
and Assurance

**Vanguard Cleaning
Systems, Inc. and
Subsidiary**

December 31, 2025, 2024 and 2023

Consolidated Financial Statements

Vanguard Cleaning Systems, Inc. and Subsidiary

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of **VANGUARD CLEANING SYSTEMS, INC. AND SUBSIDIARY (the Company)** which comprise the consolidated balance sheet as of December 31, 2025, 2024 and 2023, and the related consolidated statements of income, changes in stockholder's equity, and cash flows for the years then ended and the related notes to the consolidated financial statements (collectively, 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, 2025, 2024 and 2023, 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
April 8, 2026

Vanguard Cleaning Systems, Inc. and Subsidiary

Consolidated Balance Sheet

December 31,	2025	2024	2023
Assets			
Current Assets:			
Cash	\$ 806,610	\$ 555,564	\$ 268,525
Money market fund	354,439	340,055	323,080
Royalties receivable	837,045	1,240,284	1,169,337
Notes receivable - Area Franchise	135,744	158,602	125,500
Prepaid expenses and other current assets	1,177,042	1,166,757	1,098,683
Total current assets	3,310,880	3,461,262	2,985,125
Property and Equipment, net	115,631	167,544	223,224
Other Non-Current Assets:			
Notes receivable - Area Franchise, net of current portion	372,133	495,482	621,500
Operating right-of-use assets	261,523	379,082	432,313
Other assets	73,351	11,227	11,227
Total other non-current assets	707,007	885,791	1,065,040
	\$ 4,133,518	\$ 4,514,597	\$ 4,273,389
Liabilities and Stockholder's Equity			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 104,002	\$ 465,609	\$ 941,899
Lease liability, current portion	120,151	115,217	104,394
Deferred revenue	132,918	167,719	207,330
Total current liabilities	357,071	748,545	1,253,623
Lease Liability, net of current portion	138,995	259,145	326,555
Deferred Revenue, net of current portion	484,009	555,628	704,348
Total liabilities	980,075	1,563,318	2,284,526
Stockholder's Equity:			
Common stock, no par value, 20,000 shares authorized, and 9,000 shares issued and outstanding	70,000	70,000	70,000
Retained earnings	3,083,443	2,881,279	1,918,863
Total stockholder's equity	3,153,443	2,951,279	1,988,863
	\$ 4,133,518	\$ 4,514,597	\$ 4,273,389

See accompanying notes to the financial statements.

Vanguard Cleaning Systems, Inc. and Subsidiary

Consolidated Statement of Income

<i>For the years ended December 31,</i>	2025	2024	2023
Revenues:			
Area franchise sales	\$ 170,946	\$ 208,330	\$ 204,433
Royalties and fees	10,334,387	10,606,228	10,603,117
Other revenues	3,330,222	3,087,914	2,863,872
	13,835,555	13,902,472	13,671,422
Operating Expenses	8,103,929	7,648,640	7,873,613
Net income from operations	5,731,626	6,253,832	5,797,809
Other Income (Expense):			
Interest income	43,228	34,993	15,088
Other income (expense)	-	-	(902)
	43,228	34,993	14,186
Net income before provision for income taxes	5,774,854	6,288,825	5,811,995
Provision for Income Taxes	(37,069)	-	(135,233)
Net Income	\$ 5,737,785	\$ 6,288,825	\$ 5,676,762

See accompanying notes to the financial statements.

Vanguard Cleaning Systems, Inc. and Subsidiary

Consolidated Statement of Changes in Stockholder's Equity

For the years ended December 31, 2025, 2024, 2023

	Common Stock		Retained Earnings	Total
	Number	Amount		
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
Net income	-	-	6,288,825	6,288,825
Distributions	-	-	(5,326,409)	(5,326,409)
Balance, December 31, 2024	9,000	70,000	2,881,279	2,951,279
Net income	-	-	5,737,785	5,737,785
Distributions	-	-	(5,535,621)	(5,535,621)
Balance, December 31, 2025	9,000	\$ 70,000	\$ 3,083,443	\$ 3,153,443

See accompanying notes to the financial statements.

Vanguard Cleaning Systems, Inc. and Subsidiary

Consolidated Statement of Cash Flows

<i>For the years ended December 31,</i>	2025	2024	2023
Cash Flows from Operating Activities:			
Net income	\$ 5,737,785	\$ 6,288,825	\$ 5,676,762
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	73,011	80,724	71,565
Loss on disposal of assets	-	-	902
Amortization of operating right of use asset	117,559	111,992	107,785
Share-based compensation expense	-	(86,687)	397,868
Bad debt expense	5,000	-	-
(Increase) decrease in assets:			
Royalties receivable	403,239	(70,947)	5,584
Prepaid expenses and other current assets	(72,409)	(68,074)	(176,932)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(361,607)	(389,603)	(135,622)
Operating lease liability	(115,216)	(109,848)	(105,968)
Deferred revenue	(106,420)	(188,331)	(174,433)
Net cash provided by operating activities	5,680,942	5,568,051	5,667,511
Cash Flows from Investing Activities:			
Purchases of money market fund	(14,384)	(16,975)	(15,088)
Purchase of property and equipment	(21,098)	(30,544)	(137,272)
Issuance of notes receivable - Area franchise	-	-	(680,000)
Payment on notes receivable - Area franchise	141,207	92,916	23,000
Net cash provided (used) by investing activities	105,725	45,397	(809,360)
Cash Flows from Financing Activities:			
Stockholder distributions	(5,535,621)	(5,326,409)	(5,345,442)
Net cash used by financing activities	(5,535,621)	(5,326,409)	(5,345,442)
Net Increase (Decrease) in Cash	251,046	287,039	(487,291)
Cash, beginning of period	555,564	268,525	755,816
Cash, end of period	\$ 806,610	\$ 555,564	\$ 268,525
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the year for:			
Income taxes	\$ 37,069	\$ -	\$ 135,233
Supplemental Disclosure of Non-cash Investing and Financing Activities:			
Right-of-use assets financed by operating lease liability	\$ -	\$ 53,261	\$ 496,504
Area franchise sales financed by notes receivable	\$ -	\$ -	\$ 85,000

See accompanying notes to the financial statements.

Vanguard Cleaning Systems, Inc. and Subsidiary

Notes to the Consolidated 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 United States 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, renewal fees with a successor term, 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.

Principles of Consolidation

The consolidated financial statements include the accounts of VCS International, LLC, a Delaware limited liability company, formed in December 2025. All significant intercompany transactions and balances have been eliminated in consolidation.

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 the current economic conditions. The Company has elected to consider all cash collections received through the date these financial statements were available to be issued when assessing collectability. The Company has also elected the assumption that current economic conditions will remain unchanged. Management has determined that the royalties receivable are fully collectible as of December 31, 2025, 2024 and 2023, and therefore has not established an allowance for credit losses.

