

FRANCHISE DISCLOSURE DOCUMENT
(Franchisor – Affiliate Franchise)



Image One Facility Solutions, Inc.
3601 Algonquin Road, Suite 100
Rolling Meadows, IL 60008
(630) 616-1010

Issuance Date: April 7, 2023



Franchisor:
Image One Facility Solutions, Inc.
3601 Algonquin Road, Suite 100
Rolling Meadows, IL 60008
(630) 616-1010
Website: www.ImageOneUSA.com
Also: www.imageonefranchise.com
Email: INFO@ImageOneUSA.com

The franchisee will operate a janitorial service business under the name and service mark "Image One Facility Solutions® or Image One®."

The total investment necessary to begin operation of an Affiliate Franchised Image One cleaning business is from \$43,625 to \$61,225, which includes \$37,350 to \$39,650 you must pay the Franchisor.

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 government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mike Scalia at 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008, phone: (630) 594-2350.

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 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 ("FTC"). You can contact the FTC at 1-888-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.

The issuance date of this Disclosure Document is April 7, 2023

STATE COVER PAGES

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits C and 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 Image One business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Image One franchisee?	Item 20 or Exhibits C and D list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement permits you to resolve disputes with the franchisor only by arbitration in DuPage County, Illinois. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in DuPage County, Illinois than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

ADDENDUM FOR STATE OF MICHIGAN

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishing not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) Failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, franchisee has the right to request an escrow arrangement.

Any questions regarding the notice of this Offering should be directed to:

CONSUMER PROTECTION DIVISION

Michigan Attorney General's Office
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
P.O. Box 30213
Lansing, MI 48909
(517) 373-7117

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EXHIBITS

- Exhibit A - List of State Administrators and Agents for Service of Process**
- Exhibit B - Image One Facility Solutions Affiliate Franchise Agreement with exhibits**
- Exhibit C - List of Franchisor's Current Affiliate Franchisees**
- Exhibit D - List of Franchisor's Former Affiliate Franchisees**
- Exhibit E - Financial Statements of Franchisor**
- Exhibit F - Table of Contents to Operations Manual**
- Exhibit G - Veterans and First Responders Incentive Addendum**
- Exhibit H - Addenda for Illinois, Indiana, Maryland, Michigan (front of FDD), Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin**
- Exhibit I - Franchisee Disclosure Questionnaire**
- Exhibit J - Renewal Addendum**
- Exhibit K - State Effective Dates**

Acknowledgment of Receipt - FDD

Acknowledgment of Receipt - FA

ITEM 1 – THE FRANCHISOR, PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document (“FDD – Affiliate”), “we,” “our,” “us,” the “Company” or “Image One” means Image One Facility Solutions, Inc., an Illinois corporation (the “Franchisor”). “You” means the person or entity who buys the Affiliate Franchise from Image One Facility Solutions, Inc. (you are the “Franchisee”). We require that you form a corporation or limited liability company to be the Franchisee entity. Certain provisions of the Franchise Agreement also apply to your owners because all owners must personally guarantee, and be bound by, the Franchisee’s obligations under the Franchise Agreement.

All capitalized terms not otherwise specifically defined in this Franchise Disclosure Document have the same meaning as defined in the Image One Affiliate Franchise Agreement attached as Exhibit B.

The Franchisor

The name of the Franchisor is Image One Facility Solutions, Inc. We do business under the names “Image One Facility Solutions, Inc.” d/b/a/ “Image One,” “Image One Facility Solutions,” and “Image One USA.” We do not do business under any other name. We maintain our principal business address at 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008. From November of 2010 to August of 2017 our principal address was 1555 Mittel Blvd., Suite G, Wood Dale, IL 60191. We are an Illinois corporation formed on November 3, 2010. Our agents for service of process are listed in Exhibit A to this disclosure document.

Our Parent Company

We do not have a parent company.

Our Predecessors

We do not have a predecessor.

Our Affiliates

We have no affiliates.

Our Business

We offer and sell Image One Franchises throughout the United States. We grant to our franchisees the right to use our service marks “Image One Facility Solutions” and Image One (“Marks”), and our proprietary know-how in connection with operating a janitorial service cleaning business (the “System”). Our primary business is offering and selling franchises.

Prior to the issuance date of this disclosure document, we offered 2 types of franchises: The “Affiliate Franchise” and the “Unit Franchise.” This disclosure document is for the offer of the Affiliate Franchise. As of March 1, 2019, we discontinued offer the Unit Franchise. Between

2011 and March 2019, we offered the Unit Franchise program in the Chicago metropolitan area only. For Unit Franchisees, we provided marketing services by which we solicited and secured cleaning accounts (“Clients”) for the franchisees for a fee. We started offering IMAGE ONE Affiliate Franchises in 2014 in markets both inside and outside the Chicago metropolitan area. The difference between the Affiliate Franchise and the Unit Franchise is that we are not contractually obligated to secure Clients for the Affiliate Franchisees. We train Affiliate Franchisees in our marketing techniques, and they solicit and secure Clients on their own. We were contractually obligated to secure Clients for the Unit Franchisees; in addition, they have the right to solicit and secure Clients on their own. As of December 31, 2022, we had 22 Unit Franchisees in operation, all in the Chicago metropolitan area.

Description of Our Franchise

The business you will operate will provide janitorial services to commercial businesses and government facilities under the "Image One Facility Solution" names and marks. Additionally, if you elect, you may provide additional “Authorized Services” to commercial businesses and government facilities under the "Image One Facility Solution" names and marks. “Authorized Services may include Janitorial, Electrostatic Disinfection Services, Carpet Cleaning, Window Washing, Pressure Washing, Hard Surface Floor Care, Landscaping, Parking Lot Sweeping, Pest Control, Painting, Handyman Services, Construction Cleanup, Snow Removal, Light Bulb Replacement, Document Shredding, HVAC, Plumbing, Electrical, Recycling Services, Hood Cleaning, and Restroom Sanitizing. Any services not listed here that are requested or offered to your clients must be approved in writing from Image One.

We train Affiliate Franchisees in our marketing techniques, and they solicit and secure Clients on their own. The Clients secured by Affiliate Franchisees enter into customer contracts with the Affiliate Franchisees.

Development Agent

We may use a Development Agent to assist us in recruiting, developing, and assisting franchisees in your geographic area. If we have a Development Agent in your area, that person will be identified in Item 2 of this Franchise Disclosure Document.

Our Experience

Some of our principals were principals of a subfranchisor which was in the business of offering and selling franchises since 2001. We are not in any other line of business, except for the ownership, operation and sale of the type of franchise offered under this Franchise Disclosure Document. We have never conducted business of the type to be operated by the franchisee.

Industry Specific Regulations

There are no statutes or regulations specific to the operation of an Image One Facility Solutions Affiliate Franchise. You must comply with all local, state and federal laws in the operation of your Image One Franchise. There may be other laws applicable to your business and we urge you to make additional inquiries about these laws.

Market and Competition

The market for your services consists of businesses that need janitorial services to clean their facilities. The market is very well developed and highly competitive.

Competitors include other franchised janitorial service businesses, national chains, regional chains and independently owned commercial cleaning service providers. This business is not seasonal and is specific to commercial janitorial services only.

ITEM 2 – BUSINESS EXPERIENCE

President – Timothy D. Conn

Mr. Conn has been President of Image One Facility Solutions, Inc. in Rolling Meadows, Illinois, since June 2015. From the inception of Image One Facility Solutions, Inc. in November 2010 until June of 2015, he was Vice President and Secretary.

Director of Business Development – Thomas McKenna

Mr. McKenna has been Director of Business Development of Image One Facility Solutions, Inc. in Rolling Meadows, Illinois, since February 2019. From February 2016 to January 2019 he was a Business Development Manager for Advanta Clean, a franchisor in the restoration industry in Huntsville, North Carolina.

Director of Franchise Administration & Compliance – Diana McVicker

Ms. McVicker has been Director of Franchise Administration & Compliance of Image One Facility Solutions, Inc. in Rolling Meadows, Illinois, since July 2019. From September 2016, until July of 2019, she held a variety of positions with Image One Facility Solutions, Inc., including Accounting Manager & Office Manager.

Director of National Marketing – Jerry Jackson

Mr. Jackson has been Director of National Marketing of Image One Facility Solutions, Inc. in Rolling Meadows, Illinois, since February 2014. From the inception of Image One Facility Solutions, Inc. in November 2010 until May of 2014, he was a Regional Director of Marketing for Image One Facility Solutions, Inc.

Business Development Manager – Joyce Cannon

Ms. Cannon has been a Business Development Manager at Image One Facility Solutions, Inc. in Rolling Meadows, Illinois, since January 2015. From the inception of Image One Facility Solutions, Inc. in July 2011 until January of 2015, she was a Regional Director of Sales (Account Executive) for Image One Facility Solutions, Inc.

Business Development Manager – Maggie Mitkova

Ms. Mitkova has been a Business Development Manager at Image One Facility Solutions, Inc. in Rolling Meadows, Illinois, since May 2017.

Franchise Accounting Manager – Kathryn Johnson

Ms. Johnson has been a Franchise Accounting Manager at Image One Facility Solutions, Inc. in Rolling Meadows, Illinois, since November 2014.

Franchise Accounting Manager – Maria Aguilar

Ms. Aguilar has been a Franchise Accounting Manager at Image One Facility Solutions, Inc. in Rolling Meadows, Illinois, since January 2017.

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ITEM 3 – LITIGATION

Pending

None

Concluded

Image One Facility Solutions, Inc v. Robert B. Caramusa, Catherine Caramusa, Michael Caramusa, & Emcee Building Services, LLC (Case No 22 CH 141) Circuit Court for the 18th Judicial Circuit, DuPage County, Illinois. In July 2022, plaintiff, the franchisor, filed this case against defendants, a former franchisee, for breach of contract and tortiously interfering with Image One's business. Defendants filed as an Answer denying that it breached the contract and tortiously interfered with Image One's business. Defendants further raised as an affirmative defense that the plaintiff did not comply with the disclosure obligations required by the Illinois Franchise Disclosure Act. The case was settled by agreement of all parties in March 2023 and was dismissed by the court on March 20, 2023.

IMTN, Inc., Image One Facility Solutions, Inc., Myron Schuchman and Timothy Conn v. Anago Franchising, Inc. (Case CH 10636), Circuit Court of Cook County, Illinois, filed March 21, 2011. Plaintiffs filed suit against Anago Franchising, Inc., requesting injunctive and declaratory relief to prevent AFI from interfering with the ongoing business of Image One. Damages have also been requested for loss of business in an unspecified amount due to the ongoing activities of Anago that interfere with business of Image One. On April 16, 2012 Defendant moved to dismiss the lawsuit. The case was dismissed on March 17, 2014.

Anago Franchising, Inc. v. WTTM, LLC., IMTN, Inc., Image One, Inc., Image One Facility Solutions, Inc., Myron L. Schuchman, Timothy Donald Conn, Matt Condron, and William Wesley Schuchman (Case No.11-cv-60323) United States District Court for the Southern District of Florida. WTTM was a Subfranchisor of AFI for the Denver market under a Subfranchise Rights Agreement dated June 20, 2007. The 4 individual defendants had ownership interests in WTTM, LLC. AFI filed a complaint against all the Defendants for reverse palming-off, fraud and injunctive relief; against WTTM, LLC., Timothy Donald Conn, and William Wesley Schuchman for breach of contract of the Subfranchise Rights Agreement and anticipatory breach of contract of the Subfranchise Rights Agreement; against Timothy Donald Conn, Myron Schuchman, and Matt Condron for tortious interference with a business relationship; against Image Once Facility Solutions, Inc. for trademark infringement and trade dress infringement. All contentions of Anago have been dismissed on various dates, except that Plaintiff continues to allege that Defendants redistributed goods of Anago after removing the Anago trademark and that Defendants previously misused the website of Anago. The court entered Summary Judgment and dismissed the case May 13, 2013.

Anago Franchising Inc. v. WTTM, LLC, IMTN, Inc., Image One Facility Solutions, Inc., Myron L. Schuchman, Timothy Donald Conn and William Wesley Schuchman (Case No. 12-16925 (09)) Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida. This case was filed on June 14, 2012 and is currently pending on an Amended Complaint mirrors the claims of the previous Florida lawsuit referred to above. Defendants have moved to dismiss this

lawsuit or transfer it to Illinois to be consolidated with the pending Cook County lawsuit. The court granted Defendant's Motion and dismissed the suit on May 2, 2013.

Other than these 4 cases, no other litigation is required to be disclosed in this Item.

ITEM 4 – BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 – INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee for an Affiliate Franchise for a single Territory is \$29,750. The Franchise Fee is payable in full in cash when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned and non-refundable upon payment to us.

If you elect to purchase Additional Territories, the Franchise Fee for each Additional Territory is the same as the then-current franchise fee at the time you purchase Additional Territories.

Cleaning Supplies and Equipment

You have the option of purchasing cleaning supplies and equipment from us, at a cost of \$4,500 to \$6,000. This fee is non-refundable upon payment to us.

Insurance

You have the option of purchasing insurance from a third-party or from us, at a cost of \$3,100-\$3,900 (if purchased from us). The fees you pay to us for insurance will be refundable on a pro-rata basis, only upon us receiving a refund from the insurance carrier.

Veterans, Active Military, and First Responders Incentive Programs

We are a member of the International Franchise Association (“IFA”) and participate in the IFA’s VetFran Program. We offer an Incentive Program described below to veterans of the U.S. Armed Forces who meet the requirements of the VetFran Program.

We offer the same Incentive Program to active duty members of the military.

We also offer the same Incentive Program to First Responders. A First Responder is a person with specialized training who is among the first to arrive and provide assistance at the scene of an

emergency, such as an accident, natural disaster, or other catastrophic events. First Responders include paramedics, emergency medical technicians, police officers, sheriffs, and firefighters.

A person is eligible for only one Incentive Program, even though he or she may be eligible as a military veteran, an active duty member of military, and/or a First Responder.

Only one option may be selected from the following Incentive Programs:

- i. cash discount of \$6,250 from the Initial \$29,750 Franchise Fee on condition that payment of \$23,500 is made as a lump sum when you sign the Franchise Agreement.
- ii. Working with you in marketing and selling to assist you to attain \$5,000 in monthly recurring revenue. We do not guarantee to work with you indefinitely, but we will commit to work with you for a reasonable period of time until you have reached \$5,000 in monthly revenue. The cash Initial Franchise Fee is \$29,750 under this program.
- iii. Assisting you with the financing terms by waiving the finance charge. You must pay a down payment of \$14,750, with the balance of \$15,000 being paid over 30 months at \$500 a month. See Item 10 for more details of this financing.

Variances in Fees in Past Year

During the last fiscal year, we waived the initial franchise fee for one veteran. Other than that one instance, we did not vary the initial franchise fee for any franchisees under this Affiliate program.

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ITEM 6 – OTHER FEES

The following is a detailed description of other recurring or isolated fees or payments that you must pay to us or which we impose or collect for a third party.

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	10% of monthly Gross Revenues (defined below in Note 1)	Within 20 days of the end of the previous calendar month.	
Admin. - Fee	3.0% of monthly Gross Revenues	Within 20 days of the end of the previous calendar month.	Paid out of Gross Revenues generated from the operation of the Franchise.
Advertising Contributions to Marketing Fund	2% of monthly Gross Revenues	Within 20 days of the end of the previous calendar month.	You must pay a continuing monthly Advertising Contribution of 2% of monthly gross revenues. “Gross Revenues” are defined above under Royalty Fee.
Insurance coverage	For liability insurance and workers compensation, we bill you the actual insurance cost plus an administrative fee equal to 2% of the Gross Revenues, including supplies, equipment and Day Porters plus \$2.00 times the number of invoices per client.	Within 20 days	Insurance is required to operate your business. We recommend that you secure liability, and workers compensation insurance on your own. If you fail to maintain the insurance required by the Franchise Agreement, we may obtain the required insurance and charge you the cost of the insurance, and a reasonable fee for our efforts.
Payment Assurance Program Option (PAPO)	5% of Total Monthly Gross Billing	Within 20 days of the end of the previous calendar month.	This is an optional program in which you may elect to participate. If you participate, you pay us 5% of your total monthly gross billing, and we guarantee payment to you of billing of all clients you service, whether or not they pay. We have the right to terminate your PAPO program at any time, in our sole discretion.

Type of Fee	Amount	Due Date	Remarks
Additional Business Fees (AB-Fees)	1.5 times the gross monthly billings of the Additional Business	Payable in full at the time of the assumption of the Account	This fee applies only if you elect to purchase Additional Business from us. See Note 2 below. A commission fee is payable for each assignment and assumption of all Additional Business we obtain for you. Supplies and Day Porters are not included.
Lead Generation Fees	\$150 per lead	When billed	Only payable if you request us to provide you leads for potential clients
Software User License Fee	\$25 to \$100 per month per licensed user	Payable by invoice, within thirty (30) days of receipt of same by you	If your Gross Revenues are less than \$5,000 per month, you pay \$25 per month for the software license. If your Gross Revenues are greater than \$5,000 per month, or if you service national accounts, you pay \$100 per month per user for the software license.
Liquidated Damages for Premature Termination	Equal to the total of all Royalty Fees and Advertising Contributions for the 36 calendar months of operation of the Image One Affiliate Franchise before your default	Lump sum payment after default	If termination is the result of your default, you will pay to us a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Royalty Fees and Advertising Contributions for: (i) the 36 calendar months of operation of the Image One Affiliate Franchise before your default; (ii) the period of time the Image One Affiliate Franchise has been in operation before the notice, if less than 36 calendar months, projected on a 36-calendar month basis; or (iii) any shorter period as equals the unexpired Term at the time of termination.
Retraining Fees	The then-current fee as set by us. Currently we charge \$500 per session per person for Retraining plus all travel meals and lodging costs if training is held at your location.	Within 20 days.	If you receive unsatisfactory inspection reports from us and fail to promptly remedy the deficiencies, or if you fail to attend our annual convention, we may require you and designated employees to attend refresher training as soon as reasonably possible. You are solely responsible for the retraining fee as well as all travel, meals and lodging costs of your attendees. If you fail the Image One Training Program, you must attend retraining classes in the areas the training officer feels are necessary for you to successfully complete the Image One

Type of Fee	Amount	Due Date	Remarks
			Training Program. If you lose a Client due to non-performance or Client dissatisfaction and we deem it in your best interest for you to attend retraining classes, retraining in the areas of deficiency will be required.
Deficiencies	Actual cost to us	Immediately upon receipt of invoice.	If you do not satisfy your obligations under the Franchise Agreement, we may perform your obligations for you. You must reimburse us for our costs in performing your obligations.
Transfer Fee	The greater of \$5,000 or 10% of the sales price	At the time of transfer.	Upon a transfer, you or your buyer must pay a Transfer Fee. If the transferee is your spouse or child, no Transfer Fee will be charged, but a reasonable administrative fee (currently \$250) will be charged.
Liquidated Damages for Sale of Prohibited Products or Services	\$100 per day that unauthorized products or services are offered	Immediately upon receipt of invoice.	You agree that the offer to sell or the sale of unauthorized or prohibited products and services will result in damages to us, those damages you agree to be measured as being \$100 for each day of the prohibited offer or sale.
Audit	Cost of examination or audit, including charges of independent accountants and travel expenses, room and board, compensation of our employees.	30 days after billing	If audit is necessary due to your failure to furnish reports or if audit shows an under-reporting of 2% or more of Gross Revenues.
Indemnity	Actual cost to us	Immediately upon receipt of invoice.	You indemnify and hold us harmless from all damages (including reasonable attorneys' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings), from claims brought by third parties involving your ownership or operation of your Image One Franchise. This indemnity obligation continues in full effect after the expiration or termination of your Franchise Agreement.
Enforcement Costs	Actual cost to us	Immediately upon receipt of invoice.	If any legal action or other proceeding is begun for the enforcement of your Franchise Agreement, or because of an alleged dispute, breach, default or misrepresentation under any provision of

Type of Fee	Amount	Due Date	Remarks
			your Franchise Agreement, the prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs. If we engage legal counsel because of your failure to pay when due any monies owed under your Franchise Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with your Franchise Agreement, you must reimburse us for all of the Enforcement Costs we incur.
Penalty for Operational Defaults	\$50 for each default	Immediately upon receipt of invoice	You must pay a \$50 penalty if you or your employees fail to wear the Image One Uniform or ID while servicing a Client, or commit other operational defaults specified in the Manual
Registration Fee	\$300 to \$600 a year	Per convention registration schedule	For your attendance at our annual convention. Owner attendance is mandatory.
Payment to Suppliers	Amount you owe your suppliers plus 10%	Immediately upon receipt of invoice	If you elect to have us pay your suppliers, or if you default in your payments to suppliers, we will pay your suppliers directly, and we may charge you a service fee equal to 10% of the amount of the payment.

Note 1. "Gross Revenues" means the entire amount of all of your revenues from the ownership or operation of the Image One Franchise including revenues from regular janitorial services, revenue from janitorial services performed outside the monthly contract specifications, revenues from janitorial services performed on a one-time basis, and revenues from Extra Work including the proceeds of any business interruption insurance, whether the revenues are evidenced by cash, credit, checks, gift certificates, scrip, coupons and premiums (unless exempted by us), services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunds and credits given to Clients (except credit for missed cleaning days) and receivables uncollectable from Clients will be deducted in computing Gross Revenues to the extent that the cash, credit or receivables represent amounts previously included in Gross Revenues where Royalty Fees and other amounts were paid. Gross Revenues are deemed received by you at the time of goods, products, merchandise or services from which they derive are delivered or rendered or at the time the relevant sale takes place, whichever occurs first. Gross Revenues consisting of property or services (for example, "bartering" or "trade outs") are valued at the prices applicable, at the time the Gross Revenues are received, to the products or services exchanged for the Gross Revenues.

Note 2: We may offer you for purchase client accounts (Additional Business), in addition to the clients you acquire on your own. It is your option to purchase Additional Business, and you may decline to purchase Additional Business.

Uniformity; Nonrefundable

The fees described above are uniformly imposed and collected. None of the fees is refundable.

Royalty Rebate.

If your Gross Monthly Billings exceed a certain volume, and so long as you are in compliance with this Agreement, we will rebate back to you a certain percentage of the Royalties you paid during the previous month, as follows:

Gross Monthly Billings	Rebate Amount
\$50,000 - \$99,999	10% of all royalties you paid during the previous month
\$100,000+	20% of all royalties you paid during the previous month

“Gross Monthly Billings” are the amount of recurring revenue from monthly service contracts only and do not include non-recurring revenue. If you achieve the Gross Monthly Billings above, you will receive the rebate of the applicable percentage of your royalties paid on your total revenue for that month, which may include revenue from non-recurring jobs. However, revenue from non-recurring jobs will not be counted for purposes of determining if you are eligible for the royalty rebate.

Cooperatives

There are currently no cooperatives in which you may or must participate; however, we may negotiate with some suppliers for you, at your request.

"Gross Monthly Billings," means the gross amount of monthly service contracts only.

Set-Off

You will not be allowed to set off amounts owed to us or other amounts due under the Franchise Agreement, against any monies owed to you, nor will you in any event withhold any amounts due to any alleged nonperformance by us hereunder, which right of set off is expressly waived by you. We are allowed to set off amounts owed to you against monies owed to us by you.

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Item 7 - ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$29,750	Lump sum	On signing the Franchise Agreement	Franchisor
iPad ¹	\$500 to \$1,200	Lump Sum	Before beginning business	Third Party
Vehicle ²	\$0 to \$3,000	Lump Sum	Before beginning business	Third Party
Cleaning Supplies & Equipment ³	\$4,500 to \$6,000	Lump Sum	Before beginning business	Us or Third Parties
Insurance ⁴	\$3,100 - \$3,900 (if purchased from us)	Lump Sum or Monthly	Before beginning business	Third Party, or Franchisor
Fictitious Name Registration ⁵	\$100 to \$200	Lump Sum	Before beginning business	Third Parties
Incorporation and Legal Review ⁵	\$400 to \$2,000	Lump Sum	Before beginning business	Third Parties
Travel, Lodging, Meals, Etc. for Initial Training ⁶	\$150 to \$3,000	As Incurred	Before beginning business	Third Parties
Location Marketing Set Up ⁷	\$1,175	Lump Sum	Before beginning business	Third Party Vendor
On-Going Location Marketing ⁸	\$450 to \$4,500	Monthly payments	When billed	Third Party Vendor
Miscellaneous Start-up Costs ⁹	\$1,500	As Incurred	Before beginning business	Third Parties
Additional Funds ¹⁰ (3 months)	\$2,000 to \$5,000	As Incurred	Before beginning business	Third Parties
TOTALS	\$43,625 to \$61,225			

We present the preceding estimate of your initial investment to establish and open one Image One Affiliate Franchise. The estimates presented cover the period before the opening and for the initial phase of your Image One Affiliate Franchise (3 months). They do not provide for your cash requirements to cover operating costs after the initial phase or personal living expenses. You must have additional sums available, whether in cash or through unsecured credit lines, or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating costs after the initial phase of your Image One Affiliate Franchise. We urge you to retain the services of an experienced accountant or financial advisor in order to develop a business plan and financial projections for your Image One Affiliate Franchise. Your actual investment will vary depending upon local conditions particular to your geographic area or market. We do not expect you to purchase real estate or construct the building containing your Image One Affiliate Franchise although this may be done.

None of the payments to us is refundable. Payments to 3rd parties may be refundable, depending on the specific terms you negotiate with those suppliers.

¹You must purchase and use an iPad and maintain an Image One e-mail account. The cost will range depending on the model you select. You do not need a laptop or desk top computer or POS system, because all your bookkeeping, payroll, tracking tax records, and other financial and management functions are handled by us, by your payroll service, or by your accountant or financial advisor.

²You can use your existing vehicle in your Image One Franchise. You may at your option purchase a complete IMAGE ONE vehicle wrap, which costs about \$2,000. The low range assumes you have an existing vehicle, and that you do not opt to have the vehicle wrap. The high range is based on the cost of leasing a vehicle for 3 months, plus your purchasing the vehicle wrap.

³We will only allow cleaning supplies and equipment that support the image and positioning of the System in the marketplace. You agree to the image and positioning of the System and agree to use only the supplies we specify or otherwise approve. The ranges assume you purchase the following Equipment from us: vacuums, wet vacs, auto scrubbers, low speed scrubbers, high speed polishers, and an electrostatic sprayer.

⁴As discussed in ITEM 8 and Section 9.1 of the Franchise Agreement, we require that you carry certain specified insurance. The method and timing of payments is a matter to be resolved between you and your insurer. Because the selection of the carrier, amount of wages and other related conditions vary considerably, it is difficult to estimate the ultimate cost to any given franchisee. Therefore, we, in light of the volatility of the insurance industry, estimate the total cost with the caution that you should obtain quotes from carriers of choice before proceeding. Our best estimate is \$1,600 to \$2,400 per year for insurance coverage other than for workers' compensation insurance and \$1,500 per year for workers' compensation insurance assuming gross annual wages of up to \$15,000, exclusive of payments to you. The cost of the liability insurance varies based on your credit score, claims history, location, and other factors determined by the insurance company. Coverage must include at a minimum:

(a) Commercial general liability insurance and completed operations coverage for all services you provide in your business, in the amount of \$5,000,000 per person/per occurrence for bodily injury and property damage combined with a general aggregate of \$5,000,000. Your general liability insurance policy must name on a primary and non-contributory basis with respect to work performed by you, as required by written contract and as our respective interests may appear;

(b) Workers' compensation coverage and unemployment insurance and all other insurance required by statute or rule of the state where the Image One Affiliate Franchise is located, provided that you may not elect any option that may be available under state law to exclude or exempt yourself from workers compensation;

(c) Automobile liability insurance, including personally-owned, business-owned, hired and non-owned vehicle coverage, of vehicles used by employees in the Image One Affiliate Franchise, with a combination of primary and excess limits of at least \$100,000/\$300,000; and

(d) Surety bond of \$50,000.

⁵You must form a legal entity (corporation, partnership or limited liability company) to be the Affiliate Franchisee and which must sign the Affiliate Franchise Agreement. You must comply with the fictitious, assumed, or trade name statutes of the state where the Image One Affiliate Franchise will be located. The estimates are for attorneys' fees, publication fees, filing fees for incorporation, compliance with the applicable fictitious name statute, if any, and review of this Franchise Disclosure Document, depending on the scope of legal services rendered. These fees may vary from state to state depending on each state's laws and the prevailing rate of attorneys' fees. These costs are paid to attorneys, newspapers and governmental agencies, are not refundable and usually incurred before beginning business.

⁶Some costs of training that you may bear are transportation, lodging, compensation and meals. The estimate is for items that are non-discretionary in nature. Generally these costs will vary widely as a function of the distance traveled, the accommodations selected, the restaurants eaten in, the distance between the hotel and the training center and the transportation selected. Considering different lifestyles, distances and compensation assumption, the estimates are from \$150 to \$5000.

⁷You must pay \$1,175 for a one-time set up of Location Marketing. Our current vendor is Integrated Digital Strategies ("IDS"). The set-up fee to IDS is \$1,175.

⁸You must participate in on-going location marketing conducted by IDS. The cost is \$150 to \$1,500 per month.

⁹In every business startup there are numerous unanticipated "nickel and dime" costs, for example, additional licenses and permits, professional fees for accountants and/or attorneys, utility deposits, miscellaneous supplies and many others. Our estimate is \$0 to \$1,000.

¹⁰You should have adequate working capital before beginning operation of an Image One Affiliate Franchise. These additional funds should be sufficient to keep the Image One Affiliate

Franchise in operation for 3 months and capable of covering the excess of expenses over cash flow covering employee wages and taxes, cleaning supply replenishment, insurance premiums and other normal expenses that are associated with the day-to-day business operation of the Affiliate Franchise. You should not assume that you will break even by the end of the 3 month period, and that you may need amounts in excess of the estimated amounts before your business breaks even. You should have additional sources for payment of personal living expenses. You must be able to meet operating expenses from pre-opening, including hiring and training expenses, until the Image One Affiliate Franchise develops sufficient cash flow to cover all costs. The estimate for additional funds is \$2000 to \$5,000. These figures do not include any payments to you during the start-up period. You are encouraged to fill out a personal/family cash flow budget and determine if there is sufficient revenue on the personal level to provide for your family through the start-up period. Clearly, additional funds requirements will be a function of your decisions regarding nearly every aspect of your Image One Affiliate Franchise, for example, the size of the payroll, size of the operation and many other expenses that you decide to incur.

Basis for Estimate

We relied on Tim Conn's over 35 years of experience in the commercial cleaning business to compile these estimates. You should review these figures carefully with a business advisor before making any decisions to purchase an Image One Affiliate Franchise.

Financing

We offer financing to military veterans, active duty military members, and First Responders, as described in Item 5 and 10.

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ITEM 8 – RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Specifications and Standards

To help retain the uniform and high standards necessary to maintain and enhance the goodwill of the System and your acceptance in your market, IMAGE ONE provides specifications and/or approved suppliers for the purchase or lease of certain items. Specifications may include standards for enhancing the System's image and minimum standards for safety, appearance and other factors. Specifications are issued to you in the Manuals or otherwise in writing. The categories for these purchases or leases are as follows:

Insurance

You must obtain and maintain insurance, at your expense, as we require, in addition to any other insurance that may be required by applicable law, your landlord, lender or otherwise. The policies must be written by an insurance company reasonably satisfactory to us with a Best rating of "A" or better and include the risks, amount of coverage and deductibles as stated in the Manuals and Section 9.1 of the Affiliate Franchise Agreement.

You must also maintain automobile liability insurance, including personally-owned, business-owned, hired and non-owned vehicle coverage, of vehicles used by employees in the Image One Affiliate Franchise, with a combination of primary and excess limits of at least \$100,000/\$300,000.

We make available to you liability insurance, workers compensation insurance, and a surety bond, under which you would have your own account and billing based on your payroll volumes. You are not required to obtain insurance through our insurance provider. If you wish to obtain insurance through our insurance provider, you must use a payroll service approved by our insurance provider. Our insurance provider imposes this requirement in order to accurately calculate your worker compensation insurance premiums, which are based on your payroll amounts. We do not derive any revenue from your using the designated payroll services, although we do derive an administrative fee in connection with processing liability and workers compensation insurance.

Advertising

You must submit to us, for our approval, all materials to be used for Local Advertising, unless they have been approved before or they consist only of materials we provided. All materials containing Trademarks must comply with the specifications in the Manuals and in accordance with ARTICLE 7 of the Affiliate Franchise Agreement. We are an approved supplier of advertising materials.

You must participate in Location Marketing, which is an on-line marketing program conducted by our approved vendor (currently Integrated Digital Strategies ("IDS")). Vendor will, for a set-up fee, create a location page for your business, and set up a Google My Business listing,

and local search listing distribution. Vendor will also conduct, for a monthly fee, on-going location marketing, including a findability program, reputation management, social postings on Facebook, digital marketing via Google AdWord and Facebook advertising. We may change vendors at any time for this type of marketing. We do not derive any revenue from your participation in Location Marketing.