Vanguard Cleaning Systems, Inc. and Subsidiary

Notes to the Consolidated Financial Statements

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.

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.

Vanguard Cleaning Systems, Inc. and Subsidiary

Notes to the Consolidated Financial Statements

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 a risk-free discount rate at the commencement date. In addition, the Company recognizes a corresponding right-of-use asset, which represents the right to use an underlying asset for the lease term.

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. The stockholder has elected to have the Company pay the California Pass-Through Entity (PTE) tax (PTE Tax) on behalf of the stockholder. The tax is assessed as 9.3% of the Company's taxable income and is applied to reduce the federal taxable income reportable on the stockholder's personal income tax return. Accordingly, the stockholder recognizes a federal income tax benefit as if the stockholder's state income tax were fully deductible on the stockholder's personal federal income tax return. Since the income tax benefits associated with the PTE Tax exclusively benefits the stockholder, the amount is recognized as a distribution, and included in distributions in the statement of changes in stockholder's equity.

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, 2025, 2024, and 2023 was immaterial.

Vanguard Cleaning Systems, Inc. and Subsidiary

Notes to the Consolidated Financial Statements

Use of Estimates

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

New Accounting Pronouncements

In July 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This ASU introduces a practical expedient and, for nonpublic companies, an accounting policy election to simplify the application of Topic 326. This ASU is effective prospectively for annual reporting periods beginning after December 15, 2025. The Company has elected to early adopt this ASU for the year ended December 31, 2025, as permitted.

Subsequent Events

The Company has evaluated subsequent events from December 31, 2025 through April 8, 2026, 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. and Subsidiary

Notes to the Consolidated 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, 2025, 2024 and 2023.

Note 5 - Property and Equipment:

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Office equipment	\$ 173,628	\$ 180,209	\$ 176,707
Furniture and fixtures	11,524	6,176	6,176
Software	379,200	379,200	366,400
Leasehold improvements	147,755	147,755	139,013
	712,107	713,340	688,296
Less: Accumulated depreciation and amortization	(596,476)	(545,796)	(465,072)
	<u>\$ 115,631</u>	<u>\$ 167,544</u>	<u>\$ 223,224</u>

Depreciation and amortization expense totaled \$73,011, \$80,724, and \$71,565 for 2025, 2024, and 2023, respectively.

Vanguard Cleaning Systems, Inc. and Subsidiary

Notes to the Consolidated 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 on the balance sheet. As of December 31, 2022, the balance in contract liabilities was \$1,001,111.

The following table illustrates the estimated revenues expected to be recognized in the future related to deferred franchise fees as of December 31, 2025:

Year ending December 31,	
2026	\$ 132,918
2027	119,813
2028	101,352
2029	82,116
2030	47,560
Thereafter	133,168
Total	\$ 616,927

Note 7 - Leases:

The Company leases its office space and a vehicle under operating leases expiring in February 2028 and October 2027, respectively. Lease cost, including variable lease costs, was \$161,333, \$156,600 and \$156,917 for the years ended December 31, 2025, 2024 and 2023, respectively. As of December 31, 2025, the weighted- average remaining lease term was 2.11 years and the weighted-average discount rate was 4.21%.

Future lease obligations are as follows as of December 31, 2025:

Year ending December 31,	
2026	\$ 128,700
2027	124,125
2029	18,400
Total lease payments	271,225
Less discount to present value	(12,079)
Present value of lease liabilities	\$ 259,146

Vanguard Cleaning Systems, Inc. and Subsidiary

Notes to the Consolidated Financial Statements

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, 2025, 2024 and 2023:

	Phantom Units Outstanding and Exercisable		Weighted Average Exercise Price	Phantom Units Vested
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
Exercised	(135)		2,045.89	
Balance at December 31, 2024	405	\$	4,445.50	209
Exercised	(135)		2,045.89	
Balance at December 31, 2025	270	\$	4,445.50	128

Total compensation expense to be recognized over the remaining vesting period is \$7,551. Compensation expense recognized was \$0, \$(86,687), and \$397,868, in 2025, 2024 and 2023, 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 2025, 2024 and 2023.

Vanguard Cleaning Systems, Inc. and Subsidiary

Notes to the Consolidated Financial Statements

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, 2025, 2024 and 2023 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 \$610,062, \$621,170, and \$540,624 for 2025, 2024 and 2023, 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, 2025, 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.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

VANGUARD CLEANING SYSTEMS, INC.

Unaudited Balance Sheet

March 31, 2026

ASSETS

Current Assets

Total Checking/Savings 3,379,642.73

Total Other Current Assets 3,227,272.18

Total Current Assets 6,606,914.91

Total Fixed Assets 81,939.77

Total Other Assets 665,134.34

TOTAL ASSETS 7,353,989.02

LIABILITIES & EQUITY

Liabilities

Total Current Liabilities 1,621,097.91

Total Liabilities 1,621,097.91

Total Equity 5,732,891.11

TOTAL LIABILITIES & EQUITY 7,353,989.02

VANGUARD CLEANING SYSTEMS, INC.

Unaudited Income Statement

For the three months ended March 31, 2026

Income

Master Franchise Royalties	2,771,166.45
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Other Income	<u>65,651.51</u>
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Total Income	2,836,817.96
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Total Expenses	<u>1,219,230.79</u>
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Net Income	<u><u>1,617,587.17</u></u>
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EXHIBIT F
TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF CERTAIN CURRENT AND FORMER VANGUARD FRANCHISEES

Contact	Company	Phone	Address	City	State	Zip Code
Michelle Artis	Art Is Cleaning LLC	(757) 537-6982	2638 Meadow Landing	Chesapeake	Virginia	23321
Lorena Barahona	Barahona Cleaning Services & More INC	804-728-9262	1060 Saint Ann's Drive	Richmond	Virginia	23225
Brenda Reed	BDHK	(757) 957-3551	4825 Bruce St	Norfolk	Virginia	23513
Mildren Soto	Blue Diamond Maid Services	(571) 575-0635	120 Paradise Ct	Stafford	Virginia	22554
Janice Bowser	Bowser Janitorial Services, LLC	(757) 869-4163	1341 26th St.	Newport News	Virginia	23607
Shirley Dudley	C J'S Management Corp.	757-816-4970	1420 Louis Drive	Chesapeake	Virginia	23320
Nicole Hymon	C&N Cleaning Services, LLC	(804) 237-4476	701 E. Franklin St #105	Richmond	Virginia	23219
Ty Clark	Clarks Cleaning Solutions LLC	(757) 755-7380	2008 Freeney Ave Apt 301	Suffolk	Virginia	23434
Alinda Wheeler	Crystal Clear Cleaning Concepts	(757) 975-9332	2021 Chartwell Dr	Newport News	Virginia	23608
Martell Cuffee	Cuff Cleaning Services LLC	(757) 383-1207	3213 Hector Lane	Chesapeake	Virginia	23323
Dwayne Jackson	D Jackson Cleaning LLC	757-434-1608	1821 Warfield Street	Chesapeake	Virginia	23324
Felicia Dawn Edgcombe	Dawn's Cleaning LLC	(757) 713-2346	250 Oakwood Drive	Surry	Virginia	23883
Noris Soto	Dependable Cleaning Services LLC	804-528-8862	11720 Deerhurst Drive	Midlothian	Virginia	23113
Darren Waller	DEW Services LLC	(540) 287-0014	11564 Ladysmith Road	Woodford	Virginia	22580
Demontae Black	DLB Cleaning Service LLC	757-900-8571	1017 Blair St	Portsmouth	Virginia	23704
Tonya Jones	Dust & Shine Cleaning, LLC	(757) 581-8519	P.O. Box 13224	Chesapeake	Virginia	23325
Ean Myrie	E O B Professional Cleaning SV LLC	(757) 706-0738	1708 Kaywood Lane	Chesapeake	Virginia	23323
Ernest Winston	E Winston LLC	(804) 501-8732	3804 Clarendon Cresent Pl	Richmond	Virginia	23223
William Nesbit	Epps and Nesbit Cleaning Svc, LLC	(757) 344-1034	1260 Strand St Apt A	Norfolk	Virginia	23513
Jason Foster	Fosters Priority Cleaning LLC	(757) 749-7841	8 Hard Wick Circle	Chesapeake	Virginia	23320
Shamanya Gray	Gray's Cleaning Service, LLC	(804) 687-3887	140 Maury Avenue	Bowling Green	Virginia	22427
DeAngelo Edmonds	High Standard Cleaning LLC	(757) 632-2892	4310 Indian River Rd.	Chesapeake	Virginia	23325
Yuri Yomayusa	Jy-Pro Cleaning Service	(804) 762-1001	2257 Batterson Rd	Powhatan	Virginia	23139
Sam Clark	K&S Office Cleaners LLC	(804) 267-0997	6439 Hackney Circle	N. Chesterfield	Virginia	23234
Katina Whitaker	Katina's Janitorial LLC	757-344-8401	6 Salt Marsh Quaty, Apt F	Hampton	Virginia	23666
Martha Ballado	Keepers Cleaning Services	(804) 939-9271	4313 Angus Rd	Richmond	Virginia	23234
Dawn Hall	Keeping It Real Kleen Janitorial Services, LLC	757-292-5996	6434 Chartwell Drive	Virginia Beach	Virginia	23464
Cesar Alas	Keyries Cleaning Service LLC	8048870678	9720 Ransom Hills Terrace	Richmond	Virginia	23237
Jackie Moye	L & J Anointed Hands Cleaning Service, LLC	(757) 943-4326	904 Brigantine Ct	Chesapeake	Virginia	23320
Mark Innello	Mark's Janitorial Service	(804) 832-5406	P.O. Box 264	Ark	Virginia	23003
Nikaya Johnson	Martey's Cleaning LLC	(757) 777-4664	908 Brigantine Ct	Chesapeake	Virginia	23320
Maria J. Gonzalez Turcios	MCE Services LLC	804-729-1120	712 Schooner Drive	Chester	Virginia	23836
Rhonda McEuens	McEuens Cleaning Service LLC	757-228-4579	308 Mount Vernon Avenue	Portsmouth	Virginia	23707
Kathy Ford	Mr & Mrs Kleen Commercial LLC	(757) 613-1041kathy	4716 Ferry Plantation Circle	Virginia Beach	Virginia	23455
Naomi Ballado	NBS Cleaning LLC	804-938-0306	477 Byrne Street	Petersburg	Virginia	23803
Jenssie Filores	New Vision Cleaning Services, Inc.	(804) 687-4570	1411 Pine Street	Chester	Virginia	23831
Vicente Navarro Cabezas	Paradise Cleaning Services LLC	240-521-5531	5917 Cogbill Road	Richmond	Virginia	23234
Dewayne Pierce	Pierce's Commercial Cleaning, LLC	(757) 707-4051	19 Northwood Drive	Hampton	Virginia	23661
Geoffrey Hopkins	Pinhero J Services LLC	(804) 332-9822	P.O. Box 37065	N. Chesterfield	Virginia	23234
Brian Porter	Porter's Commercial Cleaning LLC	7575826313	5108 Crabtree Place	Portsmouth	Virginia	23703
Amarilis Pretto	Potter's House Service LLC	804-614-6546	510 Ruthers Road	Richmond	Virginia	23235
Jilver Daniel Perez-Perez	Power Professional Cleaning	7573492858	212 Post Canyon Road #106	Virginia Beach	Virginia	23451
Derrick McClain	Precise Cleaning & Floor Care LLC	757-544-6116	1444 River Oaks Drive	Norfolk	Virginia	23502
Roberta Shankle	Prestiege Cleaning Service LLC	757-589-0518	3530 Iberis Lane	Toano	Virginia	23168
Shana Hurdle	R&R Clear Choice LLC	(757) 762-8179	8 Worden Pl.	Portsmouth	Virginia	23702
Christopher Dyer	Rapid Refresh, LLC	(678) 510-6133	204 Albany Dr	Hampton	Virginia	23666
Mark White	REW & Sons, LLC	(804) 721-5499	2529 Parrish Street	Henrico	Virginia	23231
Darrick Watkins	Royal Image Cleaning Services, LLC	804-873-1229	233 Cabell Dr Apt C	Colonial Heights	Virginia	23834
Manuel Soto Reyes	S&S Cleaning and Services, LLC	757-679-9412	31 Dahlgren Ave	Portsmouth	Virginia	23702
Flor Hernandez	Sandy's Cleaners Inc	804-243-4815	9321 Redbridge Rd	Richmond	Virginia	23236
Sharon Springs	Selena Commercial Cleaning	(804) 221-9712	2809 Midlothian Turnpike	Richmond	Virginia	23234
Tiquan Sharp	Sharps A1 Cleaning Services, LLC	(804) 370-9312	3901 Montclair Road	Richmond	Virginia	23223
Lilian Servellon	Sparkleanva, LLC	804-852-7758	5707 Retriever Road	Richmond	Virginia	23237
Billy Oxendine Jr.	Srediar Renovations	(804) 248-0781	9901 Krause Road	Chesterfield	Virginia	23832
Tamika Reddick	Superior Cleaning, LLC	(757) 793-1115	428 Forecastle St	Portsmouth	Virginia	23702
Antwan Roots	T N T Services LLC	(804) 721-6208	13335 Centerville Road	Disputanta	Virginia	23842
Elizabeth Wingate	Upper Echelon LLC	(804) 490-1991	158 Blue Jay Street	Prince George	Virginia	23875
Jerrold Foster	W&T solutions, LLC	(757) 277-8130	5620 Fire Opal Drive Apt 207	Virginia Beach	Virginia	23455
Ron Watson	Watson & Watson Janitorial	(757) 754-9635	5615 Rivermill Circle	Portsmouth	Virginia	23703
Dwayne Jenkins	Xtremely Clean Services LLC	(804) 787-4800	4018 Dominion Townes Circle	Richmond	Virginia	23223