Approved Supplies and Suppliers

You must purchase or lease equipment, supplies, vehicle wrap, advertising materials and other products and services used for the operation of your Image One Affiliate Franchise only from authorized manufacturers, contractors and other suppliers who demonstrate, to our continuing reasonable satisfaction: (i) the ability to meet our and IMAGE ONE's standards and specifications for the items; (ii) possess adequate quality controls and capacity to supply your needs promptly and reliably; and (iii) have been approved in writing by us and not later disapproved. We may approve a single supplier for any brand and may approve a supplier only as to certain brand or brands. In approving suppliers for your business, we may take into consideration the price and quality of the products or services and the reliability of the supplier and other factors. We may concentrate purchases with 1 or more suppliers to obtain the lowest prices and/or the best advertising support and/or services for our franchisees. Approval of a supplier may be conditioned on requirements for the frequency of delivery, standards of service, including prompt attention to complaints, and concentration of purchases, as stated above, and may be temporary, pending our additional evaluation of the supplier. If we later disapprove a supplier, you must immediately cease purchasing from that supplier after your receipt of our notice of disapproval.

When supplies, equipment and advertising materials are purchased from us, typically there is a markup of 10%-20%.

Except as disclosed in this Item, we are not the only approved supplier of products or services to our franchisees. As of the issuance date of this Disclosure Document, none of our officers owns any interest in any approved supplier of products or services to Image One franchisees. Currently, none of our approved suppliers makes any payments to us for the products purchased from them.

Approval of New Suppliers

If you propose to purchase or lease any equipment, supplies, advertising materials, or other products or services from an unapproved supplier, you must submit to us a written request for approval, or request the supplier to do so itself. We have the right to require, as a condition of our approval, that our representatives are permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, at our option, either to us or to an independent, certified laboratory we designate for testing. We will not be liable for damage to any sample that may result from the testing process. You do not charge a fee for testing. We reserve the right, at our option, to re-inspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense and to revoke approval upon the supplier's failure to continue to meet our standards and specifications. We may also require as a condition to our approval, that the supplier present satisfactory evidence of insurance, for example, product liability insurance, protecting us, and our franchisees from all claims from the use of the item within their business. We will notify you in writing of the approval or disapproval of the supplier. Our criteria for supplier approval are

not available to you or proposed suppliers, as we have developed this criteria through the expenditure of extensive work and time and the criteria are considered confidential information. We will communicate to you within a reasonable time, not to exceed 30 days from the date we have all the information we require, our determination on whether we approve the item for your use.

System Modifications

We have the right to supplement, modify, improve and otherwise change the System in response to the opportunity to offer new services and products to customers of Affiliate Units operating under the System, and in response to other factors. We will have full control and discretion over any of these developments and you must comply with all reasonable requirements, including offering and selling new or different products or services we specify.

Revenue from Approved Supplies and Suppliers

From all our Franchisees (including Affiliate and Unit Franchisees) in fiscal year 2022, we derived \$711,216 in revenue directly from our Franchisees in the form of Additional Business, Insurance, Equipment, Supplies, and Marketing Materials. That represented 6.94% of our total revenues in 2022 of \$10,249,226. The \$711,216 figure was derived from our internal accounting procedures, and the total revenue figure of \$10,249,226 is from our audited financial statements (F/S Note 3) for the year ended December 31, 2022.

We do not currently derive revenue, income and other benefits from your purchase or lease of any products, services, supplies or other items from third parties. We reserve the right to collect rebates from designated and approved suppliers in the future at any time.

We do not have any affiliates who derived revenue, rebates or other material consideration based on the required purchases or leases by franchisees.

Magnitude of Required Purchases or Leases

We estimate that the required purchases or leases described in the above paragraphs are approximately 33% to 75% of the cost to establish your Image One Franchise and approximately 3% - 5% of your total annual operating expenses. Except as disclosed in this Item 8, there are no goods, services, supplies, equipment, computer hardware and software, or real estate which you must purchase or lease from us, our designees, or from suppliers approved by us.

Cooperatives

There are currently no purchasing or distribution cooperatives in which you must or may participate, at this time. We reserve the right to establish national or regional purchasing programs in the future. If a national or regional purchasing program is established for the region where your franchise is located, you must participate in the program. You will not receive any material benefit from purchasing from approved or designated suppliers.

We do not discriminate among our franchisees based upon a particular franchisee’s use of a particular approved supplier.

Arrangements with Suppliers

As of the issuance date of this Disclosure Document, we have negotiated an arrangement with National Service Alliance to get preferred national pricing on equipment and supplies for our franchisees. There is no cost to the franchisee to participate in this program. Other than that arrangement, we have not negotiated any arrangements with 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 Agreement⁽¹⁾	Item in Disclosure Document
a. Site selection and acquisition/lease	Not Applicable	Not Applicable
b. Pre-opening purchases/leases	Sections 4.1, 4.4 and 4.6	ITEMS 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 4.1, 4.2, 4.4 and 4.6	ITEMS 7, 8 and 11
d. Initial and on-going training	Sections 2.2, 2.5 and 2.8 (j) and (k)	ITEMS 6, 7, 8 and 11
e. Opening	Section 4.1	ITEMS 7, 8 and 11
f. Fees	ARTICLE 3; Equipment	ITEMS 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	ARTICLES 4, 6 and 7	ITEMS 8, 11 and 14
h. Trademarks and proprietary information	ARTICLES 5 and 6	ITEMS 13 and 14
i. Restrictions on products/services offered	Sections 4.1, 4.4 and 4.5	ITEMS 8 and 16
j. Warranty and customer service requirements	Section 4.8	ITEM 8
k. Territorial development and sales quotas	Not Applicable	ITEM 12
l. On-going product/service purchases	Sections 4.1 and 4.4	ITEMS 6 and 8

Obligation	Section In Agreement⁽¹⁾	Item in Disclosure Document
m. Maintenance, appearance and remodeling requirements	Sections 4.1 and 4.2	ITEMS 6, 7 and 8
n. Insurance	ARTICLE 9	ITEMS 6, 7 and 8
o. Advertising	ARTICLE 7	ITEMS 6, 7, 8 and 11
p. Indemnification	Section 14.2	ITEMS 6 and 8
q. Owner's participation/management/staffing	Sections 4.2 and 4.3	ITEMS 6 and 15
r. Records/reports	ARTICLE 8	ITEM 8
s. Inspections/audits	Section 4.9, ARTICLE 8	ITEMS 6, 8 and 11
t. Transfer	ARTICLE 10	ITEMS 6 and 17
u. Renewal	Section 16.2	ITEMS 6 and 17
v. Post-termination obligations	ARTICLE 12	ITEM 17
w. Non-competition covenants	ARTICLE 13	ITEM 17
x. Dispute resolution	Not Applicable	ITEMS 6 and 17

⁽¹⁾Unless otherwise stated, all references are to the Image One Affiliate Franchise Agreement attached as Exhibit B.

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ITEM 10 – FINANCING

We do not offer financing to our Franchisees, except for military veterans, active duty military members, or First Responders (as defined in Item 5 above)/

Veterans, Active Duty Military, and First Responders Incentive Program

To provide support to past veteran and current veterans being released from active service, active duty military, and First Responders we offer all qualifying veterans 3 incentive programs (“Veterans, Active Duty Military and First Responders Incentives”). One of the incentives we offer is to waive the finance charge if you finance the franchise fee. You must pay \$14,750 as your down payment, but the balance of \$15,000 would be paid over 30 months at \$500.00 a month. The other 2 incentives are described in Item 5 of this disclosure document. You may select only 1 of the incentive programs.

The finance terms for qualified Veterans, Active Duty Military Members and First Responders who select this incentive are as follows:

- (a) Amount if paid in full: \$29,750.00
- (b) Amount if financed: \$29,750.00
- (c) Finance charge: \$0
- (d) Amount financed: \$15,000
- (e) Down payment: \$14,750
- (f) Term: 30 months
- (g) Interest Rate: 0%
- (h) Monthly Payment: \$500.00
- (i) Prepayment Penalty: None
- (j) Security Required: Security Interest in Business; personal guaranty by shareholders or members
- (k) Loss of Legal Rights on Default: Late charges; higher interest rate; acceleration of amounts due; attorney’s fees; foreclosure on security interest; sale of your assets at public or private sale

The Promissory Note for financing a portion of the Franchise Fee is attached to the Franchise Agreement as Exhibit 5.

We do not offer financing that requires you to confess judgment or waive a defense against us or the lender, although you may lose your defenses against us and others in a collection action on a note that is sold or discounted.

You waive your rights to notice of a collection action (Promissory Note Section 4). We do not discount these notes to a third party. We do not arrange financing from other sources.

As security for payment of all sums due to us from you, and to secure the faithful performance of all your obligations, we take a perfected security interest in your business, including all of the cleaning accounts you service, all customer lists, accounts records, contracts, and receivables, and all other assets of your business. Upon your failure to perform any obligation or

pay any sum due us, we have the right, without notice to you, to take immediate possession of the Collateral.

We do not receive direct or indirect payments for placing financing. We do not guarantee your obligations to third parties.

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ITEM 11 – THE 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

After the Affiliate Franchise Agreement is signed and before you begin to operate your franchise, we do the following:

- (a) **Image One Training Program.** We will make available to 3 individuals designated by you, one of whom must be a party to or a guarantor of the Affiliate Franchise Agreement, our then-current initial Image One Training Program. (Section 2.2 of the Affiliate Franchise Agreement.) Details of the Image One Training Program are described below under the heading “Training Program.”
- (b) **Loan of the Manuals.** We will lend you 1 copy of each volume of the Manuals, or make available electronic versions of the manuals. (Section 2.3 of the Affiliate Franchise Agreement.)
- (c) **Lists, Forms and Schedules.** We will supply to you a list of required equipment, supplies, materials, inventory and other items necessary to open and operate your Image One Affiliate Franchise and an initial set of forms, including the standard brochure and various operational forms, standardized periodic reporting forms for reporting performance, evaluation, inspection and communication. We will also make available to you a schedule of items that may be purchased from us. (Section 2.4 of the Affiliate Franchise Agreement.)

Franchisor’s Obligations During the Operation of the Franchise

We may delegate to a third party some or all of our pre-opening and ongoing services/obligations as described in this Item 11.

During your operation of the Image One Affiliate Franchise, we may, to the extent we deem necessary and desirable, provide to you the following:

- (a) **Invoicing and Accounting Services.** We currently invoice Clients for services you perform and we collect payment for such services directly from the Clients, on a monthly basis. We will remit to you, all Gross Revenues paid to us for each Client you service, less all fees you must pay under the Affiliate Franchise Agreement, including Royalty Fees, Administrative Fees, Advertising Contributions, and Note Payments, on a monthly basis in accordance with Section 3.2 of the Affiliate Franchise Agreement. We reserve the right to stop providing these services at any time and may require you to invoice Clients and collect payments directly at any time. We will give you at least 60 days’ notice if we decide to stop providing these invoicing and accounting services. Currently, you are not permitted to invoice Clients or collect payments directly without first obtaining our prior written approval. If amounts billed to customers are unpaid, you will incur the loss of nonpayment except in instances where we have guaranteed payments to you in writing. With our prior written consent, you may take action to enforce payment of Accounts you service

at your sole cost and expense. In the alternative, at your request, we may, in our sole discretion, take action to enforce payment at your sole expense.

(b) **Field Visits.** We may perform periodic quality control visits to each building you clean. All operations will be inspected and recommendations will be made to you. Our representative will operate from the local Image One office and will be available during normal business hours to answer questions and to assist with franchise operations. [Subsection 2.8(c) of the Affiliate Franchise Agreement.]

(c) **Assistance with Business Development.** We will continue to provide you with estimating expertise, custom proposals and references in order to assist development of your business. If you request us to provide you leads for potential clients, we charge you a fee for each lead [Subsection 2.8(d) of the Affiliate Franchise Agreement.]

(d) **Assistance with Clients' Services.** Our local office will accept service calls from clients you service, and relay these service calls to you in a timely manner. [Subsection 2.8(e) of the Affiliate Franchise Agreement.]

(e) **Telephone Hotline.** We will maintain a telephone "hotline" for informational assistance and emergencies. [Subsection 2.8(f) of the Affiliate Franchise Agreement.]

(f) **Local Advertising.** We will provide you advice on Local Advertising. [Subsection 2.8(g) of the Affiliate Franchise Agreement.]

(g) **Promotional Literature.** We will make available to you promotional literature of the Image One System and all pertinent new developments in the janitorial service industry including procedures for improved efficiency to the extent actually known by us. [Subsection 2.8(h) of the Affiliate Franchise Agreement.]

(h) **Special Assistance.** If you request, we will furnish non-routine guidance and assistance to deal with your unusual or unique operating problems. [Subsection 2.8(1) of the Affiliate Franchise Agreement.]

(i) **Research and Development.** We will continue to research and develop new products and services, introductions and techniques, as we deem appropriate in our sole discretion. [Subsection 2.8(m) of the Affiliate Franchise Agreement.]

(j) **Trademarks License.** Subject to the terms of the Affiliate Franchise Agreement, we license to you the right to use the "Image One Facility Solutions" and "Image One" trade names and other Trademarks. (Section 2.9 of the Affiliate Franchise Agreement.)

(k) **Limits on Our Obligations.** We have no obligation to develop new products or services to be offered by you to clients, to hire or train your employees, to improve or develop the franchised business, to establish prices, to establish or use administrative, bookkeeping, accounting or inventory control procedures, or to resolve operating problems encountered by you in the operation of your Affiliate Franchise.

(l) **Pricing Assistance.** We will provide you pricing guidelines for products and services you sell to accounts you obtain on your own. We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services.

Advertising Programs

Advertising Contributions to the Marketing Fund

You must pay a continuing monthly Advertising Contribution of 2% of monthly Gross Revenues, which will be paid into the Marketing Fund (“the Fund”) that we administer. Other franchisees contribute to the Fund at the same rate. Franchisor-owned outlets must contribute to the Fund on the same basis as franchisees. We will use the have the sole discretion over the concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout and content of all national, regional and local advertising paid out of the Fund. The Fund will be maintained and administered by us or our designee The source of the advertising is primarily in-house, although we may use some outside marketing services. We do not utilize a national or regional advertising agency.

The Fund is intended to maximize general public recognition and acceptance of the Image One trademarks and System for the benefit of all our franchisees, and we are not obligated to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that you benefit directly or pro-rata from the placement of advertising or marketing.

We will use the Fund, all contributions to the Fund, and any earnings by the Fund exclusively to meet the costs and expenses of maintaining, administering, directing, conduction and preparing advertising, marketing, public relations or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs of preparing and conducting media advertising campaigns; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; purchasing promotional items, conducting and administering visual merchandising, promotions and merchandising programs; and providing promotional and other marketing materials and services. Advertising may be local, regional or national, in the following types of media: print, radio or television and Internet. The Fund may also be used to provide rebates or reimbursements to you for local expenditures on products, services or improvements, approved in advance by us which we believe promote general public awareness and favorable support for the franchise System. The fund may also be used to generate leads and/or appointments that may be distributed between the Company and among franchisees who elect to be part of the leads program. Franchisees electing to be part of the leads program will be offered leads in the geographical area in which they reside or service existing clients.

Your contributions to the Fund are deducted by us from the money due you from the accounts that you service. We are not required to maintain contributions to the Fund in a separate bank account. Fund contributions may be used for costs, expenses and overhead we incur in activities related to the direction, implementation and administration of the Fund, including costs of personnel for creating and implementing advertising, merchandising, promotional and marketing programs. Neither the Fund nor its earnings will belong to us. Separate bookkeeping accounts

will be maintained for the Fund. A statement of operations of the Fund will be prepared annually and will be made available to you at your request.

If all contributions to and earnings by the Fund are not expended during the taxable year in which the contributions and earnings are received, all expenditures in the following taxable year or years are made first out of accumulated earnings from previous years, next out of earnings in the current year and finally from contributions.

We have the right to terminate the Fund at any time, however the Fund will not be terminated until all monies in the Fund have been expended.

We are not required to spend any amount on advertising in your Area of Operation.

The Fund is not audited, but reports are available for review by the franchisee upon written request. In the year ending December 31, 2022, the Marketing Fund was expended in the following manner: 87% on media and 13% on production.

We will not use Fund contributions to create or place any advertisement that is principally a solicitation for new franchises, but we may include in all advertising prepared from Fund contributions (including Internet advertising) information concerning franchise opportunities.

Part of the Marketing Fund may be used to generate leads for prospective clients via the internet, telephone, email, trade shows, or by direct mail. The Marketing Fund may also be used for membership in trade associations, chambers of commerce, and similar groups, for networking purposes. Franchisees have the right to receive leads directly from Image One to follow up on leads in an attempt to secure additional business without the assistance of an Image One sales person. Those franchisees wishing to receive leads from the leads program must inform us in writing, requesting the geographic area where leads are desired. Leads will be distributed to franchisees that have indicated a desire to have such leads. If there are multiple franchisees competing in a geographic area that all wish to have company generated leads, leads will rotate among said franchisees. In the event that there are no franchisees participating in the leads program in a specific geographic region, leads will be assigned to our sales representative.

There is no advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement does not give us the power to form, change or dissolve an advertising council.

The Franchise Agreement does not give us the power to require advertising cooperatives to be formed, changed, dissolved or merged. You cannot be required to participate in a local or regional advertising cooperation.

Required Minimum Marketing Expenditure

For each Territory you have, you must spend a minimum of \$1,500 per month on marketing and advertising we approve. That includes social media, SEO, lead generation, and purchasing leads from 3rd party appointment setters (which may include us). In addition, if you have more

than 2 Territories, you must employ a full-time salesperson to conduct marketing and client development for your business.

Use of Your Own Advertising Material Including Electronic Media

You may develop advertising and promotional materials for your own use, however we must approve all advertising and promotional materials before you use them. We may require that a “tag line”, stating that franchise and/or career opportunities are available, be included in any advertising.

You may not use electronic media to advertise your Affiliate Franchised Business, including the Internet and a worldwide web page, without first obtaining our prior written approval. You must also obtain our prior written approval all of your electronic media (including Internet) advertisements and/or promotions.

You must obtain our written approval prior to purchasing or otherwise acquiring any URLs related to the franchise business. Such URLs are our proprietary property, and upon termination or expiration of the Franchise Agreement for whatever reason, you must relinquish to us all ownership and other rights in the URLs, including website content, used by you.

We may elect to reimburse you for your advertising campaigns but the amount we reimburse you will not exceed the amount that you have contributed to the Advertising Fund.

Computer Systems

There are no computer or P.O.S. systems that you must purchase. You are able to manage your business without a computer, because all bookkeeping, payroll, tracking tax records, and other financial and management functions are handled by us, by your payroll service, or by your accountant or financial advisor. You may, but are not required to, purchase a computer for these purposes.

Operations Manual

After you have signed your Image One Affiliate Franchise Agreement and shortly before beginning the Image One Training Program, we will lend you a copy of our Manuals or provide you access to an electronic version. Our Manuals contain proprietary information and you must keep this information confidential as described in ITEM 14. The current Manuals, as of January 2, 2012, are divided into the following subjects, with a total number of pages of 239. The table of contents to the Operations Manual is attached to this disclosure document as Exhibit F.

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OPERATIONS & TRAINING MANUAL	
SUBJECT	NUMBER OF PAGES
Orientation	21
Management, Goals & Business Plan	14
Administration, Support & Paperwork	70
Growth & Marketing	72
Communication	20
Sample Forms	5
Operating a Cleaning Franchise & The Cleaning Industry Management Standards	26
Annual Review	11
TOTAL	239

Site Selection Methods

You must designate a location to be used to manage and administer your Affiliate Franchise and maintain the books and records of the business. You may, subject to zoning and local ordinances, establish the Affiliate Franchise business office within the residence of a holder of a legal or beneficial interest in your Affiliate Franchise. We have no obligation to assist you in selecting a site for the operation of your Image One Affiliate Franchise, nor is our approval necessary for the selection. As of the issuance date of this Disclosure Document, Image One Affiliate Franchises are generally operated from a home or a small office or a “virtual office.” You do not need additional space for storage of your equipment or vehicles, since you generally store equipment at your Accounts’ place of business, and you use your personal vehicle in the business.

Time Between Signing of Franchise Agreement and the Opening of the Image One Franchise

The typical length of time between the signing of the Affiliate Franchise Agreement and the opening of the Image One Affiliate Franchise can vary from 1 week to 2 months. The factors that affect this time frame usually include the time when you receive and complete satisfactorily the Image One Training Program.

Image One Training Program (Mandatory).

Module 1

We will provide the Image One Training Program for you after you sign your Affiliate Franchise Agreement and before you begin operations. The current Image One Training Program consists of 6 classroom sessions and 5 on-site sessions at one or more of our existing Client buildings. Each classroom session is a maximum of 4 hours. Multiple classroom sessions may be held in one day for a combined maximum of no more than 8 hours. The on the job training will be up to 8 hours per day. The Image One Training Program currently covers the following items: orientation, setting goals and a business plan, general office cleaning, restroom cleaning, floor and carpet maintenance, customer relations and sales of accounts, operations and account retention, hiring,

training and terminating staff. The training is provided by the use of video films, lectures and “hands on” training by our experienced staff. There is no additional fee for Initial Training. You must pay the expenses incurred by you and your designees in attending the Initial Training, including costs of transportation, lodging, meals and wages.

Module 2

Upon completion of the initial training at the Image One corporate office, you will receive additional training at your location. An Image One representative will accompany you for up to 5 days of hands on training in sales and operations. This module will focus primarily on sales. You will be trained in lead generation, networking, and client sales.

Module 3

At an interval of 3 to 6 months from when you have started your franchise, you can schedule an additional week of training at your location. This training is included as part of your initial training. Again, an Image One representative will accompany you for up to 5 days of hands on training in sales and operations in the area where you operate your franchise. Upon completion of this second week of onsite training in your market, our obligation for your Initial Training will be complete.

Module 1 of the Image One Training Program will begin approximately 1 day to 4 weeks after the Affiliate Franchise Agreement is signed and 4 to 17 weeks before the opening of your Image One Affiliate Franchise. You are not required to complete the training program within any specific time after you sign your Image One Affiliate Franchise Agreement, however you must complete the first module of the initial training program before you begin operation of your Affiliate Franchise. The second and third modules will generally be completed after you have begun operation of your franchise. The initial training program is scheduled by us, as needed, subject to the availability of our training staff. We will take your schedule into consideration when we are establishing a training schedule. Due to the fact that the training in Module 2 and Module 3 takes place at your location, you will be asked for dates that you are available to host training. In the event that training is scheduled and you cancel or wish to reschedule training, you will be responsible for the cost of rescheduling transportation, lodging, etc.

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TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Orientation	2	0	Classroom training at our corporate offices in Rolling Meadows, Illinois. On-the-job training at existing Accounts we service generally within a 25-mile radius from our offices in Rolling Meadows, Illinois
General Office Cleaning	3	8	Same
Restroom Cleaning	1	8	Same
Floor & Carpet Maintenance	2	8	Same
Customer Relations & Retention	4	24	Same and in the field with an Image One Representative around the corporate office, as well as in your market in Module 2 & 3
Sales of Accounts	2	16 - 40	Same and in the field with an Image One Representative around the corporate office, as well as in your market in Module 2 & 3
Administration	2	4	Same and in the field with an Image One Representative around the corporate office, as well as in your market in Module 2 & 3
Operations	2	16- 40	Same and in the field with an Image One Representative around the corporate office, as well as in your market in Module 2 & 3

(a) **Pre-Opening On-Site Training at existing accounts (Mandatory)(Module 1).** We will make available to you pre-opening, on-site training of a minimum of 5 Sessions, in most instances to be conducted at an existing Image One Client, or it may take place at a client that will be cleaned by you in your market as we deem appropriate. The on-site training program will cover material aspects of the operation of your Image One Affiliate Franchise including general office cleaning, restroom cleaning and floor maintenance. (Section 2.2 of the Affiliate Franchise Agreement.)

(b) **Post-Opening Initial Training (Mandatory)(Module 2).** We will make available to you post-opening, on-site training to be conducted in your market for a maximum of 5 days. The training in your market will cover sales and operational aspects of your Image One Affiliate Franchise. (Section 2.2 of the Affiliate Franchise Agreement.)

(c) **Post-Opening Initial Training (Recommended)(Module 3).** We will make available to you 3-6 months post-opening, on-site training to be conducted in your market for a maximum of 5 days. The training in your market will cover sales and operational aspects of your Image One Affiliate Franchise. (Section 2.2 of the Affiliate Franchise Agreement.)

(d) **Additional Training (Mandatory).** We may provide additional training programs, seminars, conventions, or advanced management training for you and your employees at our principal training facility or at a location we designate. We do not charge a fee for additional training, however, you are responsible for all travel, meals and lodging costs for your attendees. [Subsections 2.8(j) and (k) of the Affiliate Franchise Agreement.]

(e) **Retraining.** If you fail the Image One Initial Training Program, or if subsequent to opening for business, you receive unsatisfactory inspection reports from us and fail to promptly remedy the deficiencies, or if you fail to attend our annual convention, we may require you and designated employees to attend retraining classes. You must pay us our retraining fee. You are solely responsible for all travel, meals and lodging costs of your attendees. If you lose a Client due to non-performance or Client dissatisfaction, and we deem it in your best interest for you to attend retraining classes, retraining in the areas of deficiency will be required. If retraining is to take place at your location, you will be responsible for travel, meals, and lodging costs that are incurred by Image One personnel.

(f) **Experience of Instructors.** We maintain a training staff. Tim Conn, Director of Training, is responsible for all aspects of the franchise training. We have employed him from the time of our incorporation and he has over 35 years of experience in the cleaning industry. Additional persons that may be involved in training are Steve Conn, Joyce Cannon, Tom McKenna, Maria Aguilar, and Maggie Mitkova. Steve Conn is an Image One Affiliate Franchisee who assists in training and also is involved with the development of the Image One proprietary software. Steve has over 35 years of experience in the cleaning industry. The other trainers have at least 2 years' experience in the subjects they teach.

Conventions

We may conduct annual conventions, which may be national or regional, at a location to be designated by us. Your attendance is mandatory, unless we waive the requirement. You must pay your travel and daily living expenses to attend the conventions. In addition, we will charge you a registration fee for the convention. Whether or not you attend the annual convention, your registration fee will not be refunded. Also, if you do not register, you will be charged the highest registration fee. If you do not attend the annual convention, we may require you to attend refresher training at our corporate offices. You must pay your travel and daily living expenses for this refresher training, plus pay us the Retraining Fee of \$500.

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ITEM 12 – TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We may establish other franchised or company owned locations that may compete with your location.

You are granted a protected but not exclusive Territory, as set forth on Exhibit 1 to the Franchise Agreement. Your Territory will include at least 5,000 businesses. We determine the number of businesses in a particular territory through a demographics service to which we subscribe. The service we currently use InfoUSA. It furnishes us information regarding number of businesses within each zip code, including SIC (standard industry classification) code.

The term “Protected” means that so long as you are in compliance with your obligations under the Franchise Agreement, we will not ourselves operate, nor grant franchises to other to operate, IMAGE ONE Businesses located within your Territory. Your Territory designation is not subject to alteration, either larger or smaller, if the number of businesses in your Territory changes.

You may operate your Image One Franchise anywhere within your Territory. We do not designate a specific location for your franchised business. Our prior written approval is required only if you intend to operate your franchised business from your home, and your home is outside of your Territory. If you operate your franchised business from an office, the office must be within your Territory, but our prior written approval is not required as to its exact location.

You may not actively solicit or engage in marketing activities outside of your Territory. However, you may follow up on bona fide referrals made to you by existing clients or other sources, on potential clients outside of your Territory. Your Territory is not exclusive, since other IMAGE ONE franchisees may provide services to clients located within your Territory, if such clients were a result of referrals to the other franchisees, or if those other franchisees already were servicing those clients at the time you became an IMAGE ONE franchisee.

You are not permitted to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your Territory.

If you wish to relocate your franchised business, our approval is not required so long as your new location is in your Territory. You must give us notice of your new location.

We have the right to use other channels of distribution, including the Internet, catalog sales, telemarketing or other direct marketing sales, to make sales within the state of your primary residence using the Proprietary Marks or other marks. We are not required to pay you any compensation for soliciting or accepting orders from any customer, including in your Territory.

You may elect to purchase Additional Territories at the time you execute the Franchise Agreement or subsequently. All Additional Territories must be contiguous to your initial Territory or to one of your Additional Territories, so that there are no geographic breaks within your entire Territory. Each Additional Territory will include at least 5,000 businesses. The franchise fee for Additional Territories will be the same as the then-current franchise fee at the time you purchase

Additional Territories. If are purchasing Additional Territories subsequent to your purchase of your initial Territory, you must be in compliance with your obligations under the Franchise Agreement;

Minimum Marketing Expenditure Requirement. For each Territory you have, you must spend a minimum of \$1,500 per month on marketing and advertising we approve. That includes social media, SEO, lead generation, and purchasing leads from 3rd party appointment setters (which may include us). In addition, if you have more than 2 Territories, you must employ a full-time salesperson to conduct marketing and client development for your business.

Minimum Sales Requirements. In order to maintain your protected Territory, you must increase your monthly Gross Billings by an average of 1,000 per month for each Territory you have. The average growth will be calculated over rolling 4-month periods. Once you attain a level of \$50,000 in monthly Gross Billings per Territory, you are not required to continue building your business, so long as you maintain the \$50,000 level. If you fail to meet this Minimum Sales Requirement and fail to cure within 60 days after we give you notice, we have the right to grant another franchise within your Territory, or to terminate this Agreement.

We and our affiliates retain the right, in our sole discretion, to:

- (a) provide, offer and sell and to grant others the right to provide, offer and sell services and products that are identical or similar to and/or competitive with those you provide, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including the Internet, social networks, catalog sales, telemarketing, or other direct marketing sales), outside the Territory, and on any terms and conditions we deem appropriate;
- (b) operate (and to grant to others the right to operate) businesses offering dissimilar products and services, both inside and outside the Territory, under the Marks, and on any terms and conditions we deem appropriate;
- (c) operate (and to grant others the right to operate) IMAGE ONE Businesses located anywhere outside the Territory, under any terms and conditions we deem appropriate, and regardless of proximity to your Territory;
- (d) acquire the assets or ownership interests of one or more businesses providing products and services that are identical or similar to and/or competitive with those provided by IMAGE ONE Businesses, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory), provided that any such businesses that are located in the Territory will not operate under the Marks;
- (e) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services that are identical or similar to and/or competitive with those provided by IMAGE ONE Businesses, or by another business, even if such business operates,

franchises and/or licenses competitive businesses in the Territory; and

- (f) sell products and provide services, both inside and outside the Territory, which you are not authorized to sell or provide.

As described in Item 1 of this disclosure document, we have types of franchises: The “Affiliate Franchise” and the “Unit Franchise.” This disclosure document is for the offer of the Affiliate Franchise. We offered the Unit Franchise between 2011 and March of 2019, in the Chicago metropolitan area only. We offer Affiliate Franchises anywhere in the United States, including in the Chicago area.

We do not have any present plan or intention to operate or franchise a business under a different trademark that will sell goods or services similar to those you will offer. We reserve the right to do so in the future.

You have no options, rights of first refusal, or similar rights to acquire additional franchises.

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ITEM 13 – TRADEMARKS

Section 2.9 and 5.1 of the Affiliate Franchise Agreement grant to you the right to use the Proprietary Property we designate only in the manner we authorize and permit and only for the operation of your Image One Affiliate Franchise.

Registrations and Applications

The “IMAGE ONE” and “IMAGE ONE FACILITY SOLUTIONS” service marks have been registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”). All required affidavits and renewal applications have been filed.

<u>Mark</u>	<u>Class</u>	<u>Registration Date</u>	<u>Registration Number</u>
IMAGE ONE	37 (janitorial services; cleaning of commercial premises; carpet and rug cleaning, and floor polishing)	November 1, 2011	4,050,674
IMAGE ONE FACILITY SOLUTIONS	37 (same as above)	November 1, 2011	4,050,675
Tagline: A DIFFERENCE YOU CAN SEE	37 (same as above)	June 6, 2017	5,218,401
IMAGE ONE USA	37 (same as above)	June 22, 2021	6,395,572

There are presently no effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court, any pending interference, opposition, or cancellation proceedings involving any of the above-referenced Trademarks. There are no other agreements currently in effect that significantly limit our rights to use or license the use of the Trademarks listed in this section in a manner material to you. There are no infringing uses or superior previous rights known to us that can materially affect your use of the Trademarks in this state of any other state in which the franchised business is to be located. There is no pending material federal or state court litigation regarding our use or ownership rights in any Trademark.

Agreements

There are no agreements currently in effect that significantly limit our rights to use or license the use to franchisees of the Proprietary Marks in any manner material to you.