**LIST OF FORMER FRANCHISEES OF
VANGUARD CLEANING SYSTEMS OF VIRGINIA**

For the period January 1, 2025 through December 31, 2025

Deborah Porterfield
Virginia Beach, Virginia
(757) 462-0440

Rafael Pena
Henrico, Virginia
804-204-9292

Darrick Eure
Newport News, Virginia
(757) 927-8522

Solomon Richardson
Chesapeake, Virginia
(757) 335-3286

Joe Phelps
Chesapeake, Virginia
757-237-5467

Cedric Foard
Chesapeake, Virginia
(757) 409-0962

Randy Gue
Pylesville, Maryland
443-567-2300

EXHIBIT G
TO THE FRANCHISE DISCLOSURE DOCUMENT

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Unit Franchise Guide

Each Vanguard Cleaning Systems® Business is an independently owned and operated franchise. (Vanguard Cleaning Systems®, the ® and TM designate service marks owned by Vanguard Cleaning Systems, Inc. Vanguard Cleaning Systems logo, The Standard of Clean®, Vanguard®, and the Building logomark).

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EXHIBIT H
TO THE FRANCHISE DISCLOSURE DOCUMENT
STATE ADMINISTRATOR

Maryland:

Office of the Attorney General
Division of Securities
200 Saint Paul Place
Baltimore, MD 21202-2020
(410)576-6360

Agent for service of process in Maryland:

Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, MD 21202-2020

EXHIBIT I
TO THE FRANCHISE DISCLOSURE DOCUMENT
STATE SPECIFIC ADDENDUM

DELMAR CORPORATE CLEANING SERVICES, INC.
FRANCHISE DISCLOSURE DOCUMENT
MARYLAND DISCLOSURE

The following Maryland Disclosure is provided in compliance with the requirements of the Maryland Franchise Registration and Disclosure Law. This disclosure supplements the information contained in the corresponding sections of the franchise disclosure document. Any inconsistency with the information contained in the franchise disclosure document will be resolved in favor of this Maryland Disclosure.

ITEM 5
INITIAL FRANCHISE FEES

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

Termination by the Franchisor

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. 101 et seq.).

Choice of Forum/ Choice of Law

Under the Maryland Franchise Registration and Disclosure Law, the franchisee may file suit in Maryland.

Assignment and Renewal

The Franchisor has the right to require the Franchisee and its owner(s), to execute a general release of all claims against the Franchisor and its officers, directors, employees and agents as a condition of the assignment and renewal. Pursuant to COMSR 02.02.08.16L, the general release required shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Statute of Limitations

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

No statement, questionnaire or acknowledgement 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 any 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.

**AMENDMENT TO
FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached the DELMAR CORPORATE CLEANING SERVICES, INC. Franchise Agreement (the “Agreement”) agree as follows:

1. Section 18 under the heading “Term of Agreement” shall be supplemented by the following new sentence, which shall be considered an integral part of the Agreement:

You and your owner(s) execute a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees/associates and agents, excluding only such claims as the Franchisee or its owner(s) may have that have arisen under the Maryland Franchise Registration and Disclosure Law, Annotated Code of Maryland, Business Regulation Section, Title 14, Sections 14-201 through 14-233.

2. Section 19.A. shall be supplemented by the following new sentence, which shall be considered an integral part of the Agreement:

This agreement provides for termination upon bankruptcy of the Franchisee. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. Section 21.D under the heading “Other Transfers”, shall be supplemented by the following new sentence, which shall be considered an integral part of the Agreement:

You and your owner(s) execute a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees/associates and agents, excluding only such claims as the Franchisee or its owner(s) may have that have arisen under the Maryland Franchise Registration and Disclosure Law, Annotated Code of Maryland, Business Regulation Section, Title 14, Sections 14-201 through 14-233.

4. Section 36, under the heading “Franchisee Acknowledgements” shall be supplemented to include the following new sentence:

The foregoing acknowledgments will not be construed as a waiver or release by the Franchisee of any claims arising under the Maryland Franchise Registration and Disclosure Law, Annotated Code of Maryland, Business Regulation Section, Title 14, Sections 14-201 through 14-233.

5. Paragraph 36.A. of the Franchise Agreement is revised in its entirety to read as follows:

A. Receipt of the Franchise Disclosure Document. 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.

6. Paragraph 36.B of the Franchise Agreement is revised in its entirety to read as follows:

B. Consultation with Franchisees. 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.

7. Paragraph 36.D. and 36.E. are deleted in their entirety.

8. No statement, questionnaire or acknowledgement 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 any 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.

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

10. Paragraph 2.A of the Franchise Agreement under the heading "Initial Franchise Fee" is amended to read as follows:

Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened.

The rest of this page is left blank intentionally.

IN WITNESS WHEREOF, DELMAR CORPORATE CLEANING SERVICES, INC.
and Franchisee have signed this Amendment on the dates indicated below.

WITNESS

DELMAR CORPORATE CLEANING
SERVICES, INC.

By: _____

Name: _____

Title: _____

Date Signed: _____

WITNESS

FRANCHISEE

(Legal Name of Franchise Entity)

By: _____

Name: _____

Title: _____

Date signed: _____

EXHIBIT J

TO THE FRANCHISE DISCLOSURE DOCUMENT

ACCOUNT TRANSFER AND ACCEPTANCE (MULTIPLE PRICING OPTION)

(Subject to change by Franchisor)

**Account Cleaning Services Agreement-
Transfer and Acceptance
(Multiple Pricing Option)**

This is an Account Transfer from Delmar Corporate Cleaning Systems, Inc., dba Vanguard Cleaning Systems of Maryland and Delaware, dba Vanguard Cleaning Systems of _____ (“Franchisor”) to _____ (“Franchisee”) dated _____.

1. Franchisee acknowledges and agrees that Franchisee has:
 - a. had ample opportunity to review this Agreement for the Account named below before deciding whether or not to accept a Transfer of the Account; and
 - b. a copy of the Account Agreement and the Services Attachments established by the client and has reviewed the same;
 - c. 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
 - d. no right to a refund relating to, or a replacement of, the transferred Account, unless otherwise expressly provided in Franchisee’s Franchise Agreement.
2. The Marketing Fee due for the assigned Account identified below is \$ _____ (\$ _____ X _____) and is payable to Franchisor as follows: an initial cash payment of \$ _____, plus _____ monthly installments of \$ _____ each. The first installment is due on _____. The second and following installments shall be paid on the 28th day of each consecutive month until full payment is received. Franchisee understands that if the Account Transfers accepted by Franchisee represents gross Services Billings greater than the amount agreed upon, then Franchisee will pay a fee for the amount of the difference. The Marketing Fee is in addition to the royalties and Business Support Fees Franchisee must pay Franchisor on all Vanguard Cleaning Systems® Business Accounts, including the one named below.