Your Rights and Obligations with Respect to the Proprietary Property Including the Trademarks

Your rights to use the Proprietary Marks are derived solely from your Affiliate Franchise Agreement and are limited to the operation of your Image One Franchise under your Affiliate Franchise Agreement and all applicable standards, specifications, and operating procedures we require during the Term. Any unauthorized use of the Proprietary Marks is a breach of your Affiliate Franchise Agreement and an infringement of our rights in and to the Proprietary Marks. Your use of the Proprietary Property and any goodwill established by your use inures to our exclusive benefit. The Affiliate Franchise Agreement does not confer any goodwill or other interest in the Proprietary Property to you, other than the right to operate an Image One Affiliate Franchise in compliance with the Affiliate Franchise Agreement. All provisions of the Affiliate Franchise Agreement applicable to the Proprietary Marks will apply to any other trademarks, service marks, commercial symbols, designs, artwork and logos that we adopt, use, authorize and sublicense to you to use during the Term.

You must use the Proprietary Marks as the sole trade identification of your Image One Affiliate Franchise, and must identify your Image One Affiliate Franchise in the form we require as the independent owner of the Image One Affiliate Franchise. You must use all Proprietary Marks and other commercial symbols that we sublicense in full compliance with rules we require. You are prohibited from using any Proprietary Marks (including any further commercial marks we license) in sale of any unauthorized product or service or in any manner we have not explicitly authorized. You cannot use the Proprietary Marks as, or part of, your corporate or partnership name. You must follow our instructions in complying with any fictitious, trade or assumed name statues for the Image One trade name. You may not use the Proprietary Property as security for any obligation or indebtedness.

Upon any claim of infringement, unfair competition or other challenge to your right to use any Proprietary Marks, or if you become aware of any use of or claims to any Proprietary Marks by persons other than us or our franchisees, you must notify us (within 7 days) in writing. You may not communicate with anyone except us and our counsel in any infringement, challenge or claim except under judicial process. We have sole discretion as to whether we take any action in any infringement, challenge or claim, and the sole right to control any litigation or other proceeding involving any infringement, challenge or claim of any Proprietary Marks. You must sign all instruments and documents, render all assistance, and do all acts that our, IMAGE ONE's attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the Proprietary Marks or otherwise to protect and maintain our interests in the Proprietary Marks.

Indemnification of You

We indemnify you against and will reimburse you for all damages that you are held liable in any proceeding involving your use of any Proprietary Property in accordance with the Affiliate Franchise Agreement, provided that you: (a) have timely notified us of the claim; (b) have otherwise complied with the Affiliate Franchise Agreement; and (c) allow us sole control of the defense and settlement of any claim.

Modification

If we deem it advisable, in our sole discretion, to modify or discontinue the use of any Proprietary Mark and/or use one or more additional or substitute names or marks, including due to the rejection of any pending registration or revocation or cancellation of any existing registration of any of our Proprietary Marks or the rights of senior users, you are obligated to do so at your sole expense within 30 days of our request. We are liable solely to reimburse you for your reasonable direct expenses in modifying or discontinuing the use of a Proprietary Mark and substituting a different Proprietary Mark (these expenses may not include any of your expenditures to promote a modified or substitute Proprietary Mark).

ITEM 14 – PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own any rights in any patents material to the Franchise. We do not have any pending patent applications that are material to the franchise.

Copyrights

You are not granted the right to use any item covered by a copyright, but you must use the proprietary information contained in the Manual for your operation of your franchise. Although an application for copyright registration for the Manual has not been filed, we claim a copyright in the Manual and the information contained in the Manual as proprietary and as a trade secret belonging to us. You must treat the Manual and any other manuals created by us as confidential and you must use all reasonable efforts to keep this information secret and confidential. You must also promptly tell us if you learn about any unauthorized use of this proprietary information. We are not required to take any action but will respond to this information as we think appropriate.

The Manuals are loaned to you as discussed in ITEM 11.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our copyrights, nor are there any currently effective agreements between us and third parties pertaining to our copyrights that will or may significantly limit your use of our copyrighted materials. Upon any infringement of or challenge to your use of any copyrighted work, you are obligated to immediately notify us and we have sole discretion to take any action, as we deem appropriate.

If we deem it advisable to modify or discontinue use of any copyrighted work and/or use one or more new or derivative copyrighted work, you are obligated to do so.

We are required by the Affiliate Franchise Agreement to defend you against any infringement, unfair competition or other claim respecting your use of any copyrighted work.

Under the Affiliate Franchise Agreement, you agree not to contest, directly or indirectly, our ownership, title, right or interest in our copyrights, trade secrets, methods, procedures or any other intellectual property rights that are part of our business or contest our sole right to register, use or license others to use the copyrights, trade secrets, methods, or any other intellectual property right procedures.

There are no infringing uses actually known to us that could materially affect your use of the copyrights in this state or any other state where your Image One Franchise is to be located.

You are prohibited from copying the Manuals. You must keep the Manuals in a secure place at all times. You must also make sure that your copy of the Manuals is kept current and up to date. If there is any dispute concerning the content of the Manuals, the terms of the master copy of the Manuals maintained by us at our home office is controlling.

Confidential Information

The Manuals and other copyrighted materials made available to you contain confidential and proprietary information and are IMAGE ONE's trade secrets. IMAGE ONE possesses and will develop and acquire certain confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, procedures and knowledge we or our franchisees develop (the "Confidential Information") including the following:

- (a) the Manuals;
- (b) all cleaning processes, procedures, and methodologies with respect to which we provide you training, and all training materials relating to such training;
- (c) all business development, marketing, business management, entrepreneurship, and client management processes, procedures, methodologies, and technologies with respect to which we provide you training, and all training materials relating to such training;
- (d) all technologies, software, source code and object code regarding which we provide access to you, whether directly or indirectly;
- (e) all client information, including without limitation, client services dates, pricing extended to clients, and client preferences;
- (f) all pricing information, including client estimating and pricing processes, procedures, and methodologies;
- (g) all other training and materials relating to such training that we provide to you;
- (h) all non-public financial and business information relating to Image One and/or its other franchisees; and
- (i) all other information, knowledge, know-how and technologies that we designate as confidential, proprietary or trade secrets or that reasonably should be understood by you to be information that is confidential, proprietary, or a trade secret.

We may disclose to you parts of the Confidential Information as are required for the operation of the Image One Affiliate Franchise during the Image One Training Program in the Manuals, and in guidance and assistance furnished to you during the Term, and you may learn additional Confidential Information during the Term. You may not, at any time, communicate, divulge or use any confidential information, trade secrets, knowledge or know-how concerning the methods of operation of the franchise which you learn, including client information, product information, sales information, pricing information and merchandising systems. You may divulge the Confidential Information only to those of your employees that must have access to it in order to perform their specific duties. Any information, knowledge, know-how or techniques, including drawings, materials, equipment, specifications, techniques and other data which we mark as confidential, and any information, knowledge or know-how which comes from an analysis of this data is confidential, except information which you can show came to your attention before it was given to you by us or which is publicly known.

All persons whom you permit to have access to the Manuals or any other Confidential Information, must first sign our form of confidentiality agreement. These agreements must identify us as third party beneficiaries with the independent right to enforce them.

ITEM 15 – OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require your personal participation in the day-to-day operation of your Image One Affiliate Franchise. Since you must personally participate in the day-to-day operation of your business, you will not have an on-premises supervisor.

You are not our employee but you are in business for yourself, subject to our rights under your Affiliate Franchise Agreement.

The Franchisee must be a corporation, limited liability company, or partnership, and each shareholder, member or partner must sign an agreement guaranteeing all of your obligations under the Affiliate Franchise Agreement.

Your manager, if he or she has access to the Manuals or any other Confidential Information, must first sign our form of confidentiality agreement. These agreements must identify us as third party beneficiaries with the independent right to enforce them.

You and your spouse, or, if you are a corporation, limited liability company or other entity, then each person owning an equity or voting interest in the entity, and his or her spouse must sign the Guaranty of Franchise Agreement attached to the Franchise Agreement.

You purchase only the right to service Clients, and not the Clients themselves. The customer contracts are between you and the Clients, but with a provision requiring Clients to make payments to us as your billing agent.

ITEM 16 – RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may use your Image One Affiliate Franchise only for the operation of your Image One Affiliate Franchise. You must sell or offer for sale only the products, services and other items as meet our uniform standards of quality and quantity, as we have expressly approved in the Manuals or otherwise in writing. You must offer for sale all approved products and services; must refrain from any deviation from our standards and specifications for providing or selling the approved products and services without our written consent; and must discontinue selling and offering for sale any items as we, in our discretion, disapprove in writing. We have the right to change the authorized products and services at any time.

You may only sell Authorized Services to Clients in your Area of Operation. You must have sufficient commercial general liability and workers compensation insurance that has the appropriate endorsements to include coverage of the additional services you provide in your business. You must also comply with all state and local requirements, including licensing, permits, and any other items that are required to legally perform said services. Other than those requirements, we do not impose any restrictions on goods and services that you offer for sale.

Sale of products and services to your affiliates, if any, must be on terms regularly applicable to your nonaffiliated customers, and in all cases must be at arm’s-length.

For Accounts that you obtain on your own, you may determine the prices that you charge for products and services.

For Regional or National Accounts obtained by Image One, you are subject to the pricing established by Image One.

**ITEM 17 – RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP**

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 16.1	The initial term of the Franchise Agreement is 15 years beginning on the Agreement Date.
b. Renewal or Extension of the Franchise	Section 16.2	You have the right to renew for an unlimited number of additional terms of 15 years each, if you meet the requirements for renewal.
c. Requirements for Franchisee to Renew or Extend	Section 16.2 ⁽¹⁾	1. You must give us written notice of your intention to exercise the option between 9-12 months before the end of the Term;

Provision	Section in Franchise Agreement	Summary
		<ol style="list-style-type: none"> 2. You must not be in default of your Franchise Agreement or any other agreement with us; 3. You must sign and deliver to us a Successor Image One Franchise Agreement; 4. You must comply with all other requirements we impose under the Successor Image One Franchise Agreement; and 5. You must sign a general release of all claims against us, and their respective officers, directors, shareholders, agents and employees. 6. The renewal agreement may contain materially different terms and conditions than your original contract, but the royalty fee will not be greater than the royalty fee that we then impose on similarly-situated renewing franchisees
d. Termination by Franchisee	Section 11.1	If you are in substantial compliance with the Franchise Agreement, and we materially breach the Franchise Agreement and fail to cure the breach within a reasonable time (at least 60 days), after written notice of breach is delivered to us, you may terminate the Franchise Agreement.
e. Termination by Franchisor Without Cause	Not Applicable	Not Applicable
f. Termination by Franchisor With Cause	Sections 11.2, 11.3 and 11.4	We may only terminate your Franchise Agreement with cause.
g. “Cause” defined – curable defaults	Section 11.4	Any default other than those specified in Sections 11.2 and 11.3 of your Franchise Agreement may be cured within 30 days of written notice from us of the default.
h. “Cause” defined – non-curable defaults ⁽²⁾	Sections 11.2 and 11.3	<p>The following defaults may not be cured:</p> <ol style="list-style-type: none"> 1. Insolvency or general assignment for creditors; 2. Filing in bankruptcy; 3. Adjudication of bankruptcy; 4. Filing for appointment of a receiver or custodian; 5. Appointment of a receiver or custodian; 6. Filing for composition with creditors; 7. Judgment of \$5,000 or more remains unsatisfied; 8. Execution of levy; 9. Filing of foreclosure suit;

Provision	Section in Franchise Agreement	Summary
		10. Sale of your assets after levy; 11. Abandonment; 12. Threat to public safety remains uncorrected; 13. Failure to maintain cleanliness or sanitation; 14. Conviction of any offense that might materially adversely affect the System; 15. You deny us our right of inspection or audit; 16. You engage in deleterious conduct; 17. Unauthorized assignment; 18. Breach of confidentiality or non-competition provisions of your Franchise Agreement; 19. You knowingly maintain false books or records; 20. You misuse any of the Proprietary Property;
		21. 3 or more notices of default for same or similar default during any 12 consecutive months; 22. If you lose or voluntarily cease service to all Clients you have agreed to service, and subsequently fail to complete retraining within 90 days of notice to attend retraining; 23. If you stop service to contracts assigned to you and decline all subsequent offers of contracts by us for a period of 360 days after the last date of service to a Client; 24. You knowingly submit false or inaccurate evaluations, inspections or other documents; or 25. If we are unable to contact you because you have vacated and failed to inform our office.
i. Franchisee’s obligations on termination/non-renewal	Subsection 13.1(b), ARTICLE 12 ⁽²⁾	You must: 1. Not compete with us or any of our franchisees for 24 months after the end of your Affiliate Franchise Agreement. 2. Indemnify us from any losses or damages we sustain as a result of your Image One Affiliate Franchise; 3. Maintain confidentiality of all our Confidential Information; 4. Cease operating your Image One Affiliate Franchise;

Provision	Section in Franchise Agreement	Summary
		<ol style="list-style-type: none"> 5. Pay all amounts you owe to us; 6. Comply with our option to purchase your Image One Affiliate Franchise; 7. Distinguish your business from any indicia of the System; 8. Avoid unfair competition with us; 9. Return all Proprietary Property to us; 10. Return all our equipment; 11. Discontinue use of Trademark; and 12. Pay us liquidated damages.
j. Assignment of contract by Franchisor	Section 10.1	There are no restrictions on our right to assign our interest in your Affiliate Franchise Agreement.
k. "Transfer" by Franchisee – definition	Sections 10.2 and 10.3	Transfer means any sale, assignment, transfer, conveyance or gift, whether voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, of any direct or indirect interest in your Affiliate Franchise Agreement or in your Image One Affiliate Franchise. A transfer of less than 25% of the voting rights or ownership interests in the above and a transfer to any other original owner of your Image One Affiliate Franchise is not considered a transfer.
l. Franchisor's approval of transfer by Franchisee	Sections 10.2 and 10.3	We have the right to approve or disapprove any transfers.
m. Condition of Franchisor's approval of transfer	Sections 10.2 and 10.3	<ol style="list-style-type: none"> 1. You are not in default under any agreement you have with us; 2. You must sign a general release of us; 3. The transferee may not have any other business that competes with us or any Image One Affiliate Franchise; 4. The transferee must assume your Affiliate Franchise Agreement; 5. You or the transferee must pay a transfer fee of the greater of \$5,000 or 10% of the sale price; 6. We must interview and approve the transferee; 7. The transferee must satisfactorily complete our application procedures; 8. The transferee must properly assume all your obligations; 9. The transferee must successfully complete the Image One Training Program, and; 10. We must approve of the proposed terms of sale or other factors involved in the

Provision	Section in Franchise Agreement	Summary
		transfer.
n. Franchisor's rights of first refusal to acquire Franchisee's business	Not Applicable	We have no right of first refusal to purchase your Affiliate Franchise.
o. Franchisor's option to purchase Franchisee's business	Not Applicable	We have no right to purchase your Affiliate Franchise.
p. Death or disability of Franchisee	Section 10.3	You must; <ol style="list-style-type: none"> 1. Provide a replacement manager satisfactory to us; and 2. Upon your death, Image One Affiliate Franchise must be transferred within 6 months of your death in accordance with the transfer provisions of your Affiliate Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Subsection 13.1(a)	You may not: <ol style="list-style-type: none"> 1. Influence any of our business affiliates to modify their relationship with us; 2. Have any involvement with any Competitive Business; 3. Solicit or accept orders from Clients currently being serviced by another IMAGE ONE Affiliate Franchisee or Unit Franchisee; or 4. Interfere with our business or any of our other franchisees.
r. Non-competition covenants after the franchise is terminated or expires ⁽³⁾	Subsection 13.1(b)	You may not, for 24 months after the end of your Affiliate Franchise Agreement: <ol style="list-style-type: none"> 1. Influence any of our business affiliates to modify their relationship with us; 2. Have any involvement with any Competitive Business; 3. Solicit or accept orders from Clients currently being serviced by another IMAGE ONE Affiliate Franchisee or Unit Franchisee; or 4. Interfere with our business or any of our other franchisees.
s. Modification of the agreement	Sections 6.3, 18.2 and 18.3	Your Affiliate Franchise Agreement may not be modified without the consent of both you and us except: <ol style="list-style-type: none"> 1. We may change the contents of the Manuals; 2. We may modify the System; and 3. A court may modify any provision of your Affiliate Franchise Agreement in accordance with applicable law.
t. Integration/Merger Clause	Sections 15.1 and 18.16	Only the terms of the franchise agreement and related written agreements are binding

Provision	Section in Franchise Agreement	Summary
		(subject to applicable state law). Any representations or promises outside of the disclosure documents and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 18.9	Mandatory and Binding Arbitration: Arbitration to be held at the office of the American Arbitration Association nearest DuPage County, Illinois (subject to state law).
v. Choice of forum	Section 18.9	The United States District Court for Northern District of Illinois, or if such court lacks subject matter jurisdiction, the State Court in DuPage County, Illinois. These provisions may be subject to applicable state law.
w. Choice of law	Section 18.14	Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or the United States Arbitration Act (9 U.S.C. Section 1 et seq.), the Affiliate Franchise Agreement is interpreted under the laws of Illinois. These provisions may be subject to applicable state law.

ITEM 18 – PUBLIC FIGURES

IMAGE ONE does not use any public figure to promote our franchise.

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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.

There are 2 separate tables in this Item 19:

Table 1 discloses the 2022 Gross Billings by Month plus Total Annual Gross Billings for all 18 current Image One Franchisees;

Table 2 discloses the Gross Profit in December 2022 for 11 Image One Franchisees.

Table 1 includes all 18 Image One Franchisees who were in operation as of December 31, 2022. The information included in Table 1 below is based on data we obtained from the Image One billing system.

Table 2 includes the 11 Franchisees who voluntarily furnished the following data to us: for the month of December 2022, their billing, the fees they paid to us, and their cost of goods (actual compensation arrangement with the franchisees’ employees). The information included in Table 2 is based on data furnished by the Franchisees.

Prior to 2019, we did not grant any territories to franchisees. All of the franchisees represented in this Item 19 were able to obtain clients at any location, and were not restricted as to where their clients were located.

The Franchisees in Tables 1 and 2 are identified as “Franchisee #1” through “Franchisee #18.” We used the same numbering for each franchisee in both tables. For example, Franchisee #1 in Table 1 is Franchisee #1 in Table 2.

The financial performance information being made is an historical representation based on the past performance of existing outlets. The Tables do not include any company-owned (there are none). During the 2022 Fiscal Year, 1 Image One franchisees closed their businesses. The information was collected by us as described above, but has not been independently audited or verified.

Table 1 – 2022 Gross Billings by Month for 18 Franchisees

2022	1	2	3	4	5	6
January	\$85,378.00	\$49,306.70	\$77,629.58	\$55,644.90	\$24,802.13	\$26,139.16
February	\$73,289.52	\$82,766.15	\$74,679.35	\$53,844.90	\$25,161.13	\$28,735.38
March	\$75,084.73	\$60,648.98	\$68,712.45	\$53,444.90	\$28,468.38	\$26,954.75
April	\$88,011.91	\$84,621.74	\$64,252.90	\$55,899.93	\$32,343.1	\$27,194.49
May	\$99,095.10	\$77,924.92	\$63,214.22	\$56,844.90	\$25,958.65	\$25,980.47
June	\$105,934.61	\$86,041.24	\$61,312.91	\$60,444.90	\$23,346.61	\$27,235.42
July	\$103,368.08	\$84,677.93	\$59,662.91	\$53,444.90	\$31,800.98	\$27,453.06
August	\$102,106.85	\$95,927.41	\$61,005.23	\$62,044.90	\$27,096.01	\$27,611.70
September	\$103,191.19	\$83,460.16	\$60,305.23	\$59,444.60	\$26,064.18	\$25,242.86
October	\$106,789.52	\$88,180.12	\$61,771.29	\$59,444.90	\$26,131.33	\$26,130.25
November	\$106,967.02	\$91,039.22	\$60,947.78	\$61,244.90	\$33,223.41	\$26,933.31
December	\$106,172.65	\$87,252.49	\$59,468.68	\$53,444.90	\$31,899.15	\$24,253.13
Total	\$1,155,389.18	\$971,847.06	\$772,962.53	\$685,193.53	\$336,294.97	\$319,863.98
Number of accounts serviced as of 12/31/2022	60	56	63	8	24	41
AVG Acct size	\$1,604.71	\$1,446.20	\$1,022.44	\$7,137.43	\$1,167.69	\$650.13

2022	7	8	9	10	11	12
January	\$23,042.08	\$19,553.68	\$21,853.24	\$11,058.97	\$8,828.00	\$7,792.57
February	\$23,780.16	\$15,080.25	\$21,853.24	\$8,656.03	\$17,826.23	\$7,792.57
March	\$23,272.08	\$23,469.63	\$21,853.24	\$11,058.97	\$13,136.23	\$7,792.57
April	\$24,172.08	\$23,349.72	\$21,853.24	\$10,838.97	\$7,572.23	\$7,792.57
May	\$24,172.08	\$13,645.73	\$21,515.24	\$10,704.51	\$15,326.00	\$7,225.42
June	\$21,672.08	\$20,437.88	\$18,825.89	\$13,766.57	\$13,046.00	\$6,747.58
July	\$22,475.98	\$15,493.78	\$17,066.52	\$17,082.94	\$10,596.00	\$6,747.88
August	\$24,780.99	\$15,125.54	\$17,066.52	\$17,232.94	\$14,796.00	\$6,747.58
September	\$29,785.77	\$23,688.51	\$17,066.52	\$17,356.33	\$13,285.81	\$6,747.58
October	\$29,935.77	\$20,007.77	\$17,066.52	\$22,312.21	\$18,309.00	\$6,440.31
November	\$30,247.56	\$27,329.51	\$17,066.52	\$19,909.27	\$18,374.23	\$6,440.31
December	\$29,935.77	\$21,059.68	\$17,066.52	\$18,527.94	\$16,684.00	\$7,390.31
Total	\$307,272.40	\$238,241.63	\$230,153.21	\$178,505.65	\$167,779.73	\$85,656.95
Number of accounts serviced as of 12/31/2022	8	11	6	14	8	7
AVG Acct size	\$3,200.75	\$1,804.86	\$3,196.57	\$1,062.53	\$1,747.71	\$1,019.73

2022	13	14	15	16	17	18
January	\$7,062.23	\$2,542.70	\$3,340.00	\$1,538.00	\$0.00	\$1,475.00
February	\$7,062.23	\$3,537.30	\$3,340.00	\$1,538.00	\$0.00	\$1,475.00
March	\$7,062.23	\$4,445.06	\$3,340.00	\$1,538.00	\$0.00	\$1,475.00
April	\$5,716.39	\$4,357.30	\$3,340.00	\$1,280.50	\$0.00	\$894.00
May	\$5,312.23	\$4,357.30	\$3,340.00	\$1,795.50	\$0.00	\$894.00
June	\$5,312.23	\$4,357.30	\$3,340.00	\$257.50	\$0.00	\$894.00
July	\$5,312.23	\$4,357.30	\$5,645.01	\$2,561.00	\$450.00	\$894.00
August	\$5,312.23	\$4,357.30	\$3,340.00	\$1,538.00	\$450.00	\$375.00
September	\$5,360.98	\$4,737.30	\$3,340.00	\$1,538.00	\$2,000.00	\$375.00
October	\$5,360.98	\$5,587.30	\$3,340.00	\$772.50	\$4,100.00	\$375.00
November	\$6,240.98	\$5,587.30	\$3,340.00	\$515.00	\$4,150.00	\$375.00
December	\$6,280.45	\$5,837.30	\$3,340.00	\$515.00	\$3,850.00	\$375.00
Total	\$71,395.39	\$54,440.76	\$42,385.01	\$15,387.00	\$15,000.00	\$9,876.00
Number of accounts serviced as of 12/31/202	6	6	1	3	2	2
Avg Acct size	\$991.60	\$756.12	\$3,532.08	\$427.42	\$625.00	\$411.50

Total of All 18	
Gross Billing:	\$5,657,644.98

Total of All Accounts for All 18:	326
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Avg. Acct. Size for All 18 Franchisees:	\$946.15
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Information about Table 1:

	\$ Amount	# of Franchisees attaining that amount	% of Franchisees attaining that amount
Average Annual Gross Billings in 2022	\$314,314	6	33%
Median Annual Gross Billings in 2022	\$204,329	9	50%
Average Number of Accounts	18	5	28%
Median Number of Accounts	8	10	56%
Average Account Size	\$964	13	72%
Median Account Size	\$1,115	9	50%

Table 1 (2022 Billing by Month)

Table 1 shows the actual total monthly billing for each month in 2022 for each of the 18 Franchisees. It also shows the total billing in 2022 for each Franchisee, the average billing over the 12 months in 2022, and the number of clients each Franchisee had at the end of 2022. At the bottom of Table 1 are the average and median annual and monthly gross revenues (same as billing) in 2022 for the 18 Franchisees represented, with the number and percentage of franchisees who attained the average and median annual and monthly levels in 2022.

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Table 2 – Gross Profit by Franchisee in December of 2022.

Franchisee	December 2022 Gross Billing (Note 1)	Image One Fees (Note 2)	COGS (Note 3)	Gross Profit (Note 4)	Gross Profit % (Note 5)
1	\$113,046.18	\$22,609.24	\$68,212.89	\$22,224.05	19.66%
2	\$87,489.36	\$17,497.87	\$54,236.00	\$15,755.49	18.01%
3	\$56,166.17	\$8,424.93	\$40,670.66	\$7,070.58	12.59%
4	\$43,694.90	\$8,738.98	\$29,946.80	\$5,009.12	11.46%
5	\$42,163.78	\$6,174.57	\$23,684.88	\$11,304.33	27.46%
7	\$29,935.77	\$4,490.37	\$23,472.80	\$1,972.60	6.59%
8	\$23,752.85	\$4,750.57	\$13,164.32	\$5,837.96	24.58%
11	\$17,279.00	\$3,455.80	\$10,374.00	\$3,449.20	19.96%
14	\$5,837.20	\$1,167.44	\$2,418.00	\$2,251.76	38.58%
16	\$515.00	\$77.25	\$156.00	\$281.75	54.71%
17	\$4,335.00	\$650.25	\$1,825.20	\$1,859.55	42.90%

	\$ Amount	# of Franchisees attaining that amount	% of Franchisees attaining that amount
Average Gross Profit in December 2022	\$6,418.03	4	36%
Median Gross Billing in December 2022	\$5,009.12	6	54%

The data shown in the Table 2 are for 11 of the Image One Affiliate franchisees who furnished this information. The information furnished for each of the 11 Franchisees is as follows: their total billing in the month of December 2022, the fees they paid to us, and their cost of goods (actual compensation arrangement with the franchisees’ employees). The information included in Table 2 is based on data furnished by the Franchisees.

Notes to Table 2

1. The Gross Billing to the Clients is established by the Franchise Owner and or Image One on behalf of the franchisee. It is set forth in the customer contract.
2. Image One Fees. The fees the Franchisees pay to us include royalties, administrative fees, advertising fees, and a \$2 charge per client per month for a surety bond. It also includes the PAPO (Payment Assurance Program Option) fees for those Franchisees who elect to participate in that program.
3. The Cost of Goods (“COGS”) is based on the Franchise Owner’s actual compensation arrangement with its employees. The COGS also includes the Franchise Owner’s total estimated employee tax liability (workers compensation, FICA, Medicare, and

unemployment). The total estimated employee tax liability is 10% of the direct labor cost, and the estimated workers compensation has been provided by each franchisee.

4. The Gross Profit is calculated by subtracting from the 2022 Gross Billing the Image One Fees and the COGS.
5. The Gross Profit % is calculated by dividing the Gross Profit dollar amount by the total 2022 Gross Billing.

Material Assumptions and Bases

1. The Image One Affiliate Franchised businesses represented in the Table above operate businesses similar to the Image One Affiliate concept being offered in this disclosure document.
2. The term “Gross Billing” means the entire amount of all of the franchisee’s revenues from the ownership or operation of the IMAGE ONE Affiliate Franchise including revenues from regular janitorial services, revenues from janitorial services performed outside the monthly contract specifications revenues from janitorial services performed on a one-time basis, and revenues from Additional Business including the proceeds of any business interruption insurance, whether the revenues are evidenced by cash, credit, checks, gift certificates, scrip, coupons and premiums (unless exempted by us), services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunded and credit given to Clients (except credit for missing cleaning days) and receivables uncollectable from Clients will be deducted in computing Gross Revenues to the extent that the cash, credit or receivables represent amounts previously included in Gross Revenues where Royalty Fees and other amounts were paid. “Gross Billing” is the same as “Gross Revenue” as that term is defined in the Image One Affiliate Franchise Agreement attached to this Franchise Disclosure Document.
3. The Franchises included in this Item 19 use a uniform system for reporting their revenue to us.
4. All the Franchisees represented in this Item 19 were in operation as of December 31, 2022.
5. No Certified Public Accountant has audited these figures or expressed an opinion with regard to their contents or form. The amounts have not been audited or reviewed for reasonableness by independent auditors.
6. The financial performance representation figures do not include any expenses that any business would incur, including cost of goods, rent, inventory, advertising, telephone, utilities, supplies, training, repairs, permits, and other expenses. The figures shown do not represent net income. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. We also encourage you to contact existing Image One Affiliate Franchisees to discuss their experiences with the system and their businesses. Existing franchisees are your best source of information.
7. Written substantiation of the data we used in prepared this statement will be made available upon reasonable request.

8. Other than the preceding financial performance representation, Image One Facility Solutions, Inc does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Tim Conn at 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008, phone: (630) 616-1010, the Federal Trade Commission, and the appropriate state regulatory agencies.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you’ll sell as much.

Item 20 OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1 (Affiliate Model)
Outlet Summary
For years 2020 to 2022 (all figures as of December 31)**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	10	10	0
	2021	10	18	8
	2022	18	20	2
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	10	10	0
	2021	10	18	8
	2022	18	20	2

**Table No. 2 (Affiliate Model)
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022 (all figures as of December 31)**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Illinois and Totals	2020	0
	2021	0
	2022	0

Table No. 3 (Affiliate Model)
Status Franchised Outlets
For years 2020 to 2022 (all figures as of December 31)

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Colorado	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	1	1
	2022	1	2	0	0	0	0	3
Illinois	2020	4	1	0	0	0	0	5
	2021	5	10	0	0	0	0	15
	2022	15	0	1	0	0	0	14
Michigan	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Ohio	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Texas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	1	0	0	0	0	1
Totals	2020	10	1	0	0	0	1	10
	2021	10	10	0	0	0	2	18
	2022	18	3	1	0	0	0	20

Table No. 4 (Affiliate Model)
Status of Company-Owned Outlets
For years 2020 to 2022 (all figures as of December 31)

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Illinois and	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0

Table 5 (Affiliate Model)
Projected Openings For One-Year Period Beginning January 1, 2022

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPEN	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT YEAR	PROJECTED COMPANY OWNED OUTLETS IN THE NEXT FISCAL YEAR
Georgia	0	1	0
Florida	0	1	0
Illinois	0	1	0
Texas	0	<u>1</u>	<u>0</u>
TOTAL	0	4	0

Exhibit C contains the name, addresses and telephone numbers of all franchisees of Image One under an Affiliate Franchise Agreement with Image One as of December 31, 2022 (20).

Exhibit D contains the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of all Affiliate Franchisees (1) of Image One that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year (2022), or who have not communicated with us within 10 weeks of the effective date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Within the last 3 fiscal years, we have on occasion in certain circumstances entered into agreements containing confidentiality clauses signed with former franchisees. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us.

There are no trademark-specific franchisee organizations associated with the franchise system offered in this Franchise Disclosure Document.

ITEM 21 – FINANCIAL STATEMENTS

Our Financial Statements

Attached in this Exhibit E are the audited financial statements of Image One Facility Solutions, Inc. for the years ended December 31, 2022, December 31, 2021, and December 31, 2020.

Our fiscal year ends December 31.

ITEM 22 – CONTRACTS

The following contracts, agreements and other relevant documents are attached as Exhibits to this Franchise Disclosure Document:

Exhibit B of this Disclosure Document is the IMAGE ONE AFFILIATE FRANCHISE AGREEMENT

The following are the exhibits attached to the IMAGE ONE AFFILIATE FRANCHISE AGREEMENT:

- Exhibit 1 - Territory Designation, Additional Territory Fee, Minimum Marketing Expenditure Requirement
- Exhibit 2 - Training Acknowledgment
- Exhibit 3 - List of Office and Marketing Materials Provided To You
- Exhibit 4 - Collateral Assignment Of Cleaning Accounts And Customer Contracts
- Exhibit 5 - Promissory Note for Veterans, Active Duty Military, and First Responders
- Exhibit 6 - Personal Guaranty
- Exhibit 7 - Security Agreement
- Exhibit 8 - Uniform Commercial Code Financing Statement
- Exhibit 9 - Payment Assurance Program Option Plan Contract (PAPO)

In addition, if you qualify for a Veterans, Active Duty Military, and First Responders Incentive, you will sign the Incentive Addendum, Exhibit G.