Mark a choice below:

- ☐ Each monthly installment includes interest on the unpaid principal amount at the rate of _____ % per annum.
- OR**
- ☐ The Marketing Fee payments are interest free.

Account: _____
Monthly Contract Price: \$ _____/month
Cleaning Frequency: _____
First Cleaning Date: _____
First Monthly Prorated Invoice Amount: _____

3. GENERAL RELEASE OF CLAIMS BY FRANCHISEE AND FRANCHISEE OWNER(S)

FRANCHISEE and each Franchisee Owner for itself and, as applicable, its 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 Vanguard Cleaning Systems, Inc. and FRANCHISOR and each of their respective 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 date of this Agreement, including, but not limited to, any claims arising under or relating to the Franchise Agreement, to the fullest extent permitted by law. Notwithstanding the foregoing, nothing in this Release shall be construed to waive any right that is not subject to waiver by private agreement. For avoidance of doubt, this Release does not waive any of Franchisor’s prospective obligations under the Franchise Agreement.

4. Franchisor Transfers to Franchisee the Account business named above until the Account agreement is canceled or Franchisee is no longer servicing the account, subject to the terms of the Franchise Agreement, an Additional Account Business Agreement (if applicable), and this Transfer and Acceptance, inclusive of their respective exhibits.

5. Except to the extent expressly modified by this Agreement, the Franchise Agreement remains in full force and effect and applies to the above named Account and to Franchisee's conduct and obligations in connection with the same. Capitalized terms used in this Agreement have the same meaning as in the Franchise Agreement, unless separately defined in this Agreement. In signing this Agreement, Franchisee and Franchisee's Guarantors ratify and reaffirm the terms of the Franchise Agreement and the Owners Guaranty and unconditionally promise to Franchisor and its successors and assigns the full and timely performance of all of the terms, covenants, and conditions of the Franchise Agreement (inclusive of exhibits) and the Guaranty since the effective date of the Franchise Agreement. The terms of the Franchise Agreement and the Guaranty fully apply to this new Account.

6. This is the entire agreement between the parties with respect to the subject matter and supersedes any prior or contemporaneous understandings about the subject matter. This Agreement can only be amended by a writing signed by both parties.

IMPORTANT: THIS ACCOUNT TRANSFER CONTAINS A RELEASE OF CLAIMS BY YOU. PLEASE READ CAREFULLY BEFORE SIGNING.

AGREED & ACCEPTED:

FRANCHISEE (Corporation or LLC): _____
(Legal Name of Franchisee Entity)

By: _____ Title: _____
Signature

Print Name: _____

FRANCHISEE OWNERS

By: _____, an individual By: _____, an individual
Signature *Signature*

Print Name: _____ Print Name: _____

FRANCHISOR: Delmar Corporate Cleaning Systems, Inc. dba Vanguard Cleaning Systems of Maryland and Delaware

By: _____ Title: _____
Signature

Print Name: _____

EXHIBIT K

TO THE FRANCHISE DISCLOSURE DOCUMENT

ACCOUNT TRANSFER AND ACCEPTANCE (SHARED REVENUE OPTION)

(Subject to change by Franchisor)

**Account Cleaning Services Agreement-
Transfer and Acceptance
(Shared Revenue Option)**

This is an Account Transfer from Delmar Corporate Cleaning Systems, Inc., dba Vanguard Cleaning Systems of Maryland and Delaware ("Franchisor") to _____ ("Franchisee") dated _____.

1. Franchisee acknowledges and agrees that Franchisee has:
 - a. had ample opportunity to review this Agreement for the Account named below before deciding whether or not to accept a Transfer of the Account; and
 - b. a copy of the Account Agreement and the Services Attachments established by the client and has reviewed the same; and
 - c. inspected the Account premises, understands fully and can meet the Account requirements and finds the contract price stated below to be fair and reasonable.
2. Franchisee agrees to pay Franchisor for the VCS Account identified below a non-refundable, monthly Marketing Fee Payment of _____ percent (____%) of Gross Services Billings for such Additional Business Account for as long as it is serviced by Franchisee's Vanguard Cleaning Systems® Business. This amount is in addition to the royalties and Business Support Fees Franchisee must pay Franchisor on all Vanguard Cleaning Systems® Business Accounts, including the one named below. Franchisor has no obligation to make any refunds or Account replacements of any kind in connection with the Account obtained with this Marketing Fee Payment.

Account: _____
Monthly Contract Price: \$ _____/month
Cleaning Frequency: _____
First Cleaning Date: _____
First Monthly Prorated Invoice Amount: _____

3. GENERAL RELEASE OF CLAIMS BY FRANCHISEE AND FRANCHISEE OWNER(S)

FRANCHISEE and each Franchisee Owner for itself and, as applicable, its 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 Vanguard Cleaning Systems, Inc. and FRANCHISOR and each of their respective 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 date of this Agreement, including, but not limited to, any claims arising under or relating to the Franchise Agreement, to the fullest extent permitted by law. Notwithstanding the foregoing, nothing in this Release shall be construed to waive any right that is not subject to waiver by private agreement. For avoidance of doubt, this Release does not waive any of Franchisor's prospective obligations under the Franchise Agreement.

4. Franchisor Transfers to Franchisee the Account business named above until the Account agreement is canceled or Franchisee is no longer servicing the account, subject to the terms of the Franchise Agreement, any Additional Account Business Agreement, and this Transfer and Acceptance, inclusive of their respective exhibits.

5. Except to the extent expressly modified by this Agreement, the Franchise Agreement remains in full force and effect and applies to the above named Account and to Franchisee's conduct and obligations in connection with the same. Capitalized terms used in this Agreement have the same meaning as in the Franchise Agreement, unless separately defined in this Agreement. In signing this Agreement, Franchisee and Franchisee's Guarantors ratify and reaffirm the terms of the Franchise Agreement and the Owners Guaranty and unconditionally promise to Franchisor

and its successors and assigns the full and timely performance of all of the terms, covenants, and conditions of the Franchise Agreement (inclusive of exhibits) and the Guaranty since the effective date of the Franchise Agreement. The terms of the Franchise Agreement and the Guaranty fully apply to this new Account.

6. This is the entire agreement between the parties with respect to the subject matter and supersedes any prior or contemporaneous understandings about the subject matter. This Agreement can only be amended by a writing signed by both parties.

IMPORTANT: THIS ACCOUNT TRANSFER AND ACCEPTANCE CONTAINS A RELEASE OF CLAIMS BY YOU. PLEASE READ CAREFULLY BEFORE SIGNING.

AGREED & ACCEPTED:

FRANCHISEE (Corporation or LLC): _____
(Legal Name of Franchisee Entity)

By: _____ Title: _____
Signature

Print Name: _____

FRANCHISEE OWNERS

By: _____, an individual By: _____, an individual
Signature *Signature*

Print Name: _____ Print Name: _____

FRANCHISOR Delmar Corporate Cleaning Systems, Inc. dba Vanguard Cleaning Systems of Maryland and Delaware

By: _____ Title: _____
Signature

Print Name: _____

EXHIBIT L

FRANCHISE TRANSFER AGREEMENT

(Subject to change by Franchisor)

VANGUARD CLEANING SYSTEMS®
FRANCHISE TRANSFER AGREEMENT

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

_____ (the “Seller”),

_____ (the “Buyer”), and

Delmar Corporate Cleaning Services, Inc. dba Vanguard Cleaning Systems of Maryland and Delaware (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. Since Buyer is a corporation or limited liability company, “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 Appendix 1 of this Agreement. Each note listed on Appendix 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 for the remainder of the franchise term 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. All of Buyer’s Owners shall execute an Owner’s Guaranty and Assumption of Franchisee’s Obligations under the Franchise Agreement assumed by Buyer.

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 terminated. 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.. 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. If any Account fulfillment commitments are owed to Seller under any agreement for Accounts or otherwise as of the Effective Date, Franchisor will owe only the unfulfilled amount of the commitment to Buyer when Buyer acquires the Franchised Business. The minimum Service Billings (if any) due under Seller's agreement for Accounts as of the Effective Date is listed on Appendix 1 of this Agreement. Buyer acknowledges and agrees that Franchisor has no unfulfilled Account business commitments if none are listed on Appendix 1.
6. Seller agrees that Seller's post term obligations under Seller's Franchise Agreement, including but not limited to those in Section 22 of Seller's Franchise Agreement on Rights and Duties on Expiration or Termination, such as non-solicitation of VCS Accounts and discontinued use of the Vanguard Cleaning Systems Marks, Manual and branded materials, and including indemnification obligations, remain in effect even after any termination or assignment of Seller's Franchise Agreement.

7. RELEASE OF CLAIMS BY SELLER:

Except for any claims which cannot lawfully be released under a state franchise relations or franchise sales laws, Seller (and Seller's Owners, if applicable) hereby releases and relinquishes all claims, demands, debts, obligations, damages, and causes of action of any nature whatsoever (the "Claims") against Franchisor and Vanguard Cleaning Systems, Inc. and each of their predecessors, successors, assigns, affiliates, officers, directors, stockholders, employees and agents (all together, the "Franchisor Associates"), whether known or unknown, arising any time before and up to the Effective Date of this Agreement.

Seller (and Seller's Owners, if applicable) understands this statutory language and freely elects to specifically waive these rights and releases the Franchisor and Franchisor Associates from all claims whether known or unknown.

Seller (and Seller's Owners, if applicable) acknowledges that each of them had the opportunity to consult with legal counsel in making this Release and that each of them has read and fully understands the terms of this Release and that this Release was entered into by each freely and voluntarily.

Seller's Initials: _____

Seller's Owners' Initials: _____

8. 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"

[Name of SELLER]

[Name of BUYER]

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

All SELLER Owners must sign this Agreement.

All BUYER Owners must sign this Agreement.

"Owner"

"Owner"

Individually: _____

Individually: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

% Owned of Business Entity Franchisee:

% Owned of Business Entity Franchisee:

All SELLER Owners must sign this Agreement.

All BUYER Owners must sign this Agreement.

"Owner"

"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

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

Franchisor

Delmar Corporate Cleaning Services, Inc.

dba Vanguard Cleaning Systems of Maryland and Delaware

Date: _____

BY: _____

_____, (title)

APPENDIX 1 TO FRANCHISE TRANSFER AGREEMENT

APPLICABLE PROMISSORY NOTES

(TO BE PAID IN FULL BEFORE FRANCHISE TRANSFER)

Note 1:

Date of Note: _____

Balance as of the Effective Date of this Agreement: _____

Note 2:

Date of Note: _____

Balance as of the Effective Date of this Agreement: _____

TOTAL AMOUNT DUE FROM SELLER TO FRANCHISOR ON OR BEFORE THE DATE OF SELLER'S FRANCHISE TRANSFER: \$ _____

FRANCHISOR'S OUTSTANDING ACCOUNT FULFILLMENT OBLIGATIONS

(AS OF THE EFFECTIVE DATE, IF ANY)

Franchisor owes Buyer VCS Accounts anticipated to generate \$ _____ in service billings per month, as of the date of Buyer's acquisition of the Franchised Business.

Such Accounts must be offered by Franchisor by _____.

EXHIBIT M

**UNIT FRANCHISEE ACCOUNT ASSIGNMENT AGREEMENT
AND AREA FRANCHISOR CONSENT**

(Subject to change by Franchisor)

**Unit Franchisee Account Assignment Agreement
and Area Franchisor Consent**

This Unit Franchisee Account Assignment Agreement (the “Agreement”) is made by and among

_____(the “Assignor”),
(*transferring franchisee*)

_____(the “Assignee”), and
(*receiving franchisee*)

Delmar Corporate Cleaning Services, Inc., dba Vanguard Cleaning Systems of Maryland and Delaware (the “Franchisor”), with an effective date of _____ (the “Effective Date”).

1. Assignor entered into a Franchise Agreement with Franchisor on _____ (the “Franchise Agreement”).
2. Assignor previously accepted or self-generated the VCS Account(s) named on Schedule 1 of this Agreement (alone or in combination, the “Account”). Assignor now wishes to assign Assignor’s rights and obligations in connection with the Account to another Vanguard Cleaning Systems® franchisee.
3. For value received, Assignor hereby assigns and transfers to Assignee all rights, interests and obligations Assignor has in the Account. Assignor understands that on and after the Effective Date of this Agreement Assignee will have the sole right and obligation to provide the services required by the Account under the Account Cleaning Services Agreement (the “Account Agreement”) and to be paid for such services.
4. Assignee hereby accepts the Account assignment and agrees to assume the right and obligation to provide the services required by the Account under the Account Agreement and to receive payment for such services. Assignee understands Assignor has the right to revenues received for any services to the Account provided by Assignor prior to the Effective Date of this Agreement.
5. Assignee represents that Assignee has:
 - inspected the Account premises, understands fully, and can meet the Account requirements and finds the contract price to be fair and reasonable; and
 - the sole responsibility for meeting the Account Cleaning Services requirements described in the Account Agreement; and
 - the sole responsibility for any keys or other Account property received by Assignee in connection with this Account and for maintaining Account satisfaction; and
 - the financial and operational resources, equipment, and inventory necessary to meet the Account requirements on an ongoing basis.
6. Assignor agrees that this Agreement will not relieve Assignor from any amounts Assignor owes under any promissory note outstanding in connection with this Account unless Assignee pays Franchisor the amount outstanding under Assignor’s note as of the Effective Date of this Agreement or gives Franchisor a promissory note for such amount, at Franchisor’s option.