Exhibit H of this Disclosure Document are the State Addenda for Illinois, Indiana, Maryland, Michigan (in front of FDD), Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

Exhibit I of this Disclosure Document is the Franchisee Disclosure Questionnaire. The following language is required by the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments, as it relates to Exhibit I to this FDD, the Franchisee Disclosure Questionnaire.

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

Exhibit J of this Disclosure Document is the Renewal Addendum that applies to you only if you are an existing IMAGE ONE franchisee and are renewing your franchise agreement for another term.

ITEM 23 – RECEIPT

You will find copies of a detachable receipt at the very end of this Disclosure Document.

The remainder of this page is left blank intentionally

EXHIBIT A

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

California:

Commissioner of the Department
of Financial Protection and
Innovation
2101 Arena Blvd.
Sacramento, CA 95834
(866) 275-2677

Hawaii:

Commissioner of Securities,
Dept. of Commerce and Consumer
Affairs, Business Registration Div.,
Securities Compliance Branch
335 Merchant St., Rm. 203
Honolulu, HI 96813-2921
(808) 586-2722

Illinois:

Office of the Attorney General
Franchise Division
500 S. 2nd St.
Springfield, IL 62701-1771
(217) 782-4465

Indiana:

Indiana Securities Division
Franchise Section
302 W. Washington St., Rm. E111
Indianapolis, IN 46204-2738
(317) 232-6681

Maryland:

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

Michigan:

Michigan Attorney General
Consumer Protection Division
PO Box 30213
Lansing, MI 48909-7713
(517) 373-7117

Minnesota:

Commissioner of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101-3165
(651) 539-1600

New York:

NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21st Flr.
New York, NY 10005-1495
(212) 416-8222

North Dakota:

Securities Department
600 E. Boulevard Ave., 5th. Flr.
Bismarck, ND 58505-0510
(701) 328-4712

Rhode Island:

Dept. of Business Regulations
Division of Securities
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920-4407
(401) 462-9527

South Dakota:

Division of Insurance
Securities Regulation

124 S. Euclid Ave., Ste. 104
Pierre, SD 57501-3168
(605) 773-3563

Virginia:

State Corporation Commission
Div. of Securities & Retail Franchising
1300 E. Main St., 9th Flr.
Richmond, VA 23219-3630
(804) 371-9051

Washington:

Dept. of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, WA 98501-6456
(360) 902-8760

Wisconsin:

Securities Division
201 W. Washington Ave., Ste. 300
Madison, WI 53703-2640
(608) 266-8557

AGENTS FOR SERVICE OF PROCESS

California:

Commissioner of the Department
of Financial Protection and
Innovation
2101 Arena Blvd.
Sacramento, CA 95834
(866) 275-2677

Hawaii:

Hawaii Commissioner of Securities,
Dept. of Commerce and Consumer
Affairs, Business Registration Div.
335 Merchant St., Rm. 205
Honolulu, HI 96813
(808) 586-2744

Illinois:

Illinois Attorney General
500 S. 2nd St.
Springfield, IL 62701
(217) 782-4465

Indiana:

Indiana Secretary of State
200 W. Washington St., Rm. 201
Indianapolis, IN 46204
(317) 232-6681

Maryland:

Maryland Securities Commissioner
200 Saint Paul Pl. Baltimore,
MD 21202
(410) 576-6360

Michigan:

Michigan Corporation & Securities Bureau
Department of Commerce
6546 Mercantile Way
Lansing, MI 48911
(517) 373-7117

Minnesota:

Minnesota Commissioner of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101
(651) 539-1600

New York:

New York Secretary of State
One Commerce Plaza
99 Washington Ave., 6th Flr.
Albany, NY 12231-0001
(518) 473-2492

North Dakota:

North Dakota Securities Commissioner
600 E. Boulevard Ave., 5th. Flr.
Bismarck, ND 58505
(701) 328-4712

Rhode Island:

Director, Rhode Island Department of
Business Regulations
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota

Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste. 104
Pierre, SD 57501 3168
(605) 773-3563

Virginia:

Clerk, Virginia State Corporation
Commission
1300 E. Main St., 1st Flr.
Richmond, VA 23219
(804) 371-9733

Washington:

Dept. of Financial Institutions
Securities Division – 3rd Flr.
150 Israel Rd. SW Tumwater, WA 98501
(360) 902-8760

Wisconsin:

Administrator, Wisconsin
Division of Securities
201 W. Washington Ave. Madison, WI 53703
(608) 261-9555

Exhibit B

Affiliate Franchise Agreement



IMAGE ONE® AFFILIATE FRANCHISE AGREEMENT

Between

IMAGE ONE FACILITY SOLUTIONS, INC
An Illinois corporation

(We/Us/Our)

and

(You/Your)

Dated: _____, 20__

©2023 IMAGE ONE FACILITY SOLUTIONS, INC

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IMAGE ONE® AFFILIATE FRANCHISE AGREEMENT

THIS IMAGE ONE AFFILIATE FRANCHISE AGREEMENT is signed on _____, between IMAGE ONE FACILITY SOLUTIONS, INC., ("we," "us" or "our") an Illinois corporation, and _____, a ___ corporation ___ limited liability company, organized under the laws of the state of _____ ("you" or "your").

BACKGROUND

A. IMAGE ONE FACILITY SOLUTIONS, INC, an Illinois corporation, developed and owns a special janitorial and facility service system that services Clients under the trade name "IMAGE ONE" and has licensed Image One Facility Solutions, Inc., the Franchisor, an Illinois corporation, to sell Franchisees.

B. We currently sell IMAGE ONE Franchises throughout the United States. Our primary business is offering and selling franchises.

C. The distinguishing characteristics of the "IMAGE ONE System" (or "System") include: uniform standards and procedures for business operations; training in the operation, management and promotion of the IMAGE ONE Franchise; promotional programs; Client development and service techniques; and other technical assistance.

D. In the Chicago metropolitan area, from 2011 to 2018, we offered IMAGE ONE Unit Franchises, which includes providing marketing services by which we solicit and secure cleaning accounts ("Clients" or "Customers") for the franchisees for a fee. As of March 1, 2019, we discontinued offering Unit Franchises, although there are Unit Franchises operating in the Chicago metropolitan area.

E. Beginning in 2014, we started offering IMAGE ONE Affiliate Franchises in markets both inside and outside the Chicago metropolitan area. The difference between the Affiliate Franchise and the Unit Franchise is that we are not contractually obligated to secure Clients to Affiliate Franchisees. We train Affiliate Franchisees in our marketing techniques, and they solicit and secure cleaning accounts ("Clients") on their own. However, the Clients secured by Affiliate Franchisees enter into customer contracts with the Affiliate Franchisee, but with a provision requiring Clients to make payments to us as your billing agent.

F. You recognize the benefits of receiving an IMAGE ONE Affiliate Franchise from us and desire to enter into this Affiliate Franchise Agreement subject to the terms in this Agreement and to receive the benefits we provide to you under this Agreement.

G. We have reviewed your application and have decided to award an IMAGE ONE

Exhibit 1

Exhibit B – Franchise Agreement

Affiliate Franchise to you evidenced by this Agreement.

IN CONSIDERATION OF THE MUTUAL COVENANTS SET FORTH HEREIN, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1 – APPOINTMENT AND TERRITORY

SECTION 1.1 GRANT OF AFFILIATE FRANCHISE.

We grant to you, subject to this Agreement, the right and you undertake the obligation, to operate one (1) IMAGE ONE Affiliate Franchise under the System. You may operate the IMAGE ONE Affiliate Franchise (“Franchised Business”) from your home or from an office.

SECTION 1.2 TERRITORY.

- (a) Protected but Not Exclusive Territory. You are granted a protected but not exclusive Territory, as set forth on Exhibit 1 to this Agreement. Your Territory will include at least 5,000 businesses. The term “Protected” means that so long as you are in compliance with your obligations under this Agreement, we will not ourselves operate, nor grant franchises to other to operate, IMAGE ONE Businesses located within your Territory.
- (b) Solicitation and Providing Services Outside Your Territory. You may not actively solicit or engage in marketing activities outside of your Territory. However, you may follow up on bona fide referrals made to you by existing clients or other sources, on potential clients outside of your Territory. Your Territory is not exclusive, since other IMAGE ONE franchisees may provide services to clients located within your Territory, if such clients were a result of referrals to the other franchisees, or if those other franchisees already were servicing those clients at the time you became an IMAGE ONE franchisee.
- (c) No Alteration in Territory Designation Based on Changes in Number of Businesses. Your Territory designation is not subject to alteration, either larger or smaller, if the number of businesses in your Territory changes.

Exhibit 1
Exhibit B – Franchise Agreement

SECTION 1.3 ADDITIONAL TERRITORY.

- (a) You may elect to purchase Additional Territories at the time you execute this Franchise Agreement, or subsequently. All Additional Territories must be continuous to your initial Territory or to one of your Additional Territories. Each Additional Territory will include at least 5,000 businesses. You must pay an Additional Territory Fee, for each Additional Territory, as set forth in Section 3.1(b).
- (b) If you do not elect to purchase Additional Territories at the time you execute this Franchise Agreement, you may have the option of purchasing one or more Additional Territories at a subsequent date, under the following conditions:
- (i) You must be in compliance with your obligations under this Agreement;
 - (ii) You must pay the then-current Additional Territory Fee; and
 - (iii) The Additional Territor(ies) you propose purchasing must be contiguous to your initial Territory or to at least one other Additional Territory, so that there are no geographic breaks within your entire Territory.

SECTION 1.4 MINIMUM MARKETING EXPENDITURE REQUIREMENT AND MINIMUM SALES REQUIREMENTS

(a) **Minimum Marketing Expenditure Requirement.** For each Territory you have, you must spend a minimum of One Thousand Five Hundred Dollars (\$1,500.00) per month on marketing and advertising we approve. That includes social media, SEO, lead generation, and purchasing leads from 3rd party appointment setters (which may include us). The amount of your monthly Minimum Marketing Expenditure Requirement is set forth on Exhibit 1, Paragraph 6 to this Agreement. This requirement for a minimum marketing expenditure applies until you attain a level of Fifty Thousand Dollars (\$50,000) in monthly Gross Billing per Territory. At such time that you attain that level of Gross Billing, and provided you maintain that level throughout the term of this Agreement, you will not be required to expend any minimum amounts on marketing and advertising.

(b) **Minimum Sales Requirements.** In order to maintain your protected Territory, you must increase your monthly Gross Billing by an average of One Thousand Dollars (\$1,000) per month for each Territory you have. The average growth will be calculated over rolling four-month periods. The amount of your Minimum Sales Requirement is set forth on Exhibit 1, Paragraph 7 to this Agreement. At such time that you attain a level of Fifty Thousand Dollars (\$50,000) in monthly Gross Billing per Territory, you are not required to continue building your business, so

Exhibit 1
Exhibit B – Franchise Agreement

long as you maintain the \$50,000 level. If you fail to meet this Minimum Sales Requirement and fail to cure within sixty (60) days after we give you notice, we have the right to grant another franchise within your Territory, or to terminate this Agreement.

SECTION 1.5 RESERVATION OF RIGHTS

We and our affiliates retain the right, in our sole discretion, to:

- (a) provide, offer and sell and to grant others the right to provide, offer and sell services and products that are identical or similar to and/or competitive with those you provide, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including the Internet, social networks, catalog sales, telemarketing, or other direct marketing sales), outside the Territory, and on any terms and conditions we deem appropriate;
- (b) operate (and to grant to others the right to operate) businesses offering dissimilar products and services, both inside and outside the Territory, under the Marks, and on any terms and conditions we deem appropriate;
- (c) operate (and to grant others the right to operate) IMAGE ONE Businesses located anywhere outside the Territory, under any terms and conditions we deem appropriate, and regardless of proximity to your Territory;
- (d) acquire the assets or ownership interests of one or more businesses providing products and services that are identical or similar to and/or competitive with those provided by IMAGE ONE Businesses, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory), provided that any such businesses that are located in the Territory will not operate under the Marks;
- (e) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services that are identical or similar to and/or competitive with those provided by IMAGE ONE Businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory; and
- (f) sell products and provide services, both inside and outside the Territory, which you are not authorized to sell or provide.

SECTION 1.6 YOUR OWNERSHIP

Prior to the opening of your Image One Franchise, any individual signing as a franchisee

Exhibit 1
Exhibit B – Franchise Agreement

shall establish a corporation, limited liability company, general partnership or limited partnership (“Entity”), to own and operate your Image One Franchise and shall assign this Agreement to the Entity. The transfer fee required by this Agreement shall not apply to such assignment to the Entity. Your owners, shareholders, officers, directors, members, managers and partners (or persons holding comparable positions in non-corporate entities) shall be referred to herein as owners. You must complete and update throughout the Term, as necessary:

(a) All persons who own any interest in the Entity must guaranty your performance under this Agreement by signing the “Personal Guaranty” attached as Exhibit 6;

(b) You shall provide to us a resolution signed by all shareholders, directors, members, managers or partners, as appropriate, designating the principal contact for the Entity and you. This principal contact must be a controlling shareholder, managing member or general partner. This representative shall have the authority to speak for and bind you in all matters pertaining to this Agreement, and all matters regarding your Image One Franchise;

(c) The Entity shall engage in no other business than the operation of your Image One Franchise unless we approve such other business in writing. We may, in its sole discretion, for any reason, elect to withhold approval;

(d) You shall furnish to us, upon execution or any subsequent transfer of this Agreement, a copy of your articles of incorporation, articles of organization, bylaws, operating agreement, partnership agreement or equivalent governing document, as applicable, and shall thereafter promptly furnish us with a copy of any and all amendments or modifications thereto;

(e) You shall promptly furnish to us, on a regular basis, with certified copies of such Entity records material to your Image One Franchise as we may require from time to time in the Operations Manual or otherwise in writing; and

(f) You shall maintain transfer restrictions on its records, of any securities with voting rights, subject to the restrictions of this Agreement, and each certificate of yours presenting ownership or equity interests in the Entity, shall have conspicuously endorsed upon it the following legend:

The transfer of this [stock/membership interest/ownership interest] is subject to the terms and conditions of a Franchise Agreement with Image One Facility Solutions, LLC. dated [date]. Reference is made to the provisions of said Franchise Agreement and to the governing documents of [name of your Entity].

SECTION 1.7 LOCATION OF YOUR OFFICE.

You may operate your Image One Franchise anywhere within your Territory. We do not designate a specific location for your Franchised business. Our prior written approval is required only if you intend to operate your Franchised business from your home, and your home is outside

Exhibit 1

Exhibit B – Franchise Agreement

of your Territory. If you operate your Franchised business from an office, the office must be within your Territory, but our prior written approval is not required as to its exact location.

ARTICLE 2 - OUR DUTIES

We will provide you with the following assistance and services necessary for the operation of your IMAGE ONE Affiliate Franchise, if you are not in default under this Agreement:

SECTION 2.1 IMAGE ONE TRAINING PROGRAM.

We will provide the IMAGE ONE Training Program for you within 30 days of the Agreement Date. Module 1 of the IMAGE ONE Training Program consists of 6 classroom sessions and 5 on-site sessions at one or more of our existing Client buildings. Each classroom session is a maximum of 4 hours, and on-site sessions are a maximum of 8 hours. Modules 2 & 3 will consist of training in your market, a maximum of 5 days each, 8 hours per day. The IMAGE ONE Training Program covers the following items: orientation, general office cleaning, restroom cleaning, floor maintenance, customer relations, account retention, operations, and sales of accounts. The training is provided by the use of videos, lectures and "hands on" training by our experienced staff. Your employees may attend certain sessions of the IMAGE ONE Training Program as we designate. There is no additional fee for Initial Training. Upon completion of training, you must sign Exhibit 2, "Training Acknowledgement".

SECTION 2.2 LOAN OF THE MANUALS.

We will lend to you 1 registered copy of each volume of the Manuals or provide you with an electronic or pdf version of the manuals (with revisions as required). Our practice is to deliver the Manuals to you shortly before beginning the IMAGE ONE Training Program.

SECTION 2.3 LISTS, FORMS AND SCHEDULES.

We will provide to you:

- (a) A list of required equipment, supplies, materials, inventory and other items necessary to open and operate your IMAGE ONE Affiliate Franchise:
- (b) An initial set of forms, including the standard brochure and various operational forms, standardized periodic reporting forms for reporting performance, evaluation, inspection and communication; and
- (c) A schedule of items that may be purchased or leased from us.

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SECTION 2.4 EMPLOYEE INFORMATION AND ASSISTANCE.

You are solely responsible for the hiring, supervising, promoting and terminating of your employees and the establishment of their salaries. See also Section 4.2.

SECTION 2.5 EQUIPMENT AND SUPPLIES.

We will provide to you office and marketing materials as stated in Exhibit 2. You will receive from us the supplies, materials and equipment listed in Exhibit 3. The replenishment of these materials and supplies is at your expense.

SECTION 2.6 ASSISTANCE IN INITIAL SET-UP AND FIRST TIME CLEANING.

We will provide to you experienced operational support and may accompany you and your employees during the initial set-up and first time cleaning of the very first Account.

SECTION 2.7 CONTINUED ASSISTANCE AND SUPPORT.

Upon the opening of your IMAGE ONE Affiliate Franchise, we will or may provide to you the following:

(a) **Invoicing and Accounting Services.** We will provide you with invoicing and accounting services to Accounts you service. You are not permitted to directly invoice these assigned accounts and agree not to invoice any IMAGE ONE accounts that have cleaning contracts with us or you. We will invoice all accounts you service monthly for the cost of services and supplies you render under the contract with the account. We will accept payments from the accounts serviced by you and maintain those revenue records for you. Money due you from servicing the accounts will reflect deductions of Royalty Fees, Administration Fees, Advertising Contributions, Note Payments and all other amounts you owe to us and out-of-pocket costs (including attorney's fees and court costs) we incur in enforcing payment of Accounts. We will mail to you all monies collected as recorded in the "Due Owner" column of the Owners Report (monthly statement), less monies due us in accordance with this Agreement. If your billing is over \$5,000 per month, we pay you one-half of the money due you on the 15th day of the month, and the other half on the last day of the month. If your billing is less than \$5,000 per month, we pay you once per month, on the 25th day of each month following the month of service. If amounts billed the accounts serviced by you are unpaid, you will incur the loss of nonpayment except in instances where we have guaranteed in writing payments to you. We will take action to enforce payment at your discretion and expense. We may also initiate action on our own to recover unpaid amounts of our fees that would have been collected if the account had paid as agreed.

(b) **Supply Sources.** We will continue to investigate supply sources for better pricing. Although you are not required to purchase any cleaning equipment or supplies from us, we may be able to obtain lower prices on supplies, materials and equipment and will direct you to that supplier without any obligation on your part to purchase from them.

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(c) **Field Visits.** You understand and acknowledge that detail of and adherence to the IMAGE ONE System is essential IMAGE ONE and all IMAGE ONE Franchisees in order to; (1) develop and maintain quality operating standards, (2) increase the demand for services sold by IMAGE ONE and its Franchisees and (3) protect IMAGE ONE's name and goodwill. In an effort to further these interests we have the right to perform periodic quality control visits to each building you clean. All operations may be inspected and appropriate recommendations will be made to you. Our representative will operate from your local IMAGE ONE office and will be available during normal business hours to answer questions and to assist with Affiliate Franchise operations.

(d) **Assistance with Business Development.** We will continue to provide you with estimating expertise, custom proposal templates and references in order to assist development of your business. If you request us to provide you leads for potential clients, we charge you a fee for each lead.

(e) **Assistance with Clients' Services.** You understand that you are the primary contact for the customer with respect to service complaints and or requests, however the corporate office will accept service calls from IMAGE ONE accounts assigned to you and relay these service calls to you in a timely manner.

(f) **Telephone Hotline.** We will maintain a telephone "hotline" for informational assistance and emergencies for you and the contact personnel of accounts assigned to you.

(g) **Local Advertising.** We will provide advice on Local Advertising. All advertising bearing the IMAGE ONE marks or logos must receive prior approval from us.

(h) **Promotional Literature.** We will make available to you, at our published charges, promotional literature of the IMAGE ONE System and all pertinent new developments in the janitorial service industry including procedures for improved efficiency to the extent actually known by us.

(i) **Periodic Assistance.** We may provide advisory assistance in the operation and promotion of the IMAGE ONE Affiliate Franchise, as we deem advisable. Advisory assistance may include additional training and assistance, communication of new developments, improvements in equipment and supplies, and new techniques in advertising, service and management relevant to the operation of your IMAGE ONE Affiliate Franchise through audio or videotapes and service manuals.

(j) **Additional Training.** In order to maintain the highest standards and goodwill for the IMAGE ONE System, its marks and Franchisees, we may provide additional training programs, seminars, conventions or advanced management training for you and your employees at our principal training facility or another location we designate. Any additional training that is recommended by us because you have received an unusually high number of complaints from Clients, gives us the option to suspend all further business offerings to you until we are satisfied

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that the deficiencies have been corrected.

(k) **Retraining.** If you receive unsatisfactory inspection reports from us and fail to promptly remedy the deficiencies, or if you lose any Clients due to Client dissatisfaction, we may require you and designated employees to attend refresher training as soon as reasonably possible. You are solely responsible for all expenses associated with these programs including the then prevailing standard training fee we charge for these programs and all travel, meals and lodging costs of your attendees. If you fail the IMAGE ONE Training Program, you must attend retraining classes in the areas the training officer feels are necessary for you to successfully complete the IMAGE ONE Training Program. We may charge you fees for retraining.

(l) **Special Assistance.** If you request, we will furnish non-routine guidance and assistance to address your unusual or unique operating problems.

(m) **Research and Development.** We will continue to research and develop new products and services, introductions and techniques, as we deem appropriate in our sole discretion.

(n) **Annual Conventions.** We may conduct annual conventions, which may be national or regional, at a location to be designated by us. Your attendance is mandatory, unless we waive the attendance requirement. You must pay your travel and daily living expenses to attend the conventions. In addition, we will charge you a registration fee for the convention. Whether or not you attend the annual convention, your registration fee will not be refunded. Also, if you do not register, you will be charged the highest registration fee. If you do not attend the annual convention, we may require you to attend refresher training at our corporate offices. You must pay your travel and daily living expenses for this refresher training, plus pay us the then-applicable Retraining Fee.

SECTION 2.8 LICENSE OF PROPRIETARY MARKS.

Subject to this Agreement, we license to you the right to use the "IMAGE ONE" trade name and the other Proprietary Property.

SECTION 2.9 DUTIES ONLY TO YOU.

All of our obligations under this Agreement are only to you. No other party is entitled to rely on, enforce, or obtain relief for breach of the obligations either directly or by subrogation unless we are deemed in default by the Franchisor.

SECTION 2.10 OUR RIGHT TO DELEGATE DUTIES.

You agree to our right to delegate duties under this Agreement to a Designee that may only be approved by the Franchisor. You must perform your duties with the Designee to the extent we request, as you must do with us.

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SECTION 2.11 ASSIGNMENT OF REGIONAL/NATIONAL ACCOUNTS.

Regional or National Accounts that we secure will be memorialized by a customer agreement (“Regional/National Customer Contract”) between us and the Regional/National Client. We will assign you the right to service the Regional/National Client until: (a) the Regional/National Customer Contract is terminated, cancelled, or transferred, (b) you cease providing service to the Regional/National Client for any reason, or (c) you cease to be a Franchisee in good standing. You will own all revenues generated through your service of the Regional/National Client less any amounts due us under this Agreement. All payments made by a Regional/National Client under a Regional/National Customer Contract will be sent directly to us. We will assign to you the right to perform services under the Regional/National Customer Contract, and you will receive the gross monthly revenues of the Regional/National Account less the fees belonging to us stated in Section 3.1 and any other liabilities you may have to us. You are not permitted to offer, exchange or transfer Regional/National Accounts that have been assigned to your Affiliate Franchise. You are not permitted to perform or invoice for janitorial services or additional work to Regional/National Accounts assigned to you by us outside of the Regional/National Customer Contract. You may however solicit and negotiate additional business with Regional/National Clients assigned to you and we will invoice for those services retaining our fees under this agreement. All accounts assigned to you by us will be serviced in accordance with the times, frequency of service and cleaning specifications as determined by the Regional/National Client. If you fail to perform the services in a manner satisfactory to the Regional/National Client or us, we have the right to revoke the assignment of the Regional/National Account to you.

SECTION 2.12 PRE-OPENING REQUIREMENTS.

We are not obligated to furnish you any services under this Article 2 until you have satisfied the following conditions:

- (i) You have successfully completed Module 1 of the IMAGE ONE Training Program having obtained an 85% or better on the examinations.
- (ii) Our training officer has certified you as qualified to operate an IMAGE ONE Affiliate Franchise.
- (iii) You have signed a Training Acknowledgement form as stated in Exhibit 2.
- (iv) You have formed a business entity, obtained all necessary business licenses and permits, including a federal EIN, and have forwarded copies to us.

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ARTICLE 3 - FEES AND PAYMENTS

SECTION 3.1 TYPES OF FEES.

In consideration of our signing this Agreement, you must pay to us the following fees, in addition to any others required under this Agreement, all payable in United States currency at our principal office:

(a) **Initial Affiliate Franchise Fee.** You must pay to us an Initial Affiliate Franchise Fee in the amount of Twenty-Nine Thousand Seven Hundred Fifty and 00/100 Dollars (\$29,750). The Franchisee Fee is payable on the date you sign this Agreement. The Initial Affiliate Franchise Fee is for one Territory. The Initial Affiliate Franchise Fee is fully earned by us on receipt and, except as expressly provided otherwise in this Agreement, is non-refundable.

(b) **Additional Territory Fee.** If you elect to purchase Additional Territories at the time you execute this Franchise Agreement, or subsequently, as described in Section 1.3, you must pay an Additional Territory Fee, for each Additional Territory. The Additional Territory Fee is the same as the then-current initial franchise fee in effect at the time you purchase Additional Territories.

(c) **Royalty Fee.** You will pay a continuing monthly non-refundable Royalty Fee during the Term of 10% of monthly Gross Revenues. This will be paid to us by our retaining this Royalty Fee from the payments the Client makes and remitting the balance to you.

(d) **Administration Fee.** You will also pay a continuing monthly non-refundable Administration Fee during the Term of 3% of monthly Gross Revenues to reimburse us for our costs of invoicing, receiving and disbursement of funds from accounts assigned by us to you that you render service. This will be paid to us by our retaining this Administration Fee from the payments the Client makes and remitting the balance to you.

(e) **Advertising Contribution.** You must also pay a continuing monthly Advertising Contribution to us during the Term of 2% of monthly Gross Revenues for local advertising. You will pay this to us by our retaining the Advertising Fee from the payments the Client makes to us and remitting the balance to you. We have the sole right to enforce this obligation and all our other Affiliate Franchisees' obligations that make Advertising Contributions. Neither you nor any other Affiliate Franchisee obligated to make Advertising Contributions, is a third party beneficiary of the funds or has any right to enforce any obligation to contribute the funds.

(f) **Insurance Program Fees.** If you elect to participate in our insurance program, if available, rather than purchase on your own the insurance required under ARTICLE 9, you agree to pay us a fee equal to the actual insurance cost plus an administrative fee equal to two percent (2%) of the Gross Revenues, including supplies, equipment and Day Porters plus \$2.00 times the number of invoices per client.

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(g) **Advance Payment Fee.** If we advance collected funds, but the funds are not yet payable to you, you will pay a processing fee of \$25. If we lend you uncollected funds, you will pay a processing fee of \$25 plus interest at the rate of 18% per annum until fully paid.

(h) **Payment Assurance Program Option (PAPO) Fee.** This is an optional program in which you may elect to participate. If you participate, you pay us five percent (5%) of your total monthly gross billing, and we guarantee payment to you of billing from all accounts assigned by us to you to whom you render services, whether or not they pay. Payments are made to you on your regularly scheduled date each month. In our sole discretion, we may terminate your PAPO Contract, upon which your participation in PAPO shall immediately cease. See Exhibit 9 for further terms and conditions.

(i) **Credit Card Charges.** If any of the accounts assigned by us to you pay by credit card or other method that involves a discount or charge to the payee, we will charge you the amount assessed by the credit card processor, up to 3.5% of the billed amount.

(j) **Software License Fees.** You must pay a Software License Fee, which is for electronic communication. If your Gross Revenues are less than \$5,000 per month, your Software License Fee is \$25 per month. If your Gross Revenues are greater than \$5,000 per month, or if you service national accounts, your Software License Fee is \$100 per month per user.

(k) **Monetary Penalties for Operational Defaults.** If you or your employees commit any of the defaults described in this Paragraph 3.1(k), we may impose monetary penalties on you, in addition to the other remedies set forth in this Agreement. The imposition of a penalty in no manner limits Franchisor's right to exercise any other remedy available under this Agreement or in law.

- (i) Failure to Submit Monthly Evaluation Reports. The penalty for your failure to submit the monthly client Monthly Evaluation Reports is \$50 for each missing Evaluation Report per Client location, up to a maximum of \$100 per month per Client location.
- (ii) Failure of You or your Employees to Wear IMAGE ONE Uniforms. The penalty for your failure to wear the IMAGE ONE Uniform while servicing a Client is \$50 for each default, which may recur multiple times per month.
- (iii) Failure of You or your Employees to Wear IMAGE ONE ID. The penalty for your failure to wear the IMAGE ONE ID while servicing a Client is \$50 for each default, which may recur multiple times per month.
- (iv) Other Operational Defaults. We may impose a penalty of up to \$100 for other operational defaults, which will be set forth in the Manual.

SECTION 3.2 PAYMENT SCHEDULE.

The Royalty Fee, Administration Fee, Advertising Contributions, Credit Card Charges (if

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any) and any other fees due us will be deducted by us by the 20th day of each month during the Term for the previous month. We will mail you a check of the net Gross Revenue within 5 days after making the deductions, or initiate a direct deposit to your bank as directed by you. You will be paid up to the last day of actual service to the Client if the Account is lost or transferred. All other amounts due to us from you will be paid at this time. If no time is specified, these amounts are due upon receipt of an invoice from us. Any payment we do not actually receive on or before the due date is overdue.

SECTION 3.3 ROYALTY REBATE.

If your Gross Monthly Billings exceed a certain volume, and so long as you are in compliance with this Agreement, we will rebate back to you a certain percentage of the Royalties you paid during the previous month, as follows:

Gross Monthly Billing	Rebate Amount
\$50,000 - \$99,999	10% of all royalties you paid during the previous month
\$100,000+	20% of all royalties you paid during the previous month

“Gross Monthly Billings” are the amount of recurring revenue from monthly service contracts only and do not include non-recurring revenue. If you achieve the Gross Monthly Billings above, you will receive the rebate of the applicable percentage of your royalties paid on your total revenue for that month, which may include revenue from non-recurring jobs. However, revenue from non-recurring jobs will not be counted for purposes of determining if you are eligible for the royalty rebate.

SECTION 3.4. LATE CHARGE; DEFAULT INTEREST RATE.

You must pay us a late charge equal to 5% of any amount due that is not paid within 10 days of the due date. In addition, you must pay us interest on overdue payments from the due date, at the lesser of: (i) 21% per annum; or (ii) the maximum rate of interest permitted by applicable law. The late charge and interest are payable **ON DEMAND**.

SECTION 3.5. SET-OFF

You shall not be allowed to set off amounts owed to us or other amounts due hereunder, against any monies owed to you, nor shall you in any event withhold any amounts due to any alleged nonperformance by us hereunder, which right of set off is expressly waived by you. We shall be allowed to set off amounts owed to you against monies owed to us by you.

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ARTICLE 4 - YOUR DUTIES

SECTION 4.1 OPERATIONAL REQUIREMENTS.

You agree to operate the IMAGE ONE Affiliate Franchise in conformity with all uniform methods, standards and specifications required in the Manuals or otherwise, to ensure that the highest degree of quality and service is uniformly maintained. You agree to:

- (a) Open and maintain a separate bank account for the IMAGE ONE Affiliate Franchise under the FEIN for the legal entity that is the Affiliate Franchisee;
- (b) Purchase or lease and operate a “smart” cell phone with voice mail, texting, email capabilities, and scanning capabilities as specified in the Manuals;
- (c) Be truthful, factual, and accurate in your marketing efforts, so that the Clients you solicit are fully informed regarding the services, fees and other expenses that will be furnished and charged;
- (d) Utilize only the authorized and approved customer contracts (“Customer Contracts”) that we provide, which will be between the Client and you;
- (e) Perform all janitorial and facility services in accordance with the Customer Contracts between you and the Clients you solicit and agree to service;
- (f) Comply with the procedures and systems we require both now and in the future, including those on sales, good business practices, advertising and other obligations and restrictions;
- (g) Not service or solicit any business until you have satisfied the conditions in Subsection 2.12;
- (h) Maintain in sufficient supply (as we require in the Manuals or otherwise in writing) and use at all times, only inventory, equipment, materials, advertising methods and formats, and supplies that conform with our standards and specifications, if any, at all times sufficient to meet the anticipated volume of business, and to refrain from deviating from these requirements without our written consent;
- (i) Adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with Clients, suppliers, employees, independent contractors, us and the public;
- (j) Sell or offer for sale only the products and services that meet our uniform standards

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of quality and quantity; have been approved for sale in the Manuals or otherwise in writing by us at retail to Clients; not sell any items for redistribution or resale; sell or offer for sale all approved products and services; refrain from any deviation from our standards and specifications for providing or selling the products and services without our written consent; and discontinue selling and offering for sale any products and services that we disapprove in writing at any time;

(k) Honor all standard operations covenants stated in the Manuals; and

(l) If you or one of your employees believes that one of our employees or agents has engaged in any act of sexual or racial harassment or discrimination, you agree to report the incident to us within 48 hours, you and your employees waive any claims against us or our employees and agents.