7. Any promissory note made or other debt incurred by Assignor in connection with the assigned Account and to be cancelled as of the Effective Date is described in Exhibit A to this Agreement or attached at Exhibit A and marked "Cancelled". Any promissory note to be made by Assignee in connection with Assignee's acceptance of Account is attached at Exhibit B to this Agreement and will be signed by Assignee when this Agreement is signed.

8. The Guarantors identified below signed a Personal Guaranty of the Assignor's/Assignee's, as applicable, obligations under their respective Franchise Agreement when it was executed. The Guarantors each ratify the terms of their Personal Guaranty and agree that their obligations under such Personal Guaranty apply fully to this Agreement and all transferred Accounts.

WE AGREE AND ACCEPT THE ABOVE TERMS OF AGREEMENT.

"ASSIGNOR"

[Name of ASSIGNOR]

By: _____

Print Name: _____

Title: _____

"ASSIGNEE"

[Name of ASSIGNEE]

By: _____

Print Name: _____

Title: _____

ASSIGNOR'S GUARANTOR(S)

Signature

Print Name

Signature

Print Name

ASSIGNEE'S GUARANTOR(S)

Signature

Print Name

Signature

Print Name

CONSENT OF FRANCHISOR

Franchisor hereby consents to the above assignment of the Account upon the terms and conditions stated in this Agreement, including any attachments.

Franchisor

Delmar Corporate Cleaning Services, Inc. dba Vanguard Cleaning Systems of Maryland and Delaware

BY: _____

Print Name: _____

Title: _____

SCHEDULE 1 to
Unit Franchisee Account Assignment Agreement
and Area Franchisor Consent

Assigned Account(s)

Account:_____

Monthly Contract Price: \$_____

Account:_____

Monthly Contract Price: \$_____

Account:_____

Monthly Contract Price: \$_____

EXHIBIT A TO
Unit Franchisee Account Assignment Agreement
And Area Franchisor Consent

Assignor Promissory Note(s)

**(FRANCHISOR TO DESCRIBE ANY OUTSTANDING DEBT MADE BY THE
TRANSFERRING FRANCHISEE TO BE ADJUSTED IN CONNECTION WITH THE
TRANSFER OF THE ACCOUNT OR TO ATTACH ANY PROMISSORY NOTE BY THE
TRANSFERRING FRANCHISEE THAT WILL BE CANCELLED BY THE FRANCHISOR, IF
ANY. IF NONE, THEN WRITE "NONE" ON THIS PAGE.)**

EXHIBIT B TO
Unit Franchisee Account Assignment Agreement
and Area Franchisor Consent

Assignee Promissory Note(s)

**(FRANCHISOR TO ATTACH ANY PROMISSORY NOTE TO BE MADE BY THE
ACCEPTING FRANCHISEE IN CONNECTION WITH THE TRANSFERRED ACCOUNT, IF
ANY. IF NONE, WRITE "NONE" ON THIS PAGE.)**

EXHIBIT N

SUCCESSOR TERM ADDENDUM TO FRANCHISE AGREEMENT

SUCCESSOR TERM ADDENDUM TO FRANCHISE AGREEMENT

(Current Form of Addendum; Subject to Change by Franchisor for Future Successor Terms)

This Successor Term Addendum (the "Addendum") is made and entered into on the _____ day of _____, 20__ (the "Effective Date") by and between Delmar Corporate Cleaning Services, Inc., a Delaware corporation, dba Vanguard Cleaning Systems of Maryland and Vanguard Cleaning Systems of Delaware ("Franchisor") and [a corporation] [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 successor franchise term (the "Franchise Agreement") to replace the immediately preceding franchise agreement entered into with our predecessor and assigned to us ("Initial 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, the parties agree as follows:

1. CHANGES TO FRANCHISE AGREEMENT

A. Obligations Fulfilled: Franchisee and Franchisor have entered into the Franchise Agreement for a successor 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 of this Agreement;
- ii. Franchisee is not required to attend, and Franchisor is not required to offer Franchisee an opportunity to participate in, the Franchisor's Business System Program, as described in Section 3.A.1 of the Franchise Agreement;
- iii. Franchisee shall not pay an initial franchise fee as referenced in Exhibit 2.A. as Franchisee previously paid such a fee; and
- iv. The Unit Franchise Guide referenced in Section 6.B. of the Franchise Agreement were loaned by Franchisor to Franchisee under the Initial Franchise Agreement and the loan will continue pursuant to the terms of the Franchise Agreement.

B. Requirement to Form 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.B.iii) of the Franchise Agreement and maintain at least one employee, 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. ASSIGNMENTS AND REFUNDS

A. Account Commitments: Franchisor and Franchisee acknowledge and agree that Franchisee is not due any Account Transfers as of the Effective Date. If Franchisee has any outstanding

amounts owed to Franchisor in connection with the Assignment of one or more Accounts to Franchisee, the Account Transfer and Acceptance forms or other applicable agreements pertaining to such Account(s) is/are attached to this Addendum as Exhibit 1. Franchisor and Franchisee agree that for purposes of any agreement attached at Exhibit 1, the term, "Franchise Agreement," shall refer to the Franchise Agreement referenced in the first paragraph of this Addendum.

B. Refunds: Franchisor and Franchisee acknowledge and agree that no refunds are due Franchisee under the Initial Franchise Agreement, the Franchise Agreement, or otherwise, except as may be or may become due under any agreement for Account attached at Exhibit 1.

C. No Obligation to Accept an Assignment of Account: Franchisor and Franchisee further agree that throughout the term of this new Franchise Agreement Franchisee has no obligation to accept new Account Transfers, if any are offered to Franchisee.

3. TERM AND FRANCHISE EXPIRATION

Term: The Franchise Agreement and this Addendum are binding from the Effective Date for the successor term of five (5) years, unless earlier terminated in accordance with the Franchise Agreement. Franchisee has no right to a successor term at the expiration of the term of this Franchise Agreement and agrees that any rights to a successor term under the Initial Franchise Agreement are satisfied with this successor franchise term. Accordingly, the rights to a successor term under Section 18 of the Franchise Agreement are hereby deleted. Franchisee acknowledges and agrees that Franchisor has made no promise or representation as to any successor franchise term or further extension of this franchise at the expiration of its term and Franchisee has no expectation of any such successor franchise term.

4. PROMISSORY NOTES AND GUARANTEES

Continuing Obligations: Franchisee and Franchisor have identified on Exhibit 2 any promissory notes payable by Franchisee to Franchisor as of the Effective Date. 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 Initial 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 Initial Franchise 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:

Print Name

Ownership Percentage

Print Name

Ownership Percentage

Print Name

Ownership Percentage

(Must total 100%)

B. Disclosure Documents: Franchisee warrants and represents that Franchisee has received, read and understood 1) 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 2) 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

In consideration of the Franchise Agreement granted to Franchisee by Franchisor for a successor franchise term in connection with Franchisee's Vanguard Cleaning Systems® franchised business, and as required under the Initial 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 the Effective Date:

Franchisee and each Franchisee Owner for himself or herself, and, as applicable, his or her 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 Vanguard Cleaning Systems, Inc. and each of their respective predecessors, successors, assigns, parent company, subsidiaries, affiliates, officers, directors, stockholders, 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 Franchisee's 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 the above release.