SECTION 4.2 HIRING, TRAINING AND APPEARANCE OF EMPLOYEES.

(a) You will maintain a competent, conscientious staff and employ the minimum number of employees necessary to meet the anticipated volume of business and to achieve the goals of the IMAGE ONE System. You will take all steps necessary to ensure that your employees meet the employment criteria and keep a neat appearance and comply with any dress code we require, subject to the requirements of landlords.

(b) If you have more than two Territories, you must employ a full-time salesperson to conduct marketing and client development for your business.

(c) You are solely responsible for the terms of their employment and compensation and the proper training of the employees in the operation of the IMAGE ONE Affiliate Franchise. You are solely responsible for all employment decisions and functions, including hiring, firing, retention, scheduling, training, establishing wage and hour requirements, disciplining, supervising, benefits, vacations, discipline, performance evaluations, awards, promotions, demotions, work assignments, time off, and all other terms of their employment and compensation, compliance with federal immigration laws, and record keeping. You must, on all employment applications you give out to employee applicants, have printed on said applications: *“You are applying for a job to work for an independently owned Franchise and not for the Franchisor or any other company.”*

SECTION 4.3 MANAGEMENT OF THE IMAGE ONE AFFILIATE FRANCHISE.

You must devote your best full-time efforts to the management and operation of the IMAGE ONE Affiliate Franchise. You agree that the IMAGE ONE Affiliate Franchise requires your day-to-day supervision at all times.

SECTION 4.4 APPROVED SPECIFICATIONS AND SOURCES OF SUPPLY.

(a) **Purchases from Us.** You must purchase from those items that we require if implemented on a System-wide basis.

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(b) **Authorized Specifications and Suppliers.** You must purchase or lease equipment, supplies, advertising materials, and other products and services used for the operation of the IMAGE ONE Affiliate Franchise only from authorized manufacturers, contractors and other suppliers who demonstrate, to our continuing satisfaction: the ability to meet our standards and specifications for these items; possess adequate quality controls and capacity to supply your needs promptly and reliably; and have been approved in writing by us and not later disapproved. We may approve a single supplier for any brand and may approve a supplier only as to a certain brand or brands. In approving suppliers for our franchisees, we may take into consideration factors like the price and quality of the products or services and the supplier's reliability. We may concentrate purchases with 1 or more suppliers to obtain the lowest prices and/or the best advertising support and/or services for any group of our individual Franchise Units or Company-owned Units. Approval of a supplier may be conditioned on requirements on the frequency of delivery, standards of service, warranty policies including prompt attention to complaints, and concentration of purchases, as stated above, and may be temporary, pending our additional evaluation of the supplier. We in no way warrant the use of approved vendors or supplies when they are utilized outside the IMAGE ONE System.

(c) **Approval of New Specifications and Suppliers.** If you propose to purchase or lease any equipment, supplies, advertising materials, or other products or services from an unapproved supplier, you must submit to us a written request for approval, or request the supplier to do so. We will have the right to require, as a condition of our approval, that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, at our option, either to us or to an independent, certified laboratory we designate for testing. We are not liable for damage to any sample that results from the testing process. ~~You~~ We do not charge a fee for testing. We reserve the right, at our option, to re-inspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense and to revoke approval upon the supplier's failure to continue to meet our standards and specifications. We may also require as a condition to our approval, that the supplier present satisfactory evidence of insurance, for example, product liability insurance, protecting us and our Affiliate Franchisees against all claims from the use of the item within the System.

(d) **Payments to Suppliers.** You must pay your suppliers on a timely basis. If you fail to do so, we reserve the right to pay suppliers directly on your behalf and then deduct from the amounts we collect from accounts you service, the amount you owe to suppliers, plus a service fee equal to ten percent (10%) of the amount we pay. If you elect to have us pay your suppliers on your behalf, we may charge you a ten percent (10%) service charge for performing that service.

(e) **Notice of Our Potential Profit.** We advise you that we and/or our affiliates periodically may make available to you goods, products and/or services for use in your Franchised Business on the sale of which we and/or our affiliates may make a profit and/or receive a credit, rebate or other incentive. We further advise you that we and our affiliates periodically may receive consideration (including credits, rebates and incentives) from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for products or services

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provided or rights licensed to such persons. You agree that we and our affiliates will be entitled to such profits and consideration.

SECTION 4.5 COMPLIANCE WITH LAWS, RULES AND REGULATIONS.

You will comply with all federal, state, and local laws, rules and regulations, and will timely obtain, maintain and renew when required all permits, certificates, licenses or Affiliate Franchises necessary for the proper conduct of the IMAGE ONE Affiliate Franchise under this Agreement, including qualification to do business, fictitious, trade or assumed name registration, occupational licenses, and OSHA requirements. You will provide copies of all inspection reports, warnings, certificates and ratings, issued by any governmental entity during the Term on the conduct of the IMAGE ONE Affiliate Franchise that indicates your material non-compliance with any applicable law, rule or regulation, to us within 2 days of your receipt of these items. We accept no responsibility for any of your operations, janitorial or otherwise, outside the IMAGE ONE System.

SECTION 4.6 TAX PAYMENTS; CONTESTED ASSESSMENTS.

You will promptly pay when due all taxes required by any federal, state or local tax authority including unemployment taxes, withholding taxes, income taxes, tangible commercial personal property taxes, real estate taxes, intangible taxes and all other indebtedness you incur in the conduct of the IMAGE ONE Affiliate Franchise. You will pay to us an amount equal to any sales tax, goods and services taxes, gross receipts tax, or similar tax imposed on us for any payments to us required under this Agreement, unless the tax is measured by or involves the net income or our corporate status in a state. If we pay any tax for which you are responsible, you will promptly reimburse us the amount paid. If there is any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, you will not permit a tax sale or seizure by levy or signing or similar writ or warrant, or attachment by a creditor, to occur against any assets used in the IMAGE ONE Affiliate Franchise.

SECTION 4.7 CLIENT SURVEYS; CLIENT LIST.

You will present to Clients all evaluation forms we require and will participate and/or request the Clients you service to participate in all marketing surveys performed by or for us. You will maintain a current customer list (Client list) containing each Client's name, address, telephone number and zip code (9 digits) and supply a copy of the list to us on a quarterly basis. You must participate in any process we develop to record all Client information. We own and have a security interest in all Clients you service, and all Client lists of your Affiliate Franchise business. This list is our Confidential Information and will not be disclosed by you to any third party.

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You will permit us and/or our representatives to enter your Premises or buildings where you are providing janitorial or facility services at any time for purposes of conducting inspections. You will cooperate fully with us and/or our representatives in inspections by rendering assistance as they reasonably request and by permitting them, at their option, to observe how you are rendering the services, to confer with your employees and the Clients you are servicing, and to remove samples of any products, supplies and materials in amounts reasonably necessary to return to our office for inspection and record-keeping. The inspections may be conducted without notice at any time. The inspections will be performed in a manner that minimizes interference with the operation of the IMAGE ONE Affiliate Franchise. We may record video or take still photos of the inspections and/or all work being completed by you or your staff. You hereby consent that we may use such video or still photos for marketing purposes without further releases or approvals by you. Upon notice from us, and without limiting our other rights under this Agreement, you will take all steps necessary to correct immediately any deficiencies detected during inspections, including immediately stopping use of any equipment, advertising, materials, products, supplies or other items that do not conform to our then-current requirements. If you fail or refuse to correct any deficiency, we have the right, without you claiming to the contrary, to enter your Premises or office without being guilty of trespass or any other tort, for the purposes of making or causing to be made all corrections as required, at your expense, payable by you upon demand.

SECTION 4.9 NOTICES TO US.

(a) You must notify our local office of any accident, injury, or property damage within 24 hours of the occurrence.

(b) You must notify our local office of any complaint made against you, the services you provide, or any other matter in which you are involved, whether such complaint is made verbally, electronically, or in writing, and whether such complaint is made by a Client you are currently servicing, you serviced in the past, or any other party.

(c) You must also notify us in writing within 5 days of any of the following events:

- (i) The start of, any action, suit, counter suit or other proceeding against you or any of your employees;
- (ii) Your, or any of your employees', receipt of any notice of noncompliance with any law, rule or regulation; or
- (iii) The issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality against you or any of your employees.

(d) You will provide us with any information we request, within 5 days of request, about the progress and outcome of events.

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SECTION 4.10 OPERATIONAL SUGGESTIONS.

You are encouraged to submit suggestions in writing to us for improving elements of the IMAGE ONE System, including products, services, equipment, service format, advertising and any other relevant matters that we consider in adopting or modifying standards, specifications and procedures for the System. You agree that any suggestions you make are our exclusive property. We have no obligation to use any suggestions and no obligation to provide compensation for any suggestion. You may not use any suggestions inconsistent with your obligations under this Agreement without our written consent.

SECTION 4.11 LIQUIDATED DAMAGES FOR SALE OF PROHIBITED PRODUCTS OR SERVICES.

You agree that the offer to sell or the sale of unauthorized or prohibited products and services within the IMAGE ONE System or operation of your Franchise will result in damages to us. You agree these damages will be measured as \$100 for each day of the prohibited offer or sale, payable to us upon demand. These damages are in addition to our other rights including our right strictly to enforce or terminate this Agreement as provided in this Agreement and obtain injunctive relief, except to the extent any other rights are excluded by law in light of this Section. The parties agree that a precise calculation of the full extent of the damages that we will incur from the offer or sale of unauthorized products and services is difficult to determine and we and you desire certainty in this matter and agree that the liquidated damages are reasonable and are not a penalty.

SECTION 4.12 CESSATION OF SERVICE TO CLIENTS ONLY.

You will surrender, as directed by us, or as agreed with the Client, all keys, codes and pass cards to Clients' facilities, after the completion of the last scheduled day of service. You will remove only equipment and supplies belonging to you.

SECTION 4.13 SECURITY AGREEMENT.

As security for payment of all sums due to us from you, and to secure the faithful performance of all your obligations as set forth in this Franchise Agreement, you shall and hereby do grant to us a continuing security interest in certain property of Franchisee ("Collateral") as more particularly described on Exhibit 7 to this Franchise Agreement. You shall execute the Security Agreement in substantially the form set forth in Exhibit 7 hereto. You consent to our filing a Uniform Commercial Code Financing Statement in the form attached at Exhibit 8 hereto against the Collateral described on Exhibit 7. You shall permit no other financing statement or lien to be filed or recorded against the Collateral without our prior written consent. Upon your failure to perform any obligation or pay any sum due under this Franchise Agreement, we shall have the right, without notice to you, to take immediate possession of the Collateral.

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SECTION 4.14 PRICING.

We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services.

SECTION 4.15 INTERNET MEDIA.

Internet Media includes Website and Social Media, defined below.

(a) Website. As used in this Agreement, the term "Website" means an interactive electronic document, contained in a network of computers linked by communications software, that we operate or authorize others to operate and that refers to your Affiliate Franchised Business, Proprietary Marks, us and/or the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, you agree to the following:

(i) You are strictly prohibited from creating or maintaining a Website for your Affiliate Franchised Business, or a Website that uses our Marks, and

(ii) We will have the sole right to create, establish, own, and control the Website for your Affiliate Franchised Business.

(iii) You must obtain our written approval prior to purchasing or otherwise acquiring any URLs related to the franchise business. You acknowledge and agree that such URLs are the proprietary property of Franchisor, and upon termination or expiration of this Franchise Agreement for whatever reason, you must relinquish to us any or all ownership and other rights in the URLs, including website content, used by you.

(b) Social Media. As used in this Agreement, the phrase "Social Media" means the various forms of electronic communication through which users create online communities to share information, ideas, personal messages and other content, such as Facebook, You Tube, LinkedIn, Twitter, Vine, Google+, Instagram, Pinterest, blogs, or other similar communication methods. In connection with all Social Media, you agree to the following:

(i) You are strictly prohibited from creating a Social Media account or posting anything on Social Media sites involving your Affiliate Franchised Business, or that uses our Marks, and

(ii) We will have the sole right to create, establish, own, and monitor all Social Media postings for your Affiliate Franchised Business. You may participate in the content and maintenance of a Social Media site for your Affiliate Franchised Business, only in

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accordance with our guidelines and subject to our right to alter or delete postings made by you.

(iii) We reserve the right to require you to obtain our approval of any message you compose for a social networking website or commentary for any other website before you post such message or commentary.

SECTION 4.16 NO EXPECTATION OF PRIVACY ON EMAILS AND SOFTWARE

You acknowledge that we have the absolute right to monitor, access, collect, and use any information sent, received, and stored through the email system or software, and that you have no expectation of privacy in your use of the email and software systems.

ARTICLE 5 - PROPRIETARY PROPERTY

SECTION 5.1 YOUR USE OF THE PROPRIETARY PROPERTY.

You may use the Proprietary Property only in accordance with standards and specifications we determine. You agree that:

(a) You will use the Proprietary Property only for the operation of the IMAGE ONE Affiliate Franchise;

(b) You will use the Proprietary Marks as the sole service mark identifications for the IMAGE ONE Affiliate Franchise and will display prominently the Proprietary Marks on and/or with all materials we designate and authorize, and in the manner we require;

(c) You will not use the Proprietary Property as security for any obligation or indebtedness;

(d) You will comply with our instructions in filing and maintaining any required fictitious, trade or assumed name registrations for the "IMAGE ONE" trade name, and will sign all documents we or our counsel deems reasonably necessary to obtain protection for the Proprietary Property and our interest in the property, for example, John Jones d/b/a "IMAGE ONE" or ABC, Inc. d/b/a "IMAGE ONE;"

(e) If you do not operate out of your residence and occupy a business premises, you will maintain a suitable sign or graphics package at, or near the front of the Premises, on any pylon sign, building directory or other area identifying the Premises only as "IMAGE ONE." The signage must conform in all respects to our requirements except to the extent prohibited by local governmental restrictions or landlord regulations. In addition, if you occupy a business premises,

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your office must be decorated in the company colors and style as designated by us; and

(f) You will exercise caution when using the Proprietary Property to ensure that the Proprietary Property is not jeopardized in any manner.

SECTION 5.2 INFRINGEMENT BY YOU.

You agree that the use of the Proprietary Property outside the scope of this Agreement, without our written consent, is an infringement of our rights in the Proprietary Property. You agree that during the Term, and after the expiration or termination of this Agreement, you will not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity of, or our right to, the Proprietary Property, or take any other action in derogation of our rights. At Franchisor's sole option, Franchisor may pursue the remedies available under trademark counterfeiting laws, in addition to or instead of infringement.

SECTION 5.3 CLAIMS AGAINST THE PROPRIETARY PROPERTY.

If there is any claim of infringement, unfair competition or other challenge to your right to use any Proprietary Property, or if you become aware of any use of, or claims to, any Proprietary Property by persons other than us or our Affiliate Franchisees or Unit Franchisees, you will promptly (within 7 days) notify us in writing. You will not communicate with anyone except us and our counsel on any infringement, challenge or claim except under judicial process. We have sole discretion as to whether we take any action on any infringement, challenge or claim, and the sole right to control any litigation or other proceeding involving any infringement of, challenge or claim to any Proprietary Property. You must sign all documents, render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the Proprietary Property or otherwise to protect and maintain our interests in the Proprietary Property.

SECTION 5.4 YOUR INDEMNIFICATION.

We indemnify you against and will reimburse you for all damages you are held liable for in any proceeding from your use of any Proprietary Property in accordance with this Agreement, but only if you: (a) have timely notified us of the claim or proceeding in accordance with this Section; (b) have otherwise complied with this Agreement; and (c) allow us sole control of the defense and settlement of the action in accordance with this Section.

SECTION 5.5 OUR RIGHT TO MODIFY THE PROPRIETARY MARKS.

If we deem it advisable to modify or discontinue the use of any of the Proprietary Marks and/or use 1 or more additional or substitute names or marks, including due to the rejection of any pending registration or revocation of any existing registration of any of the Proprietary Marks, or due to the rights of senior users, you are obligated to do so at your sole expense within 30 days of our request. We are only liable to reimburse you for your reasonable direct printing and signage

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expenses in modifying or discontinuing the use of the Proprietary Marks and substituting different Proprietary Marks (these expenses will not include any expenditures you make to promote a modified or substitute Proprietary Mark).

SECTION 5.6 CUSTOMER CONTRACTS.

The Customer Contracts (as defined in Section 4.1(d)) and customer lists (Client Lists) are part of the System and as such are protected under the terms of this Article 5. You acknowledge and agree that, upon termination or expiration of this Agreement, all Customer Contracts and Client Lists become solely our property. You bear the entire responsibility for fulfilling your obligations to the Clients for whom you undertake to perform service under this Agreement.

SECTION 5.7 INNOVATIONS, IDEAS, CONCEPTS, TECHNIQUES, OR MATERIAL.

All innovations, ideas, concepts, techniques, and marketing, advertising or other materials relating to a janitorial or facility service business, whether or not protectable intellectual property and whether created by or for our Franchisees or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of our System, and works made-for-hire for us. To the extent that any item does not qualify as a “work made-for-hire” for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us, and you agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us in this regard. You agree that we shall have the perpetual right to use and authorize other IMAGE ONE Franchisees to use such innovations, ideas, concepts, methods and techniques without further consideration to you.

SECTION 5.8 OWNERSHIP; INUREMENT SOLELY TO US.

You agree that: (a) you have no ownership or other rights in the Proprietary Property, except as expressly granted in this Agreement; and (b) we are the owner of the Proprietary Property. You agree that all good will associated with the IMAGE ONE Affiliate Franchise inures directly and exclusively to our benefit and is ours exclusive property except through profit received from the operation or possible permitted sale of the IMAGE ONE Affiliate Franchise during the Term. If you secure in any jurisdiction any rights to any of the Proprietary Marks (or any other Proprietary Property) not expressly granted under this Agreement, you will immediately notify us and immediately assign to us all of your right, title and interest to the Proprietary Marks (or any other Proprietary Property) not expressly granted under this Agreement.

ARTICLE 6 - THE MANUALS AND OTHER CONFIDENTIAL INFORMATION

SECTION 6.1 IN GENERAL.

To protect our reputation and good will and to maintain uniform standards of operation under the Proprietary Marks, you will conduct your IMAGE ONE Affiliate Franchise in

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accordance with the Manuals. The mandatory provisions of the Manual shall constitute provisions of this Agreement as if fully set forth in this Agreement and all references to this Agreement shall include the mandatory provision of this Manual. We may vary the standards and specifications to take into account unique features of specific locations or types of locations, special requirements and other factors we consider relevant in our sole business judgment.

SECTION 6.2 CONFIDENTIAL USE.

(a) The Manuals and other copyrighted materials made available to you contain confidential and proprietary information and are IMAGE ONE's trade secrets. IMAGE ONE possesses and will develop and acquire certain confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, procedures and knowledge we or our franchisees develop (the "Confidential Information") including: (1) methods, techniques, tools, specifications, standards, policies, procedures, information, concepts, systems, and knowledge of the experience in our development, operation and franchising; (2) marketing and promotional programs for us; (3) knowledge of specifications for and knowledge of suppliers of certain materials and equipment for us; and (4) knowledge of our customer lists, operating results and financial performance.

(b) We may disclose to you parts of the Confidential Information as are required for the operation of the Image One Affiliate Franchise during the Image One Training Program in the Manuals, and in guidance and assistance furnished to you during the Term, and you may learn additional Confidential Information during the Term. You will treat and maintain the Confidential Information as our confidential and trade secrets. You must keep the Manuals in a secure area. You may not, at any time, communicate, divulge or use any confidential information, trade secrets, knowledge or know-how concerning the methods of operation of the franchise which you learn, including client information, product information, sales information, pricing information and merchandising systems. You will strictly limit access to the Confidential Information to your employees, to the extent they have a "need to know" in order to perform their jobs. You may divulge the Confidential Information only to those of your employees that must have access to it in order to perform their specific duties. Any information, knowledge, know-how or techniques, including drawings, materials, equipment, specifications, techniques and other data which we mark as confidential, and any information, knowledge or know-how which comes from an analysis of this data is confidential, except information which you can show came to your attention before it was given to you by us or which is publicly known.

(c) All persons whom you permit to have access to the Manuals or any other Confidential Information, must first sign our form of confidentiality agreement. These agreements must identify us as third party beneficiaries with the independent right to enforce them. The requirement for a Confidentiality Agreement between you and your employees, including the provision that makes Franchisor an intended third party beneficiary, shall not create an employee or joint employee relationship between Franchisor and your employees.

(d) You will report the theft, loss or destruction of the Manuals immediately to us. A

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partial loss or failure to update any Manual is considered a complete loss.

- (e) You agree that, during and after the Term, you, your owners and employees will:
- (i) not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the IMAGE ONE concept;
 - (ii) maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Term;
 - (iii) not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and
 - (iv) adopt and implement all procedures we require to prevent unauthorized use or disclosure of, or access to, the Confidential Information.

SECTION 6.3 PERIODIC REVISIONS.

We may change the contents of the Manuals. You will comply with each new or changed provision beginning on the 30th day (or any longer time we specify) after written notice from us. Revisions to the Manuals will be based on what we in our sole discretion, deem is in the best interests of the IMAGE ONE System, us and our Unit Franchisees and our Affiliate Franchisees, including to promote quality, enhance good will, increase efficiency, decrease administrative burdens, or improve profitability. You agree that because complete and detailed uniformity under many varying conditions may not be possible or practical, we reserve the right, in our sole discretion and as we deem in the best interests of all concerned in any specific instance, to vary standards for any Affiliate Franchisee due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices or any condition that we deem important to the successful operation of an Affiliate Franchise. You are not entitled to require us to grant to you a similar variation under this Agreement. You will ensure that your copy of the Manuals contains all updates you receive from us. In any dispute as to the contents of the Manuals, the terms contained in our master copy of each of the Manuals we maintain at our home office is controlling.

SECTION 6.4 PRIOR INFORMATION.

You agree that all Confidential Information received before the Agreement Date was unknown to you except through our disclosure and that the marketing practices and operating procedures we develop and furnish to you for the operation of the IMAGE ONE Affiliate Franchise are important for the success of the IMAGE ONE System. To the extent you receive any Confidential Information after the Agreement Date, and you do not object in writing to us within 30 days after you receive the Confidential Information that any of the information comprising the Confidential Information should not be considered Confidential Information, then you irrevocably waive your right to make any objection. You agree that this representation is a material

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inducement for us to enter into this Agreement, and any breach is an Event of Default.

ARTICLE 7 - ADVERTISING

(a) You must participate in upfront and ongoing Location Marketing, which is an on-line marketing program conducted by our approved vendor. Location Marketing includes creating a location page for your business, setting up a Google My Business listing, and local search listing distribution, a findability program, reputation management, social postings on Facebook, digital marketing via Google AdWord and Facebook advertising. We may change vendors at any time for this type of marketing.

(b) You must expend a minimum amount for marketing and advertising in order to generate new clients and develop your business. For each Territory you have, you must comply with the Minimum Marketing Expenditure Requirement set forth in Section 1.4(a). You must spend a minimum of One Thousand Five Hundred Dollars (\$1,500.00) per month on marketing and advertising we approve. That includes social media, SEO, lead generation, and purchasing leads from 3rd party appointment setters (which may include us). The amount of your monthly Minimum Marketing Expenditure Requirement is set forth on Exhibit 1 to this Agreement. This requirement for a minimum marketing expenditure applies until you attain a level of Fifty Thousand Dollars (\$50,000) in monthly Gross Billing per Territory. At such time that you attain that level of Gross Billing, and provided you maintain that level throughout the term of this Agreement, you will not be required to expend any minimum amounts on marketing and advertising.

(c) You must submit to us for approval, all materials to be used for Local Advertising, unless they have been approved before or they consist only of materials we provided. All materials on which the Proprietary Marks are used must include the applicable designation service mark SM, trademark TM, registered ® or copyright ©, or any other designation we specify. If you have not received the written or oral disapproval of materials submitted within 10 days from the date we received the materials, the materials are deemed approved. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the System. We must make this requirement in writing, and you have 5 days after receipt of notice to withdraw and discontinue use of the materials or advertising, unless otherwise agreed in writing. The submission of advertising to us for approval does not affect your right to determine the prices at which you sell your products or services.

ARTICLE 8 - ACCOUNTING AND RECORDS

SECTION 8.1 RECORDS.

You will maintain accurate Records for the operations of the IMAGE ONE Affiliate

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Franchise. Records must be segregated from all others (business and personal) not concerning the Affiliate Franchise. You will preserve the records for at least 6 years from the dates of their preparation (including after the termination or expiration of this Agreement).

SECTION 8.2 REPORTS AND STATEMENTS

(a) **Monthly Reports.** You will submit to us by the 20th day of each month during the Term, in the form we require, accurate Records reflecting the information we require. If you must collect and remit sales taxes, you must also supply to us copies of your sales tax returns.

(b) **Annual Financial Statements.** We may request you prepare and submit an annual balance sheet and income statement, within 90 days of the end of the fiscal year prepared in accordance with Generally Accepted Accounting Principles. Each annual statement must be accompanied by an unqualified review opinion from an independent certified public accountant acceptable to us, and must be signed by you or by your treasurer or chief financial officer attesting that the financial statements are correct and fairly present your financial position at and for the times indicated. Upon our request, you must provide us a signed and dated IRS Form 4506-C for both your personal income and business income tax returns, which authorizes the IRS to release transcripts of your tax returns to us. You will also supply to us, if requested, copies of both your federal and state personal income and business income tax returns at the time these returns are filed with the appropriate tax authorities. You will also furnish us, if requested, copies of your payroll records, including but not limited to the corresponding tax forms. The financial statements and/or other periodic reports described above must be prepared to segregate the income and related expenses of the IMAGE ONE Affiliate Franchise from those of any other business that you conduct.

(c) **Our Right to Use Your Information.** You authorize us to use information concerning you and your operations for business purposes relating to the administration of this Agreement, the operation of the System and disclosure required or permitted by federal or state laws or regulations in connection with the sale of franchises. This information includes your name, business and home addresses, home or mobile telephone numbers, email addresses, business financial information, results of inspections and business records. We may identify you as the source of the information. The persons we may disclose this information to include prospective and existing franchisees, vendors, landlords, financial institutions, local purchasing cooperatives and advertising funds and includes the right, but not the obligation, to disclose information regarding your compliance, any defaults and the termination of this Agreement.

SECTION 8.3 AUDIT BY US.

We and our representatives have the right at all reasonable times to examine and copy, at our expense, your Records. We have the right, at any time, to have an independent audit made of your Records.

In the event any such examination or audit shall disclose an understatement of Gross

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Revenues, you shall pay us, within fifteen (15) days after receipt of the examination or audit report, the royalty fees, Advertising Contribution, and any other amounts you owe us based on such understatement, plus interest at the rate provided in Section 3.4 of this Agreement from the date originally due until the date of payment. Further, in the event such examination or audit is made necessary by your failure to furnish reports, supporting records, financial statements or other documents or information, as herein required, or your failure to furnish such reports, records, financial statements, documents or information on a timely basis, or if an understatement of the Gross Revenues for any period is determined by any such examination or audit to be two percent (2%) or greater, you shall reimburse us for the cost of such audit or examination, including, without limiting, the charges and disbursements of any independent accountants and the travel expenses, room and board (if any) and compensation of our employees in connection with such audit or examination. The foregoing remedies shall be in addition to all our other remedies and rights hereunder or under applicable law.

SECTION 8.4 YOUR NAME, HOME ADDRESS AND TELEPHONE NUMBER.

You agree that, under federal and state Affiliate Franchise registration and disclosure laws and other applicable laws, we may be required to disclose your name, home address and telephone number and you agree to the disclosure of your name, home address and telephone number. You must notify us of any change in your name, home address and telephone number within 10 days of the change. You release us and our officers, directors, stockholders, agents and legal successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands, in law or in equity, that you ever had, now have, or that you later may have from our disclosure of your name, home address and telephone number.

ARTICLE 9 - INSURANCE

SECTION 9.1 TYPES AND AMOUNTS OF COVERAGE.

You must obtain and maintain insurance, at your expense, as we require, in addition to all other insurance that may be required by applicable law, your landlord, lender or otherwise. All policies must be written by an insurance company reasonably satisfactory to us with a Best rating of "A" or better, and must include at a minimum:

(a) Commercial general liability insurance and completed operations coverage for all services you provide in your business, in the amount of \$5,000,000 per person/per occurrence for bodily injury and property damage combined with a general aggregate of \$5,000,000, and naming us as additional insured in each policy. Your general liability insurance policy must name on a primary and non-contributory basis with respect to work performed by you, as required by written contract and as our respective interests may appear;

(b) Workers' compensation coverage and unemployment insurance and all other insurance required by statute or rule of the state where the IMAGE ONE Affiliate Franchise is

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located, provided that you may not elect any option that may be available under state law to exclude or exempt yourself from workers compensation;

(c) Automobile liability insurance. You agree to require that vehicles (including personally-owned, business-owned, hired or non-owned) used by your employees in the IMAGE ONE Affiliate Franchise as well as yourself have coverage, with a combination of primary and excess limits of at least \$100,000/\$300,000;

(d) Surety bond of \$50,000; and

(e) All other insurance, and in the amounts, we reasonably require for our and your protection.

We may periodically adjust the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes are required for all our franchisees, as well as for any Company Units.

SECTION 9.2 EVIDENCE OF INSURANCE.

Within 10 days after the Agreement Date, you shall cause your insurance agent or broker to furnish to us a certificate of insurance issued by an approved insurance company showing compliance with these requirements and a paid receipt showing the certificate number. You must also cause to be furnished to us additional insured endorsements of CG 20 10 and CG 20 37. The certificates of insurance must include a statement by the insurer that the policies will not be canceled, subject to nonrenewal or materially altered without at least 30 days' written notice to us. Copies of all insurance policies and proof of payment will be submitted promptly to us upon our request to you. You will send to us current certificates of insurance and copies of all insurance policies on an annual basis, or more frequently if your insurance coverage changes.

SECTION 9.3 OUR RIGHT TO PARTICIPATE IN CLAIMS PROCEDURE.

We, or our insurer, have the right to participate in discussions with your insurance company or any claimant (with your insurance company) regarding any claim. You agree to adopt our reasonable recommendations to your insurance carrier regarding the settlement of any claims.

SECTION 9.4 WAIVER OF SUBROGATION.

Insofar as and to the extent that this Section may be effective without invalidating it or making it impossible to secure insurance coverage obtainable from responsible insurance companies doing business in the state where the IMAGE ONE Affiliate Franchise is located (even though an extra premium may result), the parties agree that, for any loss that is covered by insurance then being carried by them, their respective insurance companies have no right of

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subrogation against the other.

SECTION 9.5 EFFECT OF OUR INSURANCE.

Your obligation to maintain the policies in the amounts required is not limited in any way by reason of any insurance we maintain, nor will our performance of your obligations relieve you of liability under the indemnity provisions in this Agreement.

SECTION 9.6 YOUR FAILURE TO MAINTAIN INSURANCE.

If you fail to maintain the insurance required by this Agreement, we have the right and authority (without any obligation to do so) immediately to procure the insurance and to charge you for the cost of the insurance, plus interest at the maximum rate permitted by law, which charges, together with a reasonable fee for our expenses in so acting, you agree to pay immediately upon notice.

SECTION 9.7 GROUP INSURANCE.

If we make available to you insurance coverage through group or master policies we arrange including property and casualty, workers' compensation, liability and health, life and/or disability insurance, you may participate, at your expense, in this group insurance program. We may charge a reasonable fee for administering any group insurance program. Our insurance will not cover any losses incurred by your operations outside the IMAGE ONE System. All work done by you outside the IMAGE ONE System is done solely at your own risk.

ARTICLE 10 - TRANSFER OF INTEREST

SECTION 10.1 TRANSFER BY US.

We have the absolute right to transfer, assign or delegate any of our rights or obligations under this Agreement to any person without your consent. If our transferee assumes our obligations under this Agreement and sends to you written notice of the assignment and assumption, you agree within 7 days of a request to sign a release of us except for any liabilities from which we may not be released under any applicable law. We can also transfer our stock, engage in public and private securities offerings, merge, consolidate, acquire other businesses including Competitive Businesses, sell all or substantially all of our assets, borrow money (secured or unsecured), deal in our assets or otherwise operate our business without your consent.