7. EXTENSION OF INITIAL FRANCHISE AGREEMENT

Delays: If the Initial Franchise Agreement had already expired before the Effective Date of this Addendum, Franchisor and Franchisee hereby confirm that they extended and have been prior to the Effective Date operating under the terms of the Initial Franchise Agreement and that the Initial Franchise Agreement has been in full force and effect and governing their relationship up to the Effective Date, notwithstanding any delay in entering into a successor term under this Franchise Agreement.

8. 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.

9. 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

Franchisee's Vanguard Cleaning Systems successor 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.

10. FEES UNDER EXPIRING AGREEMENT [COMPLETE AS APPLICABLE]

Retained Fee Rates: Regardless of the percentage amounts stated for the following fees in the successor Franchise Agreement, the fees/percentages provided below are carried forward from Franchisee's Expiring Agreement for the term of the successor Franchise Agreement.

Royalty Fee	_____	_____ %
Business Support Fee	_____	_____ %
Special Services Fee	_____	_____ %
Marketing Fee	_____	_____ %

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

FRANCHISOR:

**Delmar Corporate Cleaning Services, Inc.
Dba Vanguard Cleaning Systems of Maryland
and Vanguard Cleaning Systems of Delaware**

By: _____
Signature

Print Name

Title: _____

FRANCHISEE (Corp. or LLC)

(Legal Name of Franchisee Entity)

a _____

Jurisdiction of Formation

Corporation or LLC

By:

Signature

Title

Print Name

GUARANTOR(S)

PERCENTAGE OF OWNERSHIP
OF FRANCHISEE

Signature

_____ %

Printed Name

Signature

_____ %

Printed Name

(Must total 100%)

EXHIBIT 1 TO
SUCCESSOR TERM ADDENDUM TO FRANCHISE AGREEMENT

OUTSTANDING ACCOUNT AGREEMENTS

(ATTACHED, IF ANY)

EXHIBIT 2 TO
SUCCESSOR TERM ADDENDUM TO FRANCHISE AGREEMENT

APPLICABLE PROMISSORY NOTES
(AS OF THE EFFECTIVE DATE, IF ANY)

Note 1:

Date: _____

Balance as of the Effective Date of Addendum: _____

Monthly Installment Payment: _____

Note 2:

Date: _____

Balance as of the Effective Date of Addendum: _____

Monthly Installment Payment: _____

EXHIBIT O TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Not registered
Hawaii	Not registered
Illinois	Not registered
Indiana	Not registered
Maryland	
Michigan	Not registered
Minnesota	Not registered
New York	Not registered
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Virginia	Not registered
Washington	Not registered
Wisconsin	Not registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT P

RECEIPT OF FRANCHISE RELATED DOCUMENTS

RECEIPT OF FRANCHISE RELATED DOCUMENTS

The undersigned, personally and/or as an officer or partner of the proposed franchisee, does hereby acknowledge receipt of the following documents, in form for execution:

- ☐ (1) Franchise Agreement
- ☐ (2) Personal Guaranty (Exhibit A to Franchise Agreement)
- ☐ (3) Independent Contractor Acknowledgement (Exhibit B to Franchise Agreement)
- ☐ (4) Amendment to Franchise Agreement Required by the State of Maryland
- ☐ (5) Successor Term Addendum to Franchise Agreement
- ☐ (6) Insurance Request Form/Payment Authorization

(Proposed franchisee must initial the box next to the applicable document.)

I further acknowledge my understanding that it is my responsibility, individually and/or as an officer or partner of the proposed franchisee, to review all such documents, so that I am fully familiar with the transaction contemplated before signing any binding agreement.

DATED: _____

THE LAW REQUIRES THAT WE PROVIDE YOU WITH THE FRANCHISE-RELATED DOCUMENTS NOTED ABOVE AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE DATE THEY ARE TO BE EXECUTED. PLEASE DO NOT SIGN OR RETURN THESE DOCUMENTS UNTIL SEVEN (7) CALENDAR DAYS HAVE ELAPSED FROM THE DATE OF THIS RECEIPT.

_____,
individually and/or as an officer or partner of

(_____, corporation)

(_____, partnership)

EXHIBIT Q
ITEM 23 RECEIPTS

ITEM 23 RECEIPT**(YOUR COPY)**

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 Delmar Corporate Cleaning Services, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

If Delmar Corporate Cleaning Services, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit H.

The name, principal business address and telephone number of each franchise seller offering the franchise: Doug Mousley, 6810 Deerpath Road, Suite 315, Elkridge, MD 21075, (443) 461-0040 and *[check and fill in as applicable]*

☐ Jessie Gary, 6810 Deerpath Road, Suite 315, Elkridge, MD 21075, (443) 461-0040

☐ _____.

Issuance Date: June 1, 2026

See Exhibit H for our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document issued June 1, 2026, including the following Exhibits:

Exhibit A	Franchise Agreement with Exhibit Promissory Note and Exhibit B Independent Contractor Acknowledgement
Exhibit B	Insurance Request Form/Payment Authorization
Exhibit C	General Release
Exhibit D	List of Our Current and Former Franchisees
Exhibit E	Financial Statements
Exhibit F	List of Certain Current and Former Vanguard Franchisees
Exhibit G	Table of Contents of Unit Franchise Guide
Exhibit H	State Administrator
Exhibit I	State Specific Addendum
Exhibit J	Account Transfer and Acceptance (Multiple Pricing Option)
Exhibit K	Account Transfer and Acceptance (Shared Revenue Option)
Exhibit L	Franchise Transfer Agreement
Exhibit M	Unit Franchise Account Assignment Agreement and Area Franchisor Consent
Exhibit N	Successor Term Addendum to Franchise Agreement
Exhibit O	State Effective Dates
Exhibit P	Receipt of Franchise Related Documents
Exhibit Q	Item 23 Receipts

Date: _____

Signature: _____

Printed Name: _____

Date: _____

Signature: _____

Printed Name: _____

KEEP THIS COPY FOR YOUR RECORDS.

ITEM 23**RECEIPT****(OUR COPY)**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

If Delmar Corporate Cleaning Services, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

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Exhibit O	State Effective Dates
Exhibit P	Receipt of Franchise Related Documents
Exhibit Q	Item 23 Receipts

Date: _____

Signature: _____

Printed Name: _____

Date: _____

Signature: _____

Printed Name: _____

Please sign this copy of the receipt, date your signature, and return it to Doug Mousley at 6810 Deerpath Road, Suite 315, Elkridge, MD 21075, (443) 461-0040.