SECTION 10.2 YOUR TRANSFER.

(a) **Personal Rights.** The rights and duties stated in this Agreement are personal to you. We have granted the Affiliate Franchise in reliance on your business and personal skill,

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reputation, aptitude and financial capacity. Accordingly, you agree that, unless otherwise expressly permitted by this Agreement, you will not sell, assign, transfer, convey or give voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise (collectively "transfer") any direct or indirect interest in this Agreement or in the Affiliate Franchise without our written consent (that may be granted or withheld by us in our sole discretion). However, our written consent is not required for: (i) a transfer of less than a 5% interest in a publicly held corporation; or (ii) a transfer of all or any part of your interest to one of your other original shareholders or partners. A transfer of 25% or more of the voting or ownership interests in your corporation, partnership or limited liability company, individually or in the aggregate, directly or indirectly, is, for all purposes of this Agreement, considered your transfer of an interest in this Agreement. Any purported transfer by you, by operation of law or otherwise in violation of this Agreement, is void and is an Event of Default.

The following shall be deemed to be transfers requiring consent under this Agreement: (a) any transfer to a corporation, partnership, limited liability company, or other entity or any conversion of an entity to a different form of entity; (b) if you are a corporation or limited liability company, (i) any conversion, dissolution, merger, consolidation, or other reorganization, (ii) any issuance, sale, or other transfer of any shares or membership units in an amount sufficient to affect voting control or to a person or entity that is not an existing shareholder or member, (iii) any sale of assets not in the ordinary course of business, or (iv) any change in the chief executive, operating, or financial officer or any manager; (c) if you are a partnership, any change in or withdrawal of any partner or conversion, merger, consolidation, or other reorganization or any dissolution of the partnership; and (d) if you consist of more than one person, any transfer from one person to any other.

(b) **Transfer to Your Corporation.** This Agreement may be assigned to a corporation where you own all of the issued and outstanding capital stock if:

(i) You actively manage the corporation and continue to devote your best efforts and full and exclusive time to the day-to-day operation and development of the IMAGE ONE Affiliate Franchise;

(ii) The corporation is newly organized and its activities are confined exclusively to acting as the Affiliate Franchisee under this Agreement;

(iii) The corporation cannot use the name "IMAGE ONE" in any derivative or form in the corporate name;

(iv) An authorized officer of the corporation signs a document in a form we approve, agreeing to become a party bound by all the provisions of this Agreement;

(v) We approve a personal guaranty and agreement not to sell, assign, pledge, mortgage or otherwise transfer or encumber the stock of the Corporation;

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(vi) All stock certificates representing shares bear a legend in accordance with Section 1.6 of this Agreement; and

(vii) You pay to us a \$250 transfer fee.

(c) **No Subfranchising Rights.** You have no right to grant a subfranchise.

(d) **No Encumbrance.** You agree that your rights under this Agreement and any voting or ownership interest of more than 25% in a corporate, partnership or limited liability company Affiliate Franchisee (or in any owner of the Affiliate Franchisee) may not be pledged, mortgaged, hypothecated, given as security for an obligation or encumbered. Any attempted encumbrance is void and is an Event of Default.

(e) **Permitted Transfer.** We may consent to a transfer of any interest in this Agreement if the following requirements are satisfied or waived by us in our sole discretion:

(i) You are not in default of any provision of this Agreement or any other agreement between you and us;

(ii) You sign a general release of all claims against us, and our officers, directors, shareholders, representatives, agents;

(iii) The transferee is not in the same business as us, either as a franchisor, licensor or as a licensee or Affiliate Franchisee of any chain or system that is similar in nature or in competition with us, except that the transferee may be our existing Unit Franchisee or Affiliate Franchisee;

(iv) The transferee assumes this Agreement;

(v) You or the transferee pays a transfer fee of the greater of: (1) \$5,000, or (2) 10% of the sales price, in lieu of the Initial Affiliate Franchise Fee (the "Transfer Fee"). If the transferee is a spouse or child of the transferor, no transfer fee will be charged but a reasonable administrative fee (currently \$250) will be charged;

(vi) The transferee interviews at our principal office without expense to us and demonstrates to our satisfaction that the transferee has the business and personal skills, reputation and financial capacity we require;

(vii) The transferee satisfactorily completes our application and training procedures for new Affiliate Franchisees;

(viii) The transferee demonstrates to our sole satisfaction that he or she has properly assumed and will be able to comply with all of his or her obligations to the IMAGE ONE Affiliate Franchise. You will remain liable for all obligations to us under

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this Agreement before the effective date of the transfer and will sign all instruments we reasonably request to evidence these liabilities;

(ix) At the transferee's expense, the transferee completes the IMAGE ONE Training Program then in effect for new Affiliate Franchisees upon all terms we reasonably require; and

(x) We are satisfied that the proposed terms of sale or other factors involved in the transfer do not materially reduce the potential ability of the transferee effectively to assume and carry out his or her obligations.

We have no duty to consider these factors and approval of a proposed transfer is not an expression of opinion of the appropriateness or fairness of the terms of the transfer or the transferee's likelihood of success. No disapproval of the transferee for failure to satisfy the transfer conditions described in this Subsection, or of any other condition to transfer stated in this Agreement causes us any liability to the transferee.

Our consent to a transfer is not a waiver of any claims we may have against you, nor is it a waiver of our right to demand the transferee's exact compliance with this Agreement. No transfer (even if approved by us) relieves you of liability for your conduct before the transfer, including conduct in breach of this Agreement.

(f) **Our Right to Divulge Information.** We have the right to divulge to your prospective transferee, information, including financial information, regarding you or your business, if we believe the transferee doesn't have all the information needed in order to make a reasonable decision, or if we believe the information furnished by you to the transferee is inconsistent with the information we have about you and/or your business.

SECTION 10.3 TRANSFER UPON DEATH OR DISABILITY.

(a) If any Affiliate Franchise Owner becomes disabled from any cause and is unable to perform his or her obligations under this Agreement for a continuous period in excess of 3 consecutive months, or on the death of the Affiliate Franchise Owner, you (or your legal representative) will within 30 days after the 3 months of disability or death, provide and maintain a replacement satisfactory to us to perform the obligations. If a replacement is not provided or maintained as required, we may hire and maintain a replacement for you. You will compensate the replacement for your services at the rate we establish in the reasonable exercise of our discretion. For all purposes of this Agreement, any period of disability that is interrupted by a return to active work and proper performance of duties under this Agreement for 14 days or less is deemed continuous.

(b) If: (xi) any individual who holds a 25% or greater voting or ownership interest in a corporate, partnership or limited liability company Affiliate Franchisee (or in any owner of the

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Affiliate Franchisee); or (xii) any individual who is the Affiliate Franchisee, dies during the Term, the interests of that individual in a corporate, partnership or limited liability company Affiliate Franchisee (or in any owner of the Affiliate Franchisee) or in this Agreement are required to be transferred within 6 months of the death to an approved transferee in accordance with the terms of this ARTICLE.

ARTICLE 11 - DEFAULT AND TERMINATION

SECTION 11.1 TERMINATION BY YOU.

If we materially breach this Agreement, you must give us written notice describing the nature of the breach and we have 60 days to cure the breach or a longer period of time if the nature of the breach cannot be reasonably cured within 60 days and we are diligently proceeding to cure the breach. If we do not cure the breach, you may terminate this Agreement. You may also terminate this Agreement upon the mutual written agreement with us. Any termination of this Agreement by you other than as stated above, is a wrongful termination by you.

SECTION 11.2 TERMINATION BY US - WITHOUT NOTICE.

(a) Subject to applicable law, this Agreement automatically terminates without notice or opportunity to cure on the date of the occurrence of any of the following Events of Default: if you damage the IMAGE ONE System through violation of federal, state or local environmental laws; if you become insolvent or make a general assignment for the benefit of creditors; you file a petition in bankruptcy or a petition is filed against or consented to by you and the petition is not dismissed within 45 days; you are adjudicated as bankrupt; a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed or consented to by you; a receiver or other custodian (permanent or temporary) of your business or assets is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under federal or any state law is begun by or against you; a final judgment in excess of \$5,000 remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed); execution is levied against your operation or property, or suit to foreclose any lien or mortgage against the Premises or your assets is begun against you and not dismissed within 45 days; or a substantial portion of your real or personal property used in the IMAGE ONE Affiliate Franchise is sold after levy by any sheriff, marshal or constable.

(b) You will notify us within 3 days of the occurrence of any of the events described in Subsection 11.2(a).

SECTION 11.3 TERMINATION BY US - AFTER NOTICE.

You are in default and we may, at our option, terminate all rights granted to you under this

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Agreement, without affording you any opportunity to cure the default, effective immediately upon notice to you, upon the occurrence of any of the following Events of Default:

(a) If you cease to perform contracted service to any Accounts for more than 3 consecutive days without our consent;

(b) If a serious or imminent threat or danger to public health or safety results from the construction, maintenance or operation of the IMAGE ONE Affiliate Franchise and the threat or danger remains uncorrected for 5 days after your receipt of written notice from us or a governmental authority. If a cure cannot be reasonably completed in this time, then all reasonable steps to cure must begin within this time, but a cure must be completed promptly within 30 days after receipt of written notice;

(c) If you fail or refuse to comply with any mandatory specification, standard or operating procedure we require in this Agreement, in the Manuals or otherwise in writing, on the cleanliness or sanitation of the IMAGE ONE Affiliate Franchise or violate any health, safety, or sanitation law, ordinance, or regulation and do not correct the failure or refusal within 3 days after written notice from us or a governmental authority. If a cure cannot be reasonably completed in this time, then all reasonable steps to cure must begin within this time, but a cure must be completed within 30 days after receipt of written notice;

(d) If you, or your officer, director, owner or managerial employee is convicted of a felony, a crime of moral turpitude or any other crime or offense that we reasonably believe is likely to have a material adverse effect on the System, the Proprietary Property, the good will associated with the Proprietary Property, or our interest in any of the Proprietary Property, unless you immediately and legally terminate the individual as an officer, director, owner and employee;

(e) If you deny us the right to inspect the IMAGE ONE Affiliate Franchise or to audit the records of the IMAGE ONE Affiliate Franchise;

(f) If you engage in conduct that is deleterious to or reflects unfavorably on you or the IMAGE ONE brand in that the conduct exhibits a reckless disregard for the physical or mental well-being of employees, Clients, our representatives or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior as determined in our sole discretion;

(g) If you, contrary to this Agreement, purport to encumber or transfer any rights or obligations under this Agreement (including transfers of any interest in you), without our written consent;

(h) If any breach occurs under Sections 6.2 or 13.1 concerning confidentiality and non-competition covenants;

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- (i) If you knowingly maintain false Records, or knowingly submit any false Records to us;
- (j) If you misuse or make any unauthorized use of the Proprietary Property or otherwise materially impair the good will associated with the Proprietary Property or our rights in the Proprietary Property;
- (k) If you receive from us 3 or more Notices of Default for the same or similar defaults during any 12 consecutive months, even if all defaults were cured;
- (l) If you lose or voluntarily cease service to all Clients you have agreed to service, and subsequently fail to complete retraining with 90 days of notice to attend retraining;
- (m) If you stop service to contracts assigned to you and decline all subsequent offers of contracts by us for a period of 360 days after the last date of service to a Client;
- (n) You knowingly submit false or inaccurate evaluations, inspections or other documents;
- (o) If we are unable to contact you because you have vacated and failed to inform us pursuant to Section 8.4 of this Agreement; or
- (p) If you fail to meet your Minimum Sales Requirement as set forth in Section 1.4(b) and Exhibit 1 to this Agreement.

SECTION 11.4 TERMINATION BY US - AFTER NOTICE AND RIGHT TO CURE.

Except as otherwise provided above, you have 30 days after delivery from us of a written Notice of Default specifying the nature of the default to remedy any default other than as stated above, and provide evidence of cure satisfactory to us. If any default is not cured within that time, or any longer time as applicable law requires, an Event of Default has occurred and all your rights under this Agreement terminate without additional notice to you effective immediately upon the expiration of the 30 days or any longer time as applicable law requires. In addition to the Events of Default specified in Sections 11.2 and 11.3, an Event of Default occurs if you fail to comply with any of the requirements imposed by this Agreement, as it may be revised or supplemented by the Manuals, or to carry out this Agreement in good faith. You have the burden of proving you properly and timely cured any default, to the extent a cure is permitted under this Agreement.

SECTION 11.5 SUSPENSION OF PAYMENTS

If you are in default of this Agreement, we have the right to suspend payments to you until you have cured the default and are in full compliance with this Agreement.

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ARTICLE 12 - YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon the termination or expiration of this Agreement, the Sections of this Article, as well as Section 13.1(b) apply to the rights and obligations of the parties.

SECTION 12.1 CEASE OPERATIONS.

You will immediately cease to operate the IMAGE ONE Affiliate Franchise. You will not, directly or indirectly, use any of the Proprietary Property nor represent yourself as a present or former Affiliate Franchisee of us or in any other way affiliate yourself with the System. You will immediately cease using all stationery, signage and other materials containing the Proprietary Marks.

SECTION 12.2 PAYMENT OF OUTSTANDING AMOUNTS.

We may retain all fees paid under this Agreement except for refunds expressly required in this Agreement. In addition, within 10 days after the effective date of the termination or expiration, or any later dates as we determine that amounts are due to us, you must pay to us all amounts owed to us and your other creditors that are then unpaid, including but not limited to all remaining payments under your franchise note, additional business fee payments, leases, and purchases of equipment.

SECTION 12.3 DISCONTINUANCE USE OF NAME.

You will cancel any fictitious, trade or assumed name registration that contains our trademark, trade name or service mark or colorable imitation of our trademark, trade name or service mark. You will furnish us with evidence of compliance with this obligation to cancel the registration within 30 days after termination or expiration of this Agreement. If you fail to cancel, you appoint us as your attorney-in-fact to do so for you.

SECTION 12.4 UNFAIR COMPETITION.

You agree, if you continue to operate or later begin to operate any other business, not to use any reproduction or colorable imitation of the Proprietary Marks, methods of operation or undertake any other conduct either in any other business or the promotion of any other business, that is likely to cause confusion, mistake or deception, or that is likely to dilute our rights in and to the Proprietary Marks. In addition, you agree not to utilize any designation of origin or description or representation that falsely suggests or represents an association or connection with us. This Section does not relieve, directly or indirectly, your obligations under Article 13.

SECTION 12.5 RETURN OF MATERIALS

You will immediately deliver to us all tangible Proprietary Property in your possession or control, and all copies and any other forms of reproductions of these materials. You agree that all

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these materials are our exclusive property.

SECTION 12.6 LIQUIDATED DAMAGES FOR PREMATURE TERMINATION.

If termination is the result of your default, you will pay to us a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Royalty Fees and Advertising Contributions for: (i) the 36 calendar months of operation of the IMAGE ONE Affiliate Franchise before your default; (ii) the period of time the IMAGE ONE Affiliate Franchise has been in operation before the notice, if less than 36 calendar months, projected on a 36-calendar month basis; or (iii) any shorter period as equals the unexpired Term at the time of termination. The parties agree that a precise calculation of the full extent of the damages that we will incur on termination of this Agreement as a result of your default is difficult and the parties desire certainty in this matter in the extreme, and agree that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that we will incur. This payment is not exclusive of any other remedies that we have.

SECTION 12.7 CUSTOMER CONTRACTS AND LISTS

You acknowledge that upon termination or expiration of this Agreement, you have no right or interest in or to any Customer Contracts or customer lists for Clients to whom you have provided services during the term of this Agreement, and that the Customer Contracts and customer lists are our property.

SECTION 12.8 COLLATERAL ASSIGNMENT OF CLEANING ACCOUNTS AND CUSTOMER CONTRACTS

You shall execute a Collateral Assignment of Cleaning Accounts and Customer Contracts, attached hereto as Exhibit 4, by which you assign to us all of your rights, title, and interest in any and all Cleaning Accounts (as defined in Section 17.1 of this Agreement) you service, whether the accounts were assigned to you by us, or whether you solicited the accounts yourself, as well as all Customer Contracts (as defined in Section 4.1(d) of this Agreement), account lists, account records, contracts, receivables, and all other assets of your business.

ARTICLE 13 - YOUR INDEPENDENT COVENANTS

SECTION 13.1 DIVERSION OF BUSINESS; COMPETITION AND INTERFERENCE WITH US.

You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among the Affiliate Franchisees if Affiliate Franchisees were permitted to hold interests in any Competitive Business either franchised or non-franchised.

- (a) **In-Term Non-Compete.** You covenant that during the Term, except as we
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otherwise approve in writing, you will not:

(i) directly or indirectly, solicit or otherwise attempt to induce, by combining or conspiring with, or attempting to do so, or in any other manner influence any Business Associate to terminate or modify his, her or its business relationship with us or to compete against us;

(ii) directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, Franchisee or in any other capacity be connected with the ownership, management, operation, control or conduct of a Competitive Business either franchised or non-franchised;

(iii) solicit or accept orders from Clients currently being serviced by another IMAGE ONE Affiliate Franchisee or Unit Franchisee;

(iv) interfere with, disturb, disrupt, decrease or otherwise jeopardize our business or the business of any of our Affiliate Franchisees or Unit Franchisees; or

(v) provide any services to Clients, including Authorized Services, without informing Image One, and any such services must be billed through Image One as otherwise set forth in this Agreement.

(b) **Post-Term Non-Compete**. You also covenant that for 24 months after the termination or expiration of this Agreement, except as we otherwise approve in writing, you will not, within fifty (50) miles of any Client you serviced or worked for as an Image One Franchisee:

(i) directly or indirectly, solicit or otherwise attempt to induce, by combining or conspiring with, or attempting to do so, or in any other manner influence any Business Associate to terminate or modify his, her or its business relationship with us or to compete against us, and you will affirmatively ask any Business Associate about any contracts the Business Associate has with Image One;

(ii) directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, Franchisee or in any other capacity be connected with the ownership, management, operation, control or conduct of a Competitive Business either franchised or non-franchised;

(iii) solicit or accept orders from Clients currently being serviced by another IMAGE ONE Affiliate Franchisee or Unit Franchisee and you will affirmatively ask any Clients about any contracts the Clients have with Image One; or

(iv) interfere with, disturb, disrupt, decrease or otherwise jeopardize our business or the business of any of our Affiliate Franchisees or Unit Franchisees.

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If you violate this Subsection and compete with us, we have the right to require that all sales made by the Competitive Business be reported to us.

(c) You agree that the length of the term and geographical restrictions contained in this Section are fair and reasonable and not the result of overreaching, duress or coercion of any kind. You agree that your full, uninhibited and faithful observance of each of the covenants in this Section will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants in this Section will not impair your ability to obtain employment commensurate with your abilities and on terms fully acceptable to you or otherwise to obtain income required for the comfortable support of yourself and your family, and the satisfaction of your creditors. You agree that your special knowledge of the business of an IMAGE ONE Affiliate Franchise (and anyone acquiring this knowledge through you) would cause us and our Unit Franchisees and Affiliate Franchisees serious injury and loss if you (or anyone acquiring this knowledge through you) were to use this knowledge to the benefit of a competitor or were to compete with us or any of our Unit Franchisees or Affiliate Franchisees.

(d) If any court finally holds that the time or territory or any other provision in this Section is an unreasonable restriction upon you, you agree that the provisions of this Agreement are not rendered void, but apply as to time and territory or to any other extent as the court may judicially determine or indicate is a reasonable restriction under the circumstances involved. You further agree that if any court holds that the time or territory or any other provision in this Section is an unreasonable restriction upon you, that the court may “Blue Pencil” the provisions of this section to craft reasonable restrictions on you.

SECTION 13.2 INDEPENDENT COVENANTS.

The parties agree that the covenants in this ARTICLE are independent of any other provision of this Agreement. You agree that the existence of any claim you may have against us, regardless of whether under this Agreement, is not a defense to our enforcement of these covenants.

ARTICLE 14 - INDEPENDENT CONTRACTOR AND INDEMNIFICATION

SECTION 14.1 INDEPENDENT STATUS.

The parties agree that this Agreement does not create a fiduciary relationship between them. You are an independent contractor and unless expressly provided to the contrary, nothing in this Agreement is intended to designate either party an agent, legal representative, subsidiary, joint venture, partner, employee, affiliate or servant of the other party for any purpose. The parties agree that nothing in this Agreement authorizes you to make any agreement, warranty or representation for us, nor to incur any debt or other obligation in our name. Any misrepresentations of the IMAGE ONE System contract specifications by you will void any contract entered into with the Client. You will take all affirmative action we request to indicate that you are an independent

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contractor, including placing and maintaining a plaque in a conspicuous place within the Premises and a notice on all stationery, business cards, sales literature, contracts and similar documents that states that the IMAGE ONE Affiliate Franchise is independently owned and operated by you. The content of any plaque and notice is subject to our written approval.

A. Neither Franchisee, nor Franchisee's employees, are employees of the Franchisor. Neither Franchisor nor Franchisee is the principal, agent, employer, employee, partner, officer, director, or owner of the other.

B. Franchisee acknowledges and agrees that it is not an employee of Franchisor; that Franchisee intended to buy a Franchised Business; and that Franchisee does not intend to become an employee of Franchisor. Franchisee is the owner of a Franchised Business, a business owner in all respects, and is not entitled to participate in any benefits provided by Franchisor to those whom Franchisor employs and classifies as its employees. Should any state or federal agency or court determine that Franchisee falls within the definition of an employee of Franchisor under any state or federal statute, Franchisor does not intend to provide Franchisee retroactively or thereafter with any benefits (including but not limited to, vacation pay, overtime, rest and meal breaks, healthcare benefits, worker's compensation, or unemployment compensation) that it may provide to those whom Franchisor classifies as employees, unless obligated by law to do so. Franchisor may, in its sole discretion, terminate or modify this Agreement upon any such determination by a state or federal agency or court that Franchisee is an employee of Franchisor.

C. Franchisee acknowledges Franchisor's training, guidance, advice and recommendations, the Franchisee's obligations under this Agreement and the standards or specifications required by Franchisor hereunder are imposed not for the purpose of exercising control of Franchisee, but rather for the limited purposes of protecting Franchisor's proprietary marks, goodwill and brand consistency. Franchisee is solely responsible for the management of the IMAGE ONE Franchised Business as an independent franchise owner/operator.

D. Franchisor will not be liable for damages to any person (including but not limited to Franchisee and Franchisee's employees) or property arising directly or indirectly out of the operation of the Franchised Business.

SECTION 14.2 INDEMNIFICATION.

You are responsible for all losses or damages from contractual liabilities to third persons from the possession, ownership and operation of the IMAGE ONE Affiliate Franchise and for all claims and demands for damages to property or for injury, illness or death of persons directly or indirectly resulting from your actions. You indemnify us from all costs, losses and damages (including reasonable attorneys' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings) from claims brought by third parties involving your ownership or

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operation of the IMAGE ONE Affiliate Franchise unless caused by our gross negligence or intentional misconduct. This indemnity obligation continues in full effect even after the expiration or termination of this Agreement. We will notify you of any claims and you will be given the opportunity to assume the defense of the matter. If you fail to assume the defense, we may defend the action in the manner we deem appropriate and you will pay to us all costs, including attorneys' fees, we incur in effecting the defense, in addition to any sum that we pay by reason of any settlement or judgment against us. Our right to indemnity under this Agreement arises and is valid regardless of any joint or concurrent liability that may be imposed on us by statute, ordinance, regulation or other law.

ARTICLE 15 - REPRESENTATIONS AND WARRANTIES

SECTION 15.1 NO RELIANCE.

Except as expressly provided to the contrary in this Agreement, we make no representations, warranties or guarantees that you may rely on, and assume no obligation to you, by providing any waiver, approval, consent or suggestion to you under this Agreement, or by reason of any neglect, delay or denial of any request unless the conduct would otherwise be a breach of our express obligation under this Agreement.

SECTION 15.2 OUR REPRESENTATIONS.

We make the following representations to you, which are correct upon the signing of this Agreement:

(a) **Organization.** We are a corporation duly organized, validly existing and in good standing under the laws of the state of Illinois.

(b) **Authorization.** We have the corporate power to sign, deliver, and carry out the terms of this Agreement. We have taken all necessary action for proper authorization. This Agreement has been duly authorized, signed and delivered by us and is our valid, legal and binding agreement and obligation in accordance with this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally.

(c) **No Violation.** Our performance of our obligations under this Agreement will not result in: (iv) the breach of any term of any contract or agreement that we are a party to or bound by, or be an event that, with notice, lapse of time or both, would result in a breach or event of default; nor (ii) result in our violation of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree.

SECTION 15.3 YOUR REPRESENTATIONS.

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You make the following representations to us, which are true and correct upon signing this Agreement and throughout the Term:

(a) **Organization.** You are as of the date of signing this Agreement, a corporation, limited liability company or a general or limited partnership, which is duly organized, validly existing and in good standing under the laws of your state of organization.

(b) **Authorization.** You have the power to sign, deliver, and carry out this Agreement. You have taken all necessary action for proper authorization. This Agreement has been duly authorized, signed and delivered by you and is your valid, legal and binding agreement and obligation in accordance with this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally.

(c) **No Violation.** Your performance of your obligations under this Agreement will not result in: (i) the breach of any term of, or be a default under, any term of any contract, agreement or other commitment that you are a party to or are bound by, or be an event that, with notice, lapse of time or both, would result in a breach or event of default; nor (ii) result in your violation of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree.

(d) **No Speculative Intent.** You are not obtaining this Affiliate Franchise for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer any part of this Agreement or the IMAGE ONE Affiliate Franchise.

(e) **True Copies.** Copies of all documents you must furnish to us will be correct copies of the documents, including all amendments or modifications and will contain no misleading or incorrect statement or material omissions.

SECTION 15.4 ACKNOWLEDGMENT OF RISK.

You agree to the following:

(a) You agree that in all of your dealings with us, our officers, directors, employees, brokers (if any) and other representatives act only in a representative capacity and not in an individual capacity. You agree that this agreement and all business dealings between you and any individuals as a result of this agreement, are only between you and us.

(b) We make no warranty as to your ability to operate the IMAGE ONE affiliate franchise in the jurisdiction where the IMAGE ONE affiliate franchise is to be operated. It is your obligation to seek or obtain advice of counsel specifically on this issue. If legislation enacted by, or regulation of, any governmental body prevents you from operating the IMAGE ONE affiliate franchise, we are not liable for damages nor required to indemnify you or to return any monies received from you.

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ARTICLE 16 - TERM

SECTION 16.1 TERM.

The Term of this Agreement is fifteen (15) years from the Agreement Date, unless sooner terminated under ARTICLE 11. The conditions under which you have the opportunity of obtaining a Successor IMAGE ONE Affiliate Franchise Agreement at the expiration of this Agreement are stated in Section 16.2.

SECTION 16.2 OPTION TO OBTAIN SUCCESSOR IMAGE ONE AFFILIATE FRANCHISE AGREEMENT.

(a) You are granted unlimited options to obtain a Successor IMAGE ONE Affiliate Franchise Agreement for terms of fifteen (15) years each provided the following conditions are met at the time the option is exercised and immediately before the beginning of the Succeeding Term, unless another time is specified below:

(i) you must give us written notice of your intention to exercise the option by submitting your application at least 9 months but not more than 12 months before the end of the Term;

(ii) you cannot be in default of any provision of this Agreement or any other agreement between you and us;

(iii) you, within 30 days before the end of the Term, must sign and deliver to us a Successor IMAGE ONE Affiliate Franchise Agreement, that may materially differ from this Agreement;

(iv) you must comply with all other requirements we impose under the Successor IMAGE ONE Affiliate Franchise Agreement upon its signing, except that there is no new Initial Affiliate Franchise Fee or renewal fee; and

(v) you must sign a general release of all claims against us and our officers, directors, shareholders, agents and employees except for liabilities that we may not require a release from under applicable state law.

(b) If you have not met all of the conditions stated in Subsection 16.2(a), we may elect not to enter into a Successor IMAGE ONE Affiliate Franchise Agreement. At your written request, within 5 days of notice from us that you have elected not to enter into a Successor IMAGE ONE Affiliate Franchise Agreement, for a 180 days following this notice (this notice will extend the Term, as necessary, to the end of the 180 days, unless we have grounds to otherwise terminate the

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Term), we will permit you to sell your business to a purchaser subject to our right of first refusal. This transfer must be in compliance with the provisions of Subsection 10.2(e) and all the other applicable provisions of this Agreement.

ARTICLE 17 - DEFINITIONS

SECTION 17.1 DEFINITIONS.

As used in this Agreement, the Exhibits attached to this Agreement and all other documents signed incidental to this Agreement and any exhibits to those documents, the following terms have the following meanings:

"**AB Fees**" means the fee you pay us if we obtain Additional Business for you. It is equal to 1.5 times the monthly revenue from the Client for the Additional Business.

"**Account**" means a janitorial service contract.

"**Additional Business**" means (a) work a Client requests over and above the normal monthly contract such as special carpet cleaning, hard service floor restoration, or other Authorized Services or (b) new janitorial or facility service contracts with new Clients, or addenda to existing janitorial or facility service contracts with Clients who wish to augment or change the cleaning services provided.

"**Administration Fee**" means the fee described in Subsection 3.1(c).

"**Advertising Contributions**" means the payments described in Subsection 3.1(d).

"**Affiliate**" means a company related to us, for example, a parent corporation, brother/sister corporation or subsidiary corporation.

"**Affiliate Franchise Owner**" means the individual or individuals who own a majority of the voting and ownership interest in the legal entity that is the Franchisee.

"**Affiliate Franchise**" means the janitorial and facility services business you are authorized to establish and operate under this Agreement.

"**Affiliate Franchisee**" has the same meaning as "Affiliate Franchise Owner."

"**Agreement**" means this IMAGE ONE Affiliate Franchise Agreement, as it may be amended, supplemented or otherwise modified by an agreement in writing signed by you and us under Section 18.2.

"**Agreement Date**" means the date of signing this Agreement.

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"Authorized Services" include Janitorial Services and Facility Services. Authorized Services are Janitorial, Electrostatic Disinfection Services, Carpet Cleaning, Window Washing, Pressure Washing, Hard Surface Floor Care, Landscaping, Parking Lot Sweeping, Pest Control, Painting, Handyman Services, Construction Cleanup, Snow Removal, Light Bulb Replacement, Document Shredding, HVAC, Plumbing, Electrical, Recycling Services, Hood Cleaning, and Restroom Sanitizing.

"Business Associate" means any of our employees, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, Unit Franchisees, Affiliate Franchisees, or other business contacts.

"Business Day" means a day other than Saturday, Sunday or a U.S. national holiday.

"Client" means the person who signs a janitorial or facility services contract and receives janitorial or facility services. The term "Customer" has the same meaning.

"Cleaning Account" means a Client or Customer.

"Company Unit" means an IMAGE ONE janitorial or facility services business that we own and operate.

"Competitive Business" means a business that is engaged, wholly or partially, directly or indirectly, in the janitorial or facility services business or selling franchises of janitorial or facility services businesses. A "Competitive Business" offers one or more of the following "Authorized Services": Janitorial, Electrostatic Disinfection Services, Carpet Cleaning, Window Washing, Pressure Washing, Hard Surface Floor Care, Landscaping, Parking Lot Sweeping, Pest Control, Painting, Handyman Services, Construction Cleanup, Snow Removal, Light Bulb Replacement, Document Shredding, HVAC, Plumbing, Electrical, Recycling Services, Hood Cleaning, and Restroom Sanitizing.

"Confidential Information" the following:

- (a) the Manuals;
- (b) all cleaning processes, procedures, and methodologies with respect to which we provide you training, and all training materials relating to such training;
- (c) all business development, marketing, business management, entrepreneurship, and client management processes, procedures, methodologies, and technologies with respect to which we provide you training, and all training materials relating to such training;
- (d) all technologies, software, source code and object code regarding which we provide access to you, whether directly or indirectly;

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- (e) all client information, including without limitation, client services dates, pricing extended to clients, and client preferences;
- (f) all pricing information, including client estimating and pricing processes, procedures, and methodologies;
- (g) all other training and materials relating to such training that we provide to you;
- (h) all non-public financial and business information relating to Image One and/or its other franchisees; and
- (i) all other information, knowledge, know-how and technologies that we designate as confidential, proprietary or trade secrets or that reasonably should be understood by you to be information that is confidential, proprietary, or a trade secret.

"Customer" - see "Client".

"Day Porter" means a person you provide to a Client for clean-up services during the day, provided you have a contract for normal janitorial or facility services.

"Day Cleaning" means cleaning that is completed during the day in place of service after normal business hours.

"Designee" means 1 or more of our representatives who are independent contractors and are appointed by us to perform certain of our duties under this Agreement as described in ARTICLE 2.

"Disclosure Document" see Franchise Disclosure Document.

"Enforcement Costs" means the costs described in Section 18.9.

"Event of Default" means a breach of this Agreement including those situations described in Sections 6.4, 10.2(a), 10.2(d), ARTICLE 11, 15.2(c) and 15.3(c), assuming any requirement for the giving of notice, the lapse of time, or both, or any other condition is satisfied.

"Facility Services" means the following services other than traditional Janitorial Services: Electrostatic Disinfection Services, Carpet Cleaning, Window Washing, Pressure Washing, Hard Surface Floor Care, Landscaping, Parking Lot Sweeping, Pest Control, Painting, Handyman Services, Construction Cleanup, Snow Removal, Light Bulb Replacement, Document Shredding, HVAC, Plumbing, Electrical, Recycling Services, Hood Cleaning, and Restroom Sanitizing.

"Franchise Disclosure Document" means our current Disclosure Document as required by the FTC Rule on Franchising, and all its exhibits and supplements.

"Franchised Business" means the IMAGE ONE Affiliate business you are authorized under this Agreement to operate.

"Franchisee" means the legal entity that is a party to this Agreement to whom the franchise

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is granted.

"Generally Accepted Accounting Principles" means those standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements. Generally accepted accounting principles derive, in order of importance, from: (i) issuances from an authoritative body designated by the American Institute of Certified Public Accountants ("AICPA") Council; (ii) other AICPA issuances including AICPA Industry Guides; (iii) industry practice; and (iv) accounting literature in the form of books and articles.

"Gross Monthly Billings," means the gross amount of monthly service contracts only.

"Gross Revenues" means the entire amount of all of your revenues from the ownership or operation of the IMAGE ONE Affiliate Franchise including revenues from regular janitorial or facility services, revenues from janitorial or facility services performed outside the monthly contract specifications revenues from janitorial or facility services performed on a one-time basis, and revenues from Additional Business including the proceeds of any business interruption insurance, whether the revenues are evidenced by cash, credit, checks, gift certificates, scrip, coupons and premiums (unless exempted by us), services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunded and credit given to Clients (except credit for missing cleaning days) and receivables uncollectable from Clients will be deducted in computing Gross Revenues to the extent that the cash, credit or receivables represent amounts previously included in Gross Revenues where Royalty Fees and other amounts were paid. Gross Revenues are deemed received by you at the time the goods, products, merchandise or services from which they derive are delivered or rendered or at the time the relevant sale takes place, whichever occurs first. Gross Revenues consisting of property or services (for example, "bartering" or "trade outs") are valued at the prices applicable, at the time the Gross Revenues are received, to the products or services exchanged for the Gross Revenues.

"IMAGE ONE Affiliate Franchise" see "Affiliate Franchise."

"IMAGE ONE Unit Franchise" see "Unit Franchise."

"IMAGE ONE Training Program" means the training described in Section 2.1.

"Janitorial Services" means providing services to commercial customers, including cleaning, taking out trash, mopping floors and restrooms, sweeping and managing supply inventories.

"Local Advertising" means advertising and promotion you undertake in media directed primarily in your local market area including television, radio, newspapers, magazines, billboards, posters, handbills, direct mail, yellow pages, sports program booklet advertising, church bulletins, collateral promotional and novelty items (for example, matchbooks, pens and pencils, bumper stickers, calendars) that prominently display our Proprietary Marks, advertising on public vehicles

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including cabs and buses, the cost of producing materials necessary to participate in these media and agency commissions on the production of the advertising and amounts paid to an approved regional advertising cooperative or to a merchant's association for advertising of which you are a member. Local Advertising does not include payments for permanent on-premises signs, lighting, purchasing or maintaining vehicles even though the vehicles display our Proprietary Marks (except the cost of the materials displayed are included), contributions, sponsorships (unless our Proprietary Marks are prominently displayed by the group or activity receiving the contribution or sponsorship), premium or similar offers including discounts, price reductions, special offers, free offers and sweepstake offers (except that the media costs associated with promoting the premium offers are included), employee incentive programs and other similar payments that we determine in our sole discretion should not be included in determining whether you met your obligation for Local Advertising.

"Manuals" means all manuals produced by, or for the benefit of, us and loaned to you and any revisions prepared for the internal use of the IMAGE ONE Affiliate Franchise.

"Note Payments" means all payments made against any outstanding note signed by you to us.

"Notice of Default" means the notices described in Section 11.4.

"Premises" means the entire real property, either owned or leased by you where the IMAGE ONE Affiliate Franchise is located.

"Proprietary Marks" means the service mark and logo "IMAGE ONE" and all other trademarks, service marks, trade names, logos and commercial symbols we authorize as part of the System.

"Proprietary Property" means our Proprietary Marks, Confidential Information and copyrighted information that you are entitled to use under this Agreement.

"Records" means books, financial information, reports, files, correspondence, etc. for the IMAGE ONE Affiliate Franchise.

"Royalty Fee" means the fee described in Subsection 3.1(b).

"Succeeding Term," means the term of the Successor IMAGE ONE Affiliate Franchise Agreement.

"Successor IMAGE ONE Affiliate Franchise Agreement" means the form of Affiliate Franchise Agreement for new IMAGE ONE Affiliate Franchisees at the time you elect to enter into an agreement in accordance with Section 16.2.

"System" means our business system for operating an IMAGE ONE janitorial and facility

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services business. The System includes specific standards and procedures and Proprietary Property that may be changed.

"Term" means the term of the Agreement described in Section 16.1.

"Unit" means either a Company Unit or a Unit Franchise Unit, or an Affiliate Franchise Unit.

"Unit Franchise" means the janitorial services business that we used to offer in the Chicago metropolitan area to IMAGE ONE Unit Franchisees under the Unit Franchise Agreement. The Unit Franchise is similar to the Affiliate Franchise, except for the marketing services we furnish. We discontinued offering Unit Franchises as of March 1, 2019, although there are Unit Franchises in operation in the Chicago metropolitan area.

"We/Us/Our" means IMAGE ONE FACILITY SOLUTIONS, INC., the Franchisor.

"You/Your" means all persons signing the signature page of this Agreement as Affiliate Franchisee, jointly and individually.

SECTION 17.2 OTHER DEFINITIONAL PROVISIONS.

(a) All of the terms defined in this Agreement have these defined meanings when used in other documents issued under or delivered under this Agreement unless the context otherwise requires or unless specifically otherwise defined in the other document; and

(b) The term "person" includes any corporation, limited liability company, partnership, estate, trust, association, branch, bureau, subdivision, venture, associated group, individual, government, institution, instrumentality and other entity, enterprise, association or endeavor of every kind.

ARTICLE 18 - GENERAL PROVISIONS

SECTION 18.1 RELEASE OF CLAIMS.

By signing this Agreement, you, and each of your successors under this Agreement, forever release us and our Designees, Franchise sales brokers, if any, or other agents, and their respective officers, directors, representatives, employees and agents, from all claims of any kind, in law or in equity, that may exist as of the Agreement Date under this Agreement or any other agreement between the parties, or involving our conduct and the conduct of our Designees, Franchise sales brokers, if any, or other agents, and their respective officers, directors, representatives, employees and agents on or before the Agreement Date, including all claims, whether presently known or unknown, suspected or unsuspected, under the Affiliate Franchise, business opportunity,

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securities, antitrust or other laws of the United States, any state or locality.

SECTION 18.2 AMENDMENTS.

Except as stated in this Agreement, the provisions of this Agreement cannot be amended, supplemented, waived or changed orally, except by a written document signed by the party against whom enforcement of any amendment, supplement, waiver or modification is sought and making specific reference to this Agreement. Only our President or an appointed representative has the authority to sign an amendment for us. This Section is expressly limited by the terms of Sections 18.3 and 18.7.

SECTION 18.3 MODIFICATION OF THE SYSTEM.

You agree that after the agreement date we may make reasonable modifications to the system, standards, and operating procedures of Image One. No such modification shall alter your fundamental rights under this Agreement. You agree to accept and be bound by any modifications in the system as if they were part of this agreement at the time of signing this agreement. You will make all expenditures and modifications of the system we require.

SECTION 18.4 NOTICES.

All notices, requests, consents and other communications required or permitted under this Agreement must be in writing (including telex, telecopy and telegraphic communication) and must be (as elected by the person giving the notice) hand delivered by messenger or courier service, telecopy, telecommunicated, or mailed (airmail if international) by registered or certified mail (postage prepaid), return receipt requested, addressed to:

If to us:
Tim Conn
IMAGE ONE FACILITY SOLUTIONS,
INC.
3601 Algonquin Road, Suite 100
Rolling Meadows, IL 60008

If to You:

or to any other address any party designates by notice complying with the terms of this Section. Each notice is deemed delivered: (a) on the date delivered if by personal delivery; (b) on the date of transmission with confirmed answer back if by telex, telefax or other telegraphic method; and (c) on the date the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable if mailed.

SECTION 18.5 HEADINGS.

The headings and subheadings in this Agreement are for convenience of reference only,
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are not to be considered a part of this Agreement and do not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

SECTION 18.6 SEVERABILITY.

(a) If any provision of this Agreement or any other agreement entered into under this Agreement is contrary to, prohibited by or invalid under applicable law or regulation, that provision only is inapplicable and omitted to the extent so contrary, prohibited or invalid, but the remainder of this Agreement is not invalidated and is given full effect so far as possible. If any provision of this Agreement may be construed in two or more ways, one that would render the provision invalid or otherwise voidable or unenforceable and another that would render the provision valid and enforceable, that provision has the meaning that renders it valid and enforceable.

(b) If any applicable law of any jurisdiction requires a greater notice of the termination of or non-renewal of this Agreement (if permitted) than is required under this Agreement, or the taking of some other action not required under this Agreement, or if under any applicable law of any jurisdiction, any provision of this Agreement or any of our requirements is invalid or unenforceable, the notice and/or other action required by that law will be substituted for the comparable provisions of this Agreement. We have the right, in our sole discretion, to modify any invalid or unenforceable requirement to the extent required to be valid and enforceable. Any modification to this Agreement is effective only in that jurisdiction, unless we elect to give the modification greater applicability, and this Agreement is enforced as originally made and entered into in all other jurisdictions.

SECTION 18.7 WAIVERS.

The failure or delay of any party at any time to require performance by another party of any provision of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right under this Agreement. Any waiver by any party of any breach of any provision of this Agreement is not a waiver of any continuing or later breach of that provision, a waiver of the provision itself, or a waiver of any right under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

SECTION 18.8 ENFORCEMENT COSTS.

If any legal action or other proceeding is begun for the enforcement of this Agreement, or for an alleged dispute, breach, default or misrepresentation under any provision of this Agreement, the prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs (including all fees and expenses incident to appellate, bankruptcy and post-judgment proceedings), incurred in the action or proceeding, in addition to any other relief that the party is entitled. Attorneys' fees include paralegal fees, administrative costs, investigative costs, costs of expert witnesses, court reporter

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fees, sales and use taxes, if any, and all other charges billed by the attorneys to the prevailing party. If we engage legal counsel for your failure to pay when due any monies owed under this Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with this Agreement, you must reimburse us on demand for all of the above-listed expenses we incur. The term “prevailing party” means the party obtaining substantially the relief sought, whether by compromise, settlement or judgment. It also means successfully defending an action brought by the other party, and being found substantially not liable for the causes of action alleged by the other party.

SECTION 18.9 MANDATORY AND BINDING ARBITRATION

(a) In the event of any controversy or claim arising out of or relating to this Agreement, or any breach thereof, including, without limitation, any claim that this Agreement, or any part of it, is invalid, illegal or otherwise voidable or void, either party may submit the matter to final and binding arbitration before, and in accordance with, the Commercial Rules of the American Arbitration Association. The arbitration shall be conducted by the American Arbitration Association at its offices in or nearest DuPage County, Illinois. Judgment upon the award may be entered in any court having jurisdiction thereof or, at its option, a party may apply to any court of competent jurisdiction for appropriate relief. If a demand is made for arbitration, this arbitration provision shall be deemed self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against that party notwithstanding the failure to appear.

(b) Discovery Limits. The parties agree to limit discovery as follows:

For disputes involving monetary claims less than Fifty Thousand Dollars (\$50,000), no discovery is allowed other than the voluntary exchange of exhibits prior to the arbitration hearing;

For disputes involving monetary claims equal to or greater than Fifty Thousand Dollars (\$50,000), but less than Two Hundred Fifty Thousand Dollars (\$250,000), the parties may take one single representative deposition of the other side and serve a document request of up twenty-five (25) documents; and

For disputes involving monetary claims equal to or greater than Two Hundred Fifty Thousand Dollars (\$250,000), the parties may take up to five (5) depositions of the other side and serve a document request of an unlimited number of documents.

(c) Appellate Rules. Notwithstanding any language to the contrary in this Agreement, the parties hereby agree: that the Underlying Award may be appealed pursuant to the AAA’s Optional Appellate Arbitration Rules (“Appellate Rules”); that the Underlying Award rendered by the arbitrator(s) shall, at a minimum, be a reasoned award; and that the Underlying Award shall not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty (30) days of receipt of an Underlying

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Award, as defined by Rule A-3 of the Appellate Rules, by filing a Notice of Appeal with any AAA office. Following the appeal process the decision rendered by the appeal tribunal may be entered in any court having jurisdiction thereof. The arbitrator in the underlying proceeding must issue a reasoned award explaining the bases for the decision. In addition, the parties agree that there shall be a record of the arbitration proceeding.

SECTION 18.10 JURISDICTION AND VENUE

Subject to the mandatory arbitration provision set forth in Section 18.09, the parties hereby expressly agree that the United States District Court for Northern District of Illinois, or if such court lacks subject matter jurisdiction, the State Court in DuPage County, Illinois, shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts.

SECTION 18.11 REMEDIES CUMULATIVE.

Except as otherwise stated in this Agreement, no remedy in this Agreement for any party is intended to be exclusive of any other remedy. Each remedy is cumulative and is in addition to every other remedy given under this Agreement, now or later existing, at law, in equity, by statute or otherwise. No single or partial exercise by any party of any remedy under this Agreement precludes any other exercise of any other remedy.

SECTION 18.12 EFFECTIVENESS; COUNTERPARTS.

This Agreement is not effective or binding and enforceable against us until it is accepted by us at our home office and signed by one of our authorized representatives. You are advised not to incur any expenses for opening the IMAGE ONE Affiliate Franchise until you have received a final signed copy of this Agreement from our home office. This Agreement may be signed in counterparts, each is deemed an original, but all together are the same instrument. Confirmation of signing by DocuSign, telex, telecopy, or telefax of a facsimile signature page is binding upon any party to the confirmation.

SECTION 18.13 CONSENTS, APPROVALS AND SATISFACTION.

Whenever our consent or approval is required under this Agreement, consent or approval will not be unreasonably withheld or delayed unless specifically stated in this Agreement to the contrary. All consents or approvals required of us are not binding upon us unless the consent or approval is in writing and signed by one of our authorized representatives. Our consent or approval, whenever required, may be withheld if you are in default under this Agreement. Where our satisfaction is required under this Agreement, unless the Agreement expressly states otherwise, the satisfaction is determined in our sole discretion.

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SECTION 18.14 GOVERNING LAW.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 *et seq.* or the United States Arbitration Act, 9 U.S.C. §§ 1 *et seq.*), this Agreement and any other agreement between the parties and all transactions contemplated by this Agreement and any other agreement between the parties are governed by the laws of the State of Illinois without regard to principles of conflicts of laws.

SECTION 18.15 INTERPRETATION.

Each of the parties agrees that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement. None of the parties can, while this Agreement is effective or after its termination, assert that any provisions of this Agreement or any of the other documents should be construed against the drafter of this Agreement or any of the other documents. Whenever this Agreement or any related agreement grants, confers or reserves to us the right to take action, refrain from taking action, grant or withhold our consent or grant or withhold our approval, unless the provision specifically states otherwise, we will have the right to engage in such activity at our option taking into consideration our assessment of the long term interests of the System overall. You and we recognize, and any court or judge or arbitrator is affirmatively advised, that if those activities and/or decisions are supported by our business judgment, neither said court, said judge, said arbitrator, nor any other person reviewing those activities or decisions will substitute his, her or its judgment for our judgment. When the terms of this Agreement specifically require that we not unreasonably withhold our approval or consent, if you are in default or breach under this Agreement, any withholding of our approval or consent will be considered reasonable.

SECTION 18.16 ENTIRE AGREEMENT.

This Agreement, its Exhibits and all other written agreements involving this Agreement and expressly referenced in this Agreement, represent the entire understanding and agreement between the parties on the subject matter of this Agreement and supersede all other negotiations, understandings and representations, if any, made between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Agreement, its Exhibits and all other written agreements concerning this Agreement and expressly referenced in this Agreement are of any effect. Nothing in the agreement or in any related agreement is intended to disclaim the representation we made in the franchise disclosure document.

SECTION 18.17 SURVIVAL.

All of the parties' obligations that expressly or by their nature survive the expiration or termination of this Agreement continue in full force after the expiration or termination of this Agreement until they are satisfied or by their nature expire.

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SECTION 18.18 FORCE MAJEURE.

Neither party is liable for loss or damage or in breach of this Agreement if the failure to perform the obligations results solely from the following causes beyond his, her or its reasonable control, specifically: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy; (b) compliance with any applicable law; or (c) war, strikes, natural disaster or acts of God. Any delay resulting from any of these causes extends performance accordingly or excuses performance as reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

SECTION 18.19 LIABILITY OF MULTIPLE AFFILIATE FRANCHISEES.

If you consist of more than 1 person, all persons are jointly and individually liable for your obligations under this Agreement.

SECTION 18.20 THIRD PARTIES.

Except as provided in this Agreement to the contrary for our Affiliates, Unit Franchisees, or Affiliate Franchisees nothing in this Agreement, whether express or implied, is intended to confer any rights under this Agreement on any persons (including other IMAGE ONE Unit Franchisees or Affiliate Franchisees) other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns. Except as provided in this Agreement to the contrary for any of our Designees, nothing in this Agreement is intended to relieve or discharge the obligation of any third persons to any party to this Agreement, nor will any provision give any third persons any right of subrogation or action over or against any party to this Agreement.

SECTION 18.21 EQUITABLE RELIEF.

You agree that the IMAGE ONE Affiliate Franchise is intended to be 1 of a large number of businesses identified by the Proprietary Marks in selling to the public the products and services associated with the Proprietary Marks, and therefore the failure on the part of a single Affiliate Franchisee to comply with the terms of his or her Affiliate Franchise agreement is likely to cause irreparable damage to us and damages at law would be an inadequate remedy. You agree that upon your breach or threatened breach of any of the terms of the Agreement, we are entitled to an injunction restraining the breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and costs incurred in obtaining equitable relief. This equitable remedy is in addition to all rights that we have by virtue of any of your breaches of this Agreement. We are entitled to seek this relief without the posting of any bond or security and, if a bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of \$1,000 is a sufficient bond.

SECTION 18.22 RIGHT OF PARTIES.

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If you default in performing any of your obligations under this Agreement, we have the right (but not the obligation) to perform your obligations and be reimbursed by you for the actual costs of so performing, together with accrued interest permitted under this Agreement on overdue amounts. Interest accrues beginning on the 10th day after our demand for reimbursement.

SECTION 18.23 LIMITATION OF CLAIMS.

All claims, except for monies due to us under this agreement or the relationship between the parties are barred unless an action or legal or arbitration proceeding is filed and timely served upon the opposing party within 18 months from the date you or we knew or should have known of the facts creating the claim, except to the extent any applicable law or statute provides for a shorter period of time to bring a claim, or as otherwise required by law.

SECTION 18.24 WAIVER OF PUNITIVE DAMAGE CLAIMS.

The parties waive to the fullest extent permitted by law, any right to all punitive or exemplary damages against the other and agree that upon a dispute between them, each is limited to the recovery of actual damages he, she or it sustains.

SECTION 18.25 BINDING EFFECT.

The terms of this Agreement are binding upon, benefit and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

SECTION 18.26 PERSONAL GUARANTY.

Franchisee and Franchisee's spouse, or if Franchisee is a legal entity, each owner of Franchisees, and each spouse of each owner, must execute the Personal Guaranty attached as Exhibit 8 to this Agreement. Each guarantor must personally and unconditionally guarantee the obligations of Franchisee under this Agreement as if each guarantor were an original party to this Agreement in his or her individual capacity.

SECTION 18.27 SIGNATURE AND DELIVERY OF AGREEMENT.

This Agreement may be executed in one or more copies, and each copy so executed shall be deemed an original. This Agreement may be signed with full legal force and effect using electronic signatures and records. Delivery of this Agreement by facsimile, e-mail or other functionally equivalent electronic means of transmission constitutes valid and effective delivery.

SECTION 18.28 BENEFICIARIES.

The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third parties shall have any right or claims, benefit, or right as a third-party

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beneficiary under this Agreement or any provision hereof. Similarly, you are not entitled to claim any rights or benefits including those of a third-party beneficiary, under any contract, understanding or agreement between us and any other person or entities, unless that contract, understanding or agreement specifically refers to you by name or to a class which you belong and specifically grants rights or benefits to you or to the concerned class.

SECTION 18.29 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

IN WITNESS WHEREOF, the parties have duly signed this Agreement.

YOU (Franchisee):

(Name of Entity)
State of Organization: _____

Signature: _____
Print Name: _____
Title: _____
Date: _____

US (Franchisor):

**IMAGE ONE FACILITY SOLUTIONS
INC.
An Illinois corporation**

Signature: _____
Print Name: _____
Title: _____
Date: _____

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Exhibit 1 – TERRITORY, ADDITIONAL TERRITORY FEES, REQUIRED MARKETING EXPENDITURE

1. Franchisee’s Initial Territory, as referenced in Section 1.2, is designated as follows:

2. Franchisee’s Election regarding Additional Territories, as referenced in Section 1.3, is designated as follows:

___ Franchisee does NOT elect to purchase Additional Territories at the time of signing this Franchise Agreement;

___ Franchisee elects to purchase _____ Additional Territories at the time of signing this Franchise Agreement, and will pay an Additional Territory Fee in the amount of \$_____ for each Additional Territory;

3. Franchisee’s Additional Territories, as referenced in Section 1.3, is designated as follows:

Additional Territory #1:

Additional Territory #2:

Add additional sheets for Additional Territories beyond two (2).

4. Franchisee’s Initial Franchise Fee plus the Additional Territory Fees is \$_____.
5. Franchisee’s total Monthly Minimum Marketing Expenditure Requirement, as referenced in Section 1.4(a), at \$1,500 per Territory, is \$_____.
6. Franchisee’s total Minimum Sales Requirement, as referenced in Section 1.4(b), at \$1,000 gross Monthly Billing per Territory, is \$_____ per month.

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Franchisee acknowledges and agrees that the above designation of Franchisee's Territory (including Additional Territory) does not constitute a representation or warranty of any kind, expressed or implied, as to the potential for success Franchisee might have in marketing the services described in the Franchise Agreement. The Franchisor's designation of the Territory indicates only that the Franchisor believes that the Territory falls within the acceptable criteria established by the Franchisor as of the time period encompassing the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that have been effective with respect to other Territories may not be predictive of the potential for all Territories and that, subsequent to the above designation of a Territory, demographic and/or economic factors, including competition from other businesses, included in or excluded from the Franchisor's criteria could change, thereby altering the potential of a Territory. Franchisee further acknowledges and agrees that his or her acceptance of a franchise for the operation of an IMAGE ONE business in the above Territory is based on his or her own independent investigation of the suitability of the Territory.

YOU (Franchisee):

(Name of Entity)
State of Organization: _____

Signature: _____
Print Name: _____
Title: _____
Date: _____

US (Franchisor):

**IMAGE ONE FACILITY SOLUTIONS
INC.
An Illinois corporation**

Signature: _____
Print Name: _____
Title: _____
Date: _____

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Exhibit 2 - TRAINING ACKNOWLEDGMENT

*(to be signed upon completion of training in accordance with Section 2.1 of the Affiliate Franchise Agreement)

I, _____, have completed the IMAGE ONE Training Program as provided under Section 2.1 of the Affiliate Franchise Agreement and feel confident that I can perform the following activities as outlined in the cleaning schedule.

1. CUSTOMER SERVICE

- (a) Meeting the client
- (b) Customer Relations
- (c) Communication with my Clients
- (d) Handling Complaints
- (e) The initial clean and what happens next

2. RESTROOMS

- (a) Replenishing consumable goods (paper products and hand soap)
- (b) Cleaning and disinfecting toilets, urinals, and sinks
- (c) Dusting in restrooms
- (d) Cleaning mirrors
- (e) Mopping and disinfecting floors

3. OFFICE CLEANING

- (a) Emptying trash
- (b) Polishing drinking fountain
- (c) Dusting horizontal and vertical surfaces, including blinds and telephones
- (d) Dust mopping and damp mopping hard surface floors
- (e) Vacuuming the carpeting

4. HARD FLOOR CARE

- (a) Applying stripper
- (b) Hand scrubbing corners
- (c) Rinsing floors with neutralizer
- (d) Applying sealer and finish
- (e) Floor pad usage and color-coding
- (f) Spray buffing floors
- (g) Operating rotary floor machine

Exhibit 2
Exhibit B – Franchise Agreement

Exhibit 3 - LIST OF OFFICE AND MARKETING MATERIALS PROVIDED TO YOU

- 1,000 Business cards
- 150 Marketing Tri-Fold brochures
- 150 Corporate Overviews
- 600 Industry Specific Sell Sheets (100 of 6 industries)
- IMAGE ONE Inspection Sheet (Electronic Copy)
- IMAGE ONE Daily Notes (Electronic Copy)
- IMAGE ONE Service Evaluations (Electronic Copy)
- Franchise Operations & Training Manuals (Electronic Copy)
- 1 Franchisee / Employee Training Video
- 5 Marketing & Testimonial Video's

Exhibit 3

Exhibit B – Franchise Agreement

**Exhibit 4-COLLATERAL ASSIGNMENT OF CLEANING ACCOUNTS
AND CUSTOMER CONTRACTS**

1. FOR VALUE RECEIVED, the undersigned ("Assignor") hereby assigns, transfers and sets over unto IMAGE ONE FACILITY SOLUTIONS, INC., an Illinois corporation ("Assignee") all of Assignor's right, title and interest in any and all Cleaning Accounts (as defined in Section 17.1 of the Franchise Agreement) Assignor services, whether the accounts were assigned to Assignor by Assignee, or whether Assignor solicited the accounts itself, as well as all Customer Contracts (as defined in Section 4.1(d) of the Franchise Agreement), account lists, account records, contracts, receivables, and all other assets of Assignor's business.
2. This Assignment is for collateral purposes only and except as described in Paragraph 3 below, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment of the Cleaning Accounts and Customer Contracts.
3. Assignee shall exercise its rights under this Collateral Assignment by giving written notice to the Cleaning Accounts that Assignee is exercising its rights under this Collateral Assignment, and is replacing Assignor as the provider of services to the Cleaning Account. Assignee shall have the option to:
 - (a) substitute itself in place of Assignor, to provide the services to the Cleaning Accounts described in the Customer Contracts, or
 - (b) re-assign the Customer Contracts to another franchisee of Assignee, which franchisee will then be substituted in place of Assignor to provide the services to the Cleaning Accounts described in the Customer Contracts.
4. Upon a default by Assignor under the Franchise Agreement, Assignee shall have the right and is hereby empowered to extinguish Assignor's interest in the Customer Contracts, and, in such event, Assignor shall have no further right, title or interest in the Customer Contracts.

Exhibit 4
Exhibit B – Franchise Agreement

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on _____ (date).

Assignor:

(Name of Entity)

State of Organization: _____

Assignee:

**IMAGE ONE FACILITY SOLUTIONS
INC.**

An Illinois corporation

Signature: _____

Print Name: _____

Title: _____

Signature: _____

Print Name: _____

Title: _____

Individual Signatures:

Exhibit 4
Exhibit B – Franchise Agreement

D:\OneDrive - Carter & Tani\DOC\C716\3317\Franchise Agreement\FA Affiliate 2023.003.docx

Franchisee's Initials: _____

Franchisor's Initials: _____

Exhibit 5 - PROMISSORY NOTE
For Veterans, Active Military, and First Responders

Note Amount U.S. \$ _____

Date: _____, 20__

Program Purchased: Affiliate

Down Payment: U.S. \$ _____

FOR VALUE RECEIVED, _____
("you" or "your") promise to pay to the order of IMAGE ONE FACILITY SOLUTIONS, INC., an Illinois corporation ("we" or "us"), at our offices or at 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008, or at another place we or the holder designates in writing), the principal sum of U.S. Thirty Thousand and 00/100 (\$30,000.00) Dollars (the "Loan"), or any lesser sum outstanding at the time when payment is due under this Note, in lawful money of the United States of America, together with interest accruing on this Note from the date of this Note at the rates and time provided in this Note, calculated on the daily principal balances outstanding. The Loan represented by this Note is subject to the terms of the IMAGE ONE Affiliate Franchise Agreement dated the same date as this Note between you and us (the "Affiliate Franchise Agreement"). All capitalized terms not defined in this Note have the same meaning as contained in the Affiliate Franchise Agreement.

1. **Interest Rate and Payments.** This Promissory Note represents the payment of the initial Franchise Fee due us from your purchase of an IMAGE ONE Affiliate Franchise. You agree to pay this Note over fifty (50) monthly installments of Six Hundred and 00/100 Dollars (\$600.00) each, beginning 180 days from the date of this Note. The finance charges amount to _____ Dollars (\$ _____), which represents an interest rate of _____% per annum. The entire unpaid principal and accrued interest, if any, matures and becomes payable upon the occurrence of an Event of Default. All payments under the Note will be in accordance with the Affiliate Franchise Agreement.

2. **Late Charge; Default Interest Rate.**

A late charge equal to 5% of any installment of interest or principal that is not paid within 10 days of the date when the payment becomes payable must be included with any late payment. At any time when an Event of Default exists or on the maturity of this Note, the interest rate under this Note is the lesser of: (i) 21% per annum; or (ii) the maximum rate of interest permitted by applicable law (the "Default Interest Rate"), and is payable **ON DEMAND**.

3. **Acceleration of Maturity.**

If any default in the payment of any interest or principal under this Note continues for 10 days after the payment becomes due or if any other Event of Default occurs under the Affiliate Franchise Agreement, or any other document delivered to us for the Affiliate Franchise or your other obligation to us, then we, or the holder of this Note, may elect to declare the entire unpaid principal amount outstanding, together with accrued interest, immediately payable and/or may

increase the interest rate under this Note up to the Default Interest Rate.

4. **Waivers.**

You and all endorsers and guarantors of this Note waive demand, presentment, and notice of non-payment, dishonor and protest.

5. **Attorneys' Fees.**

If suit is brought for the collection of payments due under this Note, or if it is necessary to retain an attorney for collection, you and all endorsers and guarantors of this Note agree to pay reasonable attorneys' fees incurred by the holder for making collection, including all fees and costs incident to any appellate, post-judgment and bankruptcy proceedings that may result, regardless of whether the holder of this Note is obligated for the fees.

6. **Venue.**

You agree that DuPage County, Illinois is the proper venue for all legal proceedings involving this Note.

7. **Governing Law.**

The provisions of this Note and the Affiliate Franchise Agreement are construed according to the laws of the State of Illinois.

8. **Consent to Changes.**

All parties liable for repayment of this Note agree that the granting to you or to any other party of any extension of time for the payment of any sums due under this Note, or for the performance of any term in this Note or in any document securing the Loan or your release or any other party, or our agreement not to sue you or any other party, or the suspension of the right to enforce this Note against you or any other party, or your discharge or any other party, or the taking or releasing of other or additional security, does not in any way release or affect your liability and/or of the endorsers or guarantors of this Note. All rights against these parties are expressly reserved.

9. **Amendment.**

This Note cannot be amended or modified nor will any waiver of any provisions of this Note be effective except by an instrument in writing signed by the holder of this Note. You have signed this Note as principal and not as surety or accommodation party.

10. **Prepayment.**

This Note may be prepaid, in whole or in part, at any time without penalty provided that

any partial payment will be applied against the principal amount outstanding in inverse order of maturity and will not postpone the due date of any later payment unless we otherwise agree in writing in our sole discretion. Prepayment of this Note, in whole or in part, in no manner entitles you to any reduction in the principal amount due, nor to any discount that you would have received if you had paid the initial franchise fee in cash when you signed the Franchise Agreement.

11. **Nonassumability.**

This Note is not assumable without our written consent. An assumption may be granted at our sole discretion and may be denied without regard to a showing of an impairment of our security or an evaluation of the creditworthiness of the proposed assuming party and regardless of whether we consent to a transfer of the Affiliate Franchise Agreement.

11. **Security.**

This Note is secured by the Collateral described in the Security Agreement attached as Exhibit 7 to the Franchise Agreement, and is subject to said Security Agreement.

Debtor:

Corporate/LLC Signature:

a _____ corporation/LLC

By: _____

Title: _____

Individual Signatures of Guarantors of Debtor:

Exhibit 6- PERSONAL GUARANTY

MEMBERS OF A LIMITED LIABILITY COMPANY, OR PARTNERS OF A LIMITED PARTNERSHIP, AND BY THE SPOUSE OF EACH SUCH PERSON

NAME OF AFFILIATE FRANCHISEE: _____

NAME(S) OF AFFILIATE FRANCHISE OWNERS:

DATE: _____

You, the undersigned Guarantor(s) (hereinafter referred to as "GUARANTOR" or "you"), represent and warrant that you constitute [check whichever statement applies]

the shareholders of one hundred percent (100%) of the originally issued and outstanding capital stock of the above AFFILIATE FRANCHISEE, a corporation

one hundred percent (100%) of the members of the above AFFILIATE FRANCHISEE limited liability company ("LLC")

one hundred percent (100%) of the partners of the above AFFILIATE FRANCHISEE limited or general partnership

organized under the laws of the state of _____. This Guaranty is incorporated and made a part of a Franchise Agreement between AFFILIATE FRANCHISEE and IMAGE ONE FACILITY SOLUTIONS, INC. (hereinafter referred to as "FRANCHISOR"), dated _____, and will be attached thereto.

1. Acknowledgments. You acknowledge and agree that FRANCHISOR has entered into the Franchise Agreement with AFFILIATE FRANCHISEE solely on the condition that each owner of AFFILIATE FRANCHISEE be personally obligated and jointly and severally liable with AFFILIATE FRANCHISEE (and with each other owner of AFFILIATE FRANCHISEE) for the performance of each and every obligation of AFFILIATE FRANCHISEE (and its owners) under the Franchise Agreement, any amendments or modifications to the Franchise Agreement, any extensions or renewals of the Franchise Agreement, and under each and every agreement ancillary to the Franchise Agreement that has been or hereafter may be entered by AFFILIATE FRANCHISEE with FRANCHISOR (all of the aforementioned agreements are collectively referred to as the "IMAGE ONE Agreements").

2. GUARANTOR'S Covenants, Representations and Guaranty. In consideration of and as an inducement to the execution of the Franchise Agreement by FRANCHISOR, you hereby

personally, irrevocably and unconditionally:

- a. represent and warrant to FRANCHISOR that the Franchise Agreement, including the exhibits/attachments to the Franchise Agreement are accurate and complete;
- b. agree to guarantee the prompt payment and performance of all Obligations (as hereinafter defined) of AFFILIATE FRANCHISEE to FRANCHISOR and its successors and assigns; and
- c. agree to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement and each and every provision in any of the IMAGE ONE Agreements, as if you were the AFFILIATE FRANCHISEE.

The term "Obligations" means the payment of all debts, liabilities and obligations of AFFILIATE FRANCHISEE to FRANCHISOR arising under the IMAGE ONE Agreements, whether direct, indirect, absolute, contingent, matured or un-matured, extended or renewed, wherever and however incurred, together with all costs of collection, compromise and enforcement, including reasonable attorneys' fees, and the prompt and complete performance by AFFILIATE FRANCHISEE of each and every undertaking, covenant, agreement and condition set forth in any of the IMAGE ONE Agreements.

3. Waivers by GUARANTOR. You hereby waive:
 - a. acceptance and notice of acceptance by FRANCHISOR of the foregoing guaranty;
 - b. notice of demand for payment of any indebtedness or nonperformance by AFFILIATE FRANCHISEE of any indebtedness or nonperformance by AFFILIATE FRANCHISEE of any of the Obligations;
 - c. presentment or protest of any instrument and notice thereof; and notice of default or intent to accelerate with respect to the indebtedness or nonperformance of any of the Obligations;
 - d. any right you may have to require that an action be brought against AFFILIATE FRANCHISEE or any other person as a condition of liability;
 - e. any and all rights to payments, indemnities and claims for reimbursement or subrogation that you may have against AFFILIATE FRANCHISEE arising from your execution of and performance under this Guaranty;
 - f. any defense based on any irregularity or defect in the creation of any of the Obligations or modification of the terms and conditions of performance thereof;
 - g. any defense based on the failure of FRANCHISOR or any other party to take, protect, perfect or preserve any right against and/or security granted by the AFFILIATE FRANCHISEE or any other party;
 - h. any and all other notices and legal or equitable defenses to which you may be entitled.
4. Further Agreements and Understandings. You hereby consent and agree that:
 - a. Your direct and immediate liability under this Guaranty will be joint and several with AFFILIATE FRANCHISEE and each other GUARANTOR of AFFILIATE FRANCHISEE;

b. The death or incapacity of any GUARANTOR will not modify, amend or terminate this Guaranty;

c. If you should die, become incapacitated, become insolvent or make a general assignment for the benefit of creditors, or if a proceeding under the United States Bankruptcy Code or any similar law affecting the rights of creditors generally shall be filed or commenced by, against or in respect of you or any other GUARANTOR hereunder, any and all obligations of the GUARANTOR shall, at FRANCHISOR 's option, immediately become due and payable without notice;

d. If any payment or transfer to FRANCHISOR which has been credited against any Obligation is voided or rescinded or required to be returned by FRANCHISOR, whether or not in connection with any event or proceeding described in Section 4(c), this Guaranty will continue in effect or be reinstated as though such payment transfer or recovery had not been made;

e. You will render any payment or performance required under the Franchise Agreement and/or any of the IMAGE ONE Agreements upon demand if AFFILIATE FRANCHISEE fails or refuses punctually to do so;

f. Your liability hereunder will be construed as an absolute, unconditional, continuing and unlimited obligation without regard to the regularity, validity or enforceability of any of the Obligations, and without regard to whether any Obligation is limited, modified, voided, released or discharged in any proceeding under the United States Bankruptcy Code or any similar law affecting the rights of creditors generally;

g. Your liability hereunder will not be contingent or conditioned upon FRANCHISOR's pursuit of any remedies against AFFILIATE FRANCHISEE or any other person;

h. This Guaranty will continue in full force and effect for and as to any extension of or modification or amendment to the Franchise Agreement and/or any other of the IMAGE ONE Agreements and you waive notice of any and all such extensions, modifications or amendments;

i. Your liability hereunder will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence, or any waiver that FRANCHISOR may from time to time grant to AFFILIATE 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 (including the release of other owners or guarantors), or the taking of any action by FRANCHISOR which may have the effect of increasing your obligations, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Franchise Agreement and so long as any performance is or may be owed under any of the IMAGE ONE Agreements by AFFILIATE FRANCHISEE or its owners and so long as FRANCHISOR may have any cause of action against AFFILIATE FRANCHISEE or its owners;

j. Any and all present and future debts and obligations of the AFFILIATE FRANCHISEE to you or any other GUARANTORS are hereby subordinated to the full payment and performance of the Obligations.

5. Choice of Law; Jurisdiction and Venue. This Guaranty, and any claims related thereto, shall be governed by and construed in accordance with the laws of the State of Illinois. You hereby irrevocably submit to the jurisdiction of the DuPage County Court (or its successor)

in and for DuPage County, Illinois, and any appellate court thereof in any action or proceeding arising out of or relating, directly or indirectly, to the Guaranty. You hereby irrevocably waive, to the fullest extent you may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding and any right to jurisdiction on account of your place of residence or domicile. You agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

6. Severability. If one or more provision contained in this Guaranty shall be invalid, illegal or unenforceable, in any respect under the laws of any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

You now execute this Guaranty on the date shown above.

<u>GUARANTOR(S)</u>	<u>PERCENTAGE OF OWNERSHIP OF FRANCHISEE</u>
Signature: _____ Printed Name: _____	_____ %
Signature: _____ Printed Name: _____	_____ %
Signature: _____ Printed Name: _____	_____ %
Signature: _____ Printed Name: _____	_____ %

Add additional pages as needed)
Exhibit 7 to Franchise Agreement

SECURITY AGREEMENT

Exhibit 7
Exhibit B – Franchise Agreement

This Security Agreement dated _____ is by and between Image One Facility Solutions, Inc., an Illinois corporation, of 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008 ("Secured Party") and

whose principal place of business is _____ ("Debtor").

RECITALS

- A. Debtor is a franchisee under a Franchise Agreement dated _____ ("Franchise Agreement") with Secured Party as Franchisor, pursuant to which Franchise Agreement Debtor has ongoing monetary and non-monetary obligations to Secured Party.
- B. Debtor operates an "Image One" business pursuant to the Franchise Agreement; the business address of Debtor is set forth above in the heading of this Agreement.
- C. Debtor may have executed a Promissory Note to Secured Party as financing for a portion of the initial Franchise Fee due to Secured Party.
- D. Debtor is giving Secured Party a security interest in the collateral described in this Agreement.

NOW THEREFORE, in consideration of the several and mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Recitals set forth above shall be incorporated into this part of the Agreement as though they were fully set forth herein.
2. Description of Collateral: all of the cleaning accounts you service, whether the accounts were assigned to you by us, or whether you solicited the accounts yourself, all account lists, accounts records, contracts, and receivables, of Debtor, and all other assets of your business located at your business address noted above.
3. Debtor hereby grants to Secured Party a security interest in the Collateral described in paragraph 2 above, to secure all debts, obligations and liabilities of Debtor to Secured Party arising out of the Franchise Agreement described in Paragraph A of the Recitals, and the Promissory Note described in Paragraph C of the Recitals.
4. Debtor will not, without Secured Party's consent: (i) allow the Collateral to become an accession to other goods; (ii) sell, lease, otherwise transfer, manufacture, process, assemble, or furnish under contracts of service, the Collateral, except goods identified herein as inventory and sold in the ordinary course of business; or (iii) allow the Collateral to be affixed to real estate, except goods identified herein as fixtures.
5. Debtor hereby authorizes Secured Party to file Uniform Commercial Code ("UCC") Financing Statements to enable Secured Party to perfect this security interest by filing pursuant to the Uniform Commercial Code as adopted by the State of Illinois. Debtor hereby waives any requirement or custom requiring Debtor to execute said UCC Financing Statements.

Exhibit 7

5

Exhibit B – Franchise Agreement

6. Debtor hereby authorizes Secured Party to obtain a credit report on Debtor at any time Debtor defaults under its Franchise Agreement, including but not limited to delinquency in a payment due Secured Party, a dishonored electronic bank draft, cancellation of Debtor's insurance for non-payment, or nonpayment to a vendor or Debtor's landlord of an undisputed amount.

7. Upon default under the Franchise Agreement and/or the Promissory Note, Secured Party shall have all the rights available to it under the Commercial Code of the State of Illinois, including but not limited to repossession and revocation of accounts.

8. The parties acknowledge that the Collateral is used for business, and not personal, family, or household purposes.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the date first above written.

Secured Party:
IMAGE ONE FACILITY SOLUTIONS, INC.
an Illinois corporation

Debtor:
Corporate/LLC Signature:

a _____ corporation/LLC

By: _____
Title: _____

By: _____
Title: _____

Individual Signatures of Guarantors of Debtor:

Exhibit 8 to Franchise Agreement

TO THE IMAGE ONE FACILITY SOLUTIONS, INC. FRANCHISE AGREEMENT

Uniform Commercial Code Financing Statement

Exhibit 9 – PAYMENT ASSURANCE PROGRAM OPTION

PAYMENT ASSURANCE PROGRAM OPTION PLAN CONTRACT (PAPO)

TERMS AND CONDITIONS:

- I. IMAGE ONE FACILITY SOLUTIONS, INC. d/b/a IMAGE ONE (us, we) will pay to _____ (you, yours) on the 20th * of each month for all work performed in the prior month under the following conditions.
- II. In our sole discretion, we may terminate this Payment Assurance Program Option Plan Contract, upon which your participation in the Payment Assurance Program Option Plan shall immediately cease.

Regular Monthly Contract Work

What we will pay you for:

1. All work performed in accordance with the contract.
2. You will be paid only for days actually cleaned that month if you are transferred from that account or it is cancelled.
3. Increases or decreases in a contract will be paid or deducted as long as the client has authorized such items, in writing, and you have performed the work.

What we will not pay you for:

1. Any work not billed by us.
2. Any amounts paid directly to you by a client for work performed.
3. Missed cleans deducted by the client.

Additional Work and Impact Cleans (I/C)

What we will pay you for:

1. Additional Work or I/C sold by us that you perform.
2. Additional Work or I/C sold by you and authorized, in writing, by the client.

What we will not pay you for:

1. Any Additional Work or I/C not billed by us.
2. Any amounts paid directly to you by a client for Additional Work or I/C performed.
3. Additional Work or I/C not completed.

One Time Jobs (1 X Job)

Exhibit 9
Exhibit B – Franchise Agreement

What we will pay for:

1. One Time Jobs sold by us that you perform.
2. One Time Jobs sold by you and authorized, in writing, by the client.

What we will not pay you for:

1. Any One Time Jobs not billed by us.
2. Any amounts paid directly to you by a client for One Time Jobs performed.
3. One Time Jobs not completed.

Supplies and Day Porter Services

What we will pay for:

1. Supplies sold by us and billed separately to the client on your behalf.
2. Supplies sold by you and authorized, in writing, by the client.
3. Additional Day Porter services provided by you with written authorization from the client.

What we will not pay for:

1. Supplies or services not billed by us.

Other Services

We will not pay you for any other services whether directly or indirectly related to janitorial or facility service unless prior written consent is obtained from both IMAGE ONE FACILITY SOLUTIONS, INC. and the client.

- II. Our responsibility under this contract does not extend to any unpaid invoices prior to the date of execution of this agreement.
- III. Your fee for this option of payment will be five percent (5%) of your gross billing for that month.
- IV. You agree that we will deduct this fee directly from your monthly Franchise Statement.
- V. You agree that any amount paid to you in error or for work you did not perform must be returned to us by either direct payment from you or we may deduct those amounts directly from your next scheduled Franchise Statement.
- VI. We will not charge you back if a client does not pay us for services covered under this agreement. You Agree that if a client is more than 60 days past due for any monthly recurring contract that you will suspend service until such time as the client has brought the past due account up to a current paid status. You will not be paid for recurring accounts that are in arrears past 60 days.
- VII. This agreement shall be in force until cancelled by you or us with a thirty day written notice via

Exhibit 9
Exhibit B – Franchise Agreement

certified mail. Such cancellation shall become effective on the first day of the following month after the cancellation notice was received.

*** If you request that your payment be sent by regular mail, you may receive it later than the 20th of any given month as we have no control over the timeliness of mail delivery in your area.**

Signed on _____

This agreement shall be in effect beginning _____

FRANCHISEE

Print Name-Franchisee

IMAGE ONE FACILITY SOLUTIONS, INC. Representative

Print Name-IMAGE ONE

Exhibit 9
Exhibit B – Franchise Agreement

EXHIBIT C
to FRANCHISE DISCLOSURE DOCUMENT

Current Affiliate Franchisees as of December 31, 2022 (20)*

*Number of Affiliate Franchises who have signed a Franchise Agreement, but have not yet opened for business: None (0)

COLORADO

Highlands Ranch

Steve Conn (2016)
815-378-3260
8650 Gold Peak Dr
Unit C
Highlands Ranch, CO 80130

FLORIDA

Cape Coral

Maria Stella Lacopo (2022)
Pat Rossi
514-792-3701
10864 Tiberio Dr
Fort Myers, FL 33913

Naples

Nikko Conn (2016)
847-867-1223
17133 Ashford Terrace
Fort Myers, FL 33967

Fort Myers

Anthony Conn(2023)
847-652-1223
19921 Beverly Park Rd
Estero, FL 33928

ILLINOIS

Berwyn

Efren Lopez(2011)
847-833-5800
2534 S. Cuyler Ave
Berwyn, IL 60402

Elgin

Andy Avila(2018)
630-453-9671
3673 Open Pkwy
Elgin, IL 60124

Hampshire

Jason Avila (2011)
847-361-8061
45W224 Sumac Ln
Hampshire, IL 60140

Itasca

Lawrence Corso (2021)
312-888-1005
513 N. Willow Rd
Itasca, IL 60143

Joliet

Charles McNeely(2011)
815-715-5439
107 S. Midland Ave
Joliet, IL 60435

Illinois (continued)

McHenry

Montez General Services(2011)
815-403-4133
1012 N. Ridge Rd
McHenry, IL 60050

Montgomery

Santiago Rivas (2013)
786-216-9882
40 Aldon Road
Montgomery, IL 60538

Norridge

Lidia Rodriguez Corona(2011)
773-206-0635
4316 N. Oriole
Norridge, IL 60706

North Chicago

Felipe Arrieta(2011)
224-572-7545
1810 16th St
North Chicago, IL 60064

Oswego

Julio Fabian (2021)
708-369-2963
279 Williton Way
Oswego, IL 60543

Rick Robinson(2011)
630-383-182

08 Knights Bridge Ct
Oswego, IL 60543

Palatine

Taesung(Paul) Oh(2014)
847-418-1666
2028 N. Rand Rd
#101
Palatine, IL 60074

Romeoville

Rafal Pyzowski (2015)
630-746-7126
449 Rachel Circle
Romeoville, IL 60446

Woodstock

Lindsay Cannon (2021)
815-451-3134
912 N. Madison St
Woodstock, IL 60098

MICHIGAN

Clinton Township

Ron Bishop (2016)
248-885-6751
34355 Maynard Street
Clinton Township, MI 48035

TEXAS

Magnolia

Kevin Kahn(2022)
832-623-1216
40223 S. Hill Pass
Magnolia, TX 77354

Exhibit D

Former Affiliate Franchisees as of December 31, 2022 (1)

Franchisees terminated or closed within the last fiscal year (2022) or who have not communicated with us within 10 weeks of the issuance date of this disclosure document.

Illinois

Crystal Lake

Bob Caramusa
847-721-9887
Crystal Lake, IL 60012

EXHIBIT E
Financial Statements of Image One Facility Solutions, Inc.

Attached in this Exhibit E are the audited financial statements of Image One Facility Solutions, Inc. for the years ended December 31, 2022, December 31, 2021, and December 31, 2020.

**IMAGE ONE FACILITY SOLUTIONS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

IMAGE ONE FACILITY SOLUTIONS, INC.
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MONIS J. SIDDIQUI, CPA P.C.

Certified Public Accountant

917.309.5670

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Image One Facility Solutions, Inc.**

Opinion

We have audited the financial statements of Image One Facility Solutions, Inc., which comprises the balance sheets as of December 31, 2022, and 2021, the related statements of operations, and changes in shareholders' (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Image One Facility Solutions, Inc. as of December 31, 2022, and 2021, and the results of its operations and its cash flows for the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Image One Facility Solutions, 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 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 Image One Facility Solutions, 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 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Image One Facility Solutions, 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 Image One Facility Solutions, 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.

Monis Siddiqui, CPA P.C.

Monis Siddiqui, CPA P.C.
Bellerose, NY
March 15, 2023

IMAGE ONE FACILITY SOLUTIONS, INC.
BALANCE SHEETS

<u>ASSETS</u>	<u>DECEMBER 31</u>	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash (Over draft)	\$ (35,790)	\$ 88,703
Accounts receivable, net	564,389	267,547
Franchise contract receivables	11,361	11,361
Prepaid expenses	17,063	16,974
Total Current Assets	557,023	384,585
Property and equipment, net	136,768	176,090
Franchise contract receivables, net of current	67,882	57,774
Goodwill	792,235	792,235
Intangible asset, net	6,666	8,333
Security deposit	7,617	7,617
Total Assets	\$ 1,568,191	\$ 1,426,634
<u>LIABILITIES AND SHAREHOLDERS' (DEFICIT)</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 782,877	\$ 872,295
Due to related party	-	54,935
Loan payable	20,471	13,860
Line of credit payable	315,000	240,000
Note payable	78,515	76,197
Deferred revenue	189,445	194,523
Total Current Liabilities	1,386,308	1,451,810
Note payable, net of current	338,678	417,193
Loan payable, net of current	21,487	15,470
	1,746,473	1,884,473
Shareholders' (Deficit)	(178,282)	(457,839)
Total Liabilities and Shareholders' (Deficit)	\$ 1,568,191	\$ 1,426,634

See Notes to financial statements

IMAGE ONE FACILITY SOLUTIONS, INC.
STATEMENTS OF OPERATIONS AND SHAREHOLDERS' (DEFICIT)

	YEARS ENDED DECEMBER 31	
	2022	2021
Revenues		
Service revenue, net (see note 3)	\$ 2,758,486	\$ 2,217,985
Referral fees revenue	-	27,592
Product sales revenue, net	55,542	65,315
Other revenues	-	-
	<u>2,814,028</u>	<u>2,310,892</u>
Operating Expenses	<u>2,522,242</u>	<u>2,510,232</u>
Income (Loss) from Operations	291,786	(199,340)
Goodwill impairment	-	-
Grant revenue - PPP	-	790,000
	<u>291,786</u>	<u>590,660</u>
Net Income (Loss)	291,786	590,660
Shareholders' (Deficit) - Beginning	<u>(457,839)</u>	<u>(1,048,499)</u>
Shareholders' (Distributions) / Contributions	<u>(12,229)</u>	<u>-</u>
Shareholders' (Deficit) - Ending	<u>\$ (178,282)</u>	<u>\$ (457,839)</u>

See Notes to financial statements

IMAGE ONE FACILITY SOLUTIONS, INC.
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2022	2021
Cash Flow From Operating Activities		
Net income (loss)	\$ 291,786	\$ 590,660
Depreciation and amortization	73,438	39,892
Goodwill impairment	—	-
Adjustments to reconcile income (loss) to cash flow provided (used) by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(296,842)	34,350
Other receivables	(10,108)	33,377
Prepaid expenses	(89)	21,318
Due from related parties	—	-
Accounts payable and accrued expenses	(89,418)	135,614
Due to related parties	(54,935)	(124,008)
Deferred revenue	(5,078)	(12,948)
	<u>(91,246)</u>	<u>718,255</u>
Cash Flows from Financing Activities:		
Forgiveness of PPP loan	-	(395,000)
Advances from line of credit, net	75,000	(231,138)
Repayments of debt agreements	(63,571)	(32,240)
Shareholder Distributions	(12,229)	-
	<u>(800)</u>	<u>(658,378)</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(32,447)	-
Software development	—	-
	<u>(32,447)</u>	<u>-</u>
Net Increase In Cash	(124,493)	59,877
Cash - Beginning	<u>88,703</u>	<u>28,826</u>
Cash - Ending (Over Draft)	<u><u>\$ (35,790)</u></u>	<u><u>\$ 88,703</u></u>

See Notes to financial statements

IMAGE ONE FACILITY SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

1. THE COMPANY

Image One Facility Solutions, Inc. (“the Company”) is an Illinois Corporation formed in November 2010 to offer the sale and administration of franchise cleaning operations in Chicago, as well as sale of affiliate franchises expanding throughout the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Franchise Arrangements-The Company's franchise arrangements generally include support to franchisees in the system by providing them with clients to service, as well as providing various administrative and operational support. The Company collects a royalty and administrative fee of the contract revenue collected from clients served by the unit franchises.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts are below the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000. The Company maintains its cash and cash equivalents with accredited financial institutions. The cash balance as of December 31, 2022 was overdrawn by \$35,790, which is a timing differences due to Outstanding Checks written in 2022 but not deposited by the recipients until 2023.

Use of Estimates-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 vary from those estimates.

Taxes on Income-The Company files as an S corporation for federal and state income tax purposes, and income and expenses of the Company pass through directly to the shareholders and are reported on their individual income tax returns.

3. REVENUE RECOGNITION

The Company records revenue in accordance Accounting Standards Board (“FASB”) and Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation are amortized over the life of the related franchise agreements. Commissions paid for franchises are amortized over the life of the franchise agreement. The Company adopted ASC-606 and ASU 2021-02 using the modified retrospective method starting January 1, 2020.

IMAGE ONE FACILITY SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

Services revenues-In transactions related to services revenue, the Company is considered the agent, as it does not control the cleaning services provided to customers. This indicates that the Company is the agent and, as such, it is required to recognize revenue net of the cost of sales. Below is the gross presentation that would have been presented if it had been determined that the Company was the principal and had been required to recognize revenue gross.

For the year ended:	12/31/2022	12/31/2021
Revenues	\$10,249,226	\$9,749,026
Less: cost of sales	<u>7,435,198</u>	<u>7,438,198</u>
Gross Profit	<u><u>2,814,028</u></u>	<u><u>2,310,892</u></u>

4. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

Computer software and websites are capitalized at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Costs associated with maintaining the computer software are recognized as an expense when incurred. Computer software licenses are subsequently carried at cost less accumulated amortization and accumulated impairment losses. Depreciation for the years ending December 31, 2022, and 2021, was \$73,438 and \$39,891, respectively.

5. INTANGIBLES

The amortization period and amortization method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognized in profit or loss when the changes arise.

6. GOODWILL

The accounting for the acquisition of the certain assets and liabilities of IMTN, Inc. resulted in recognizing goodwill of \$594,875. Under generally accepted accounting principles, the carrying amount of goodwill is not amortized, but is reduced if management determines that its implied fair value has been impaired.

The accounting for the acquisition of the certain assets and liabilities of Jochero Inc. resulted in recognizing goodwill of \$221,032. Under generally accepted accounting principles, the carrying amount of goodwill is not amortized, but is reduced if management determines that its implied fair value has been impaired. Based on revenue collected from customers, The company did not recognize any impairment as of December 31, 2022 or December 31, 2021.

IMAGE ONE FACILITY SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

7. RELATED PARTIES

The Company has an outstanding loan from its shareholder. As of December 31, 2022, and 2021, the balance due to the shareholder was \$ 0 and \$54,935, respectively. This loan payable had an interest rate of 6% and is payable in monthly installments of \$5,000 with interest paid annually.

8. BANK LINE OF CREDIT

In January 2020, the Company entered into a revolving term note for \$500,000, with a maturity date of January 12, 2021. On December 11, 2020, the Company renewed the revolving term note for \$500,000 with a maturity date of January 11, 2022. The interest on the unpaid principal balances are calculated based on the fluctuating rate per annum equal to the prime rate, plus 0.9% (the rate of interest at December 31, 2022 was 7.9%). The line is secured by the Company's assets. The balances due as of December 31, 2022, and 2021 were \$315,000 and \$240,000, respectively.

9. LONG TERM LOANS AND NOTES

On September 23, 2013 the then 50% shareholder (owner of 50,000 shares) of the Company sold half of his interest in the Company (25,000 shares) to the other 50% shareholder for \$235,000, plus interest calculated at an effective annual rate of 4.005%. Monthly payments were \$4,845, which included interest, and were made for a total of sixty months. Upon final payment, Selling Shareholder had the option to sell to the Corporation the remaining shares in his possession.

On December 31, 2018, the remaining 22,500 shares of the Selling Shareholder were purchased by the remaining shareholder for a purchase price of \$708,750. The purchase is payable pursuant to a 9-year promissory note with interest calculated at an effective annual rate of 3% and a monthly payment of \$7,496. The balance due at December 31, 2022 and 2021, was \$417,193 and \$493,390, respectively

In January 2018, the Company purchased a vehicle and entered a long-term loan of \$78,350, with an annual interest rate of 3.99% maturing December 2023. This loan is secured by the vehicle purchased. The amounts outstanding on this loan as of December 31, 2022, and 2021 was \$29,330 and \$29,330, respectively.

Maturities of all loans payable for futures years are as follows:

<u>Year End</u>	<u>Amount</u>
2023	100,207
2024	87,385
2025	90,069
2026	7,079
2027 and thereafter	<u>174,411</u>
Total	<u>\$ 459,152</u>

IMAGE ONE FACILITY SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

10. LEASE COMMITMENTS

In June 2017, the Company entered into a lease for office space in Rolling Meadows, Illinois from August 1, 2017, to February 28, 2025. Current monthly lease payments as of December 31, 2022, are \$8,113.

Future minimum rental payments as of December 31, 2022, are as follows:

<u>Year End</u>	<u>Amount</u>
2023	95,875
2024	98,314
2025	<u>16,454</u>
Total	<u>\$ 210,643</u>

11. COVID-19 AND THE PAYCHECK PROTECTION PROGRAM

During the second quarter of 2020 and the first quarter of 2021, the Company received two unsecured loans in the amount of \$395,000 each, under the Paycheck Protection Program (the “PPP”) which was established under the Coronavirus Aid, Relief and Economic Security Act (“the CARES Act”). Under the CARES Act, loan forgiveness is available for the sum of documented payroll costs, covered rent payments and covered utilities during the measurement period beginning on the date of first disbursement of the PPP Loans.

The Company determined it most appropriate to account for the PPP loan proceeds as in-substance government grants because it has received forgiveness of \$790,000 of the debt in 2021. The Company has elected to recognize grant income separately in 2021 to present a clear distinction in its financial statements between its operating income and the amount of net income resulting from the PPP loan.

12. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events were evaluated through March 15, 2023, the time at which the financial statements were available to be issued.

IMAGE ONE FACILITY SOLUTIONS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021

IMAGE ONE FACILITY SOLUTIONS, INC.
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AKIVA MANNE
CERTIFIED PUBLIC ACCOUNTANT
905 HARRISON ST ALLENTOWN, PA 18103

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Image One Facility Solutions, Inc.

Opinion

We have audited the financial statements of Image One Facility Solutions, Inc., which comprises the balance sheets as of December 31, 2021, and 2020, the related statements of operations, and changes in shareholders' (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Image One Facility Solutions, Inc. as of December 31, 2021, and 2020, and the results of its operations and its cash flows for the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Image One Facility Solutions, 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 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 Image One Facility Solutions, 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 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Image One Facility Solutions, 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 Image One Facility Solutions, 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.



Akiva Manne CPA
Allentown PA
April 29, 2022

IMAGE ONE FACILITY SOLUTIONS, INC.
BALANCE SHEETS

<u>ASSETS</u>	<u>DECEMBER 31</u>	
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash	\$ 88,703	\$ 28,826
Accounts receivable, net	267,547	301,897
Franchise contract receivables	11,361	11,130
Prepaid expenses	16,974	38,292
Total Current Assets	384,585	380,145
Property and equipment, net	176,090	96,715
Software development	—	117,600
Franchise contract receivables, net of current	57,774	91,382
Goodwill	792,235	792,235
Intangible asset, net	8,333	10,000
Security deposit	7,617	7,617
Total Assets	\$ 1,426,634	\$ 1,495,694
<u>LIABILITIES AND SHAREHOLDERS' (DEFICIT)</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 872,295	\$ 736,681
Due to related party	54,935	121,457
Loan payable	13,860	12,868
Line of credit payable	240,000	471,138
Note payable	76,197	73,948
Deferred revenue	194,523	207,471
Total Current Liabilities	1,451,810	1,623,563
Note payable, net of current	417,193	495,894
Loan payable, net of current	15,470	29,736
PPP loan payable	—	395,000
	1,884,473	2,544,193
Shareholders' (Deficit)	(457,839)	(1,048,499)
Total Liabilities and Shareholders' (Deficit)	\$ 1,426,634	\$ 1,495,694

See Notes to financial statements

IMAGE ONE FACILITY SOLUTIONS, INC.
STATEMENTS OF OPERATIONS AND SHAREHOLDERS' (DEFICIT)

	YEARS ENDED DECEMBER 31	
	2021	2020
Revenues		
Service revenue, net (see note 3)	\$ 2,217,985	\$ 1,811,778
Referral fees revenue	27,592	25,399
Product sales revenue, net	65,315	71,899
Other revenues	—	5,758
	<u>2,310,892</u>	<u>1,914,834</u>
Operating Expenses	<u>2,510,232</u>	<u>2,334,781</u>
(Loss) from Operations	(199,340)	(419,947)
Goodwill impairment	—	(23,672)
Grant revenue - PPP	<u>790,000</u>	<u>—</u>
Net Income (Loss)	590,660	(443,619)
Shareholders' (Deficit) - Beginning	<u>(1,048,499)</u>	<u>(604,880)</u>
Shareholders' (Deficit) - Ending	<u><u>\$ (457,839)</u></u>	<u><u>\$ (1,048,499)</u></u>

See Notes to financial statements

IMAGE ONE FACILITY SOLUTIONS, INC.
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2021	2020
Cash Flow From Operating Activities		
Net income (loss)	\$ 590,660	\$ (443,619)
Depreciation and amortization	39,892	34,824
Goodwill impairment	—	23,672
Adjustments to reconcile income (loss) to cash flow provided (used) by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	34,350	51,270
Other receivables	33,377	112,525
Prepaid expenses	21,318	(25,139)
Due from related parties	—	13,000
Accounts payable and accrued expenses	135,614	(88,956)
Due to related parties	(124,008)	115,457
Deferred revenue	(12,948)	(7,566)
	<u>718,255</u>	<u>(214,532)</u>
Cash Flows from Financing Activities:		
Proceeds from debt agreements	—	468,468
Forgiveness of PPP loan	(395,000)	—
Payments to line of credit, net	(231,138)	—
Repayments of debt agreements	(32,240)	(99,381)
	<u>(658,378)</u>	<u>369,087</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	—	(8,129)
Software development	—	(117,600)
	<u>—</u>	<u>(125,729)</u>
Net Increase In Cash	59,877	28,826
Cash - Beginning	<u>28,826</u>	<u>—</u>
Cash - Ending	<u><u>\$ 88,703</u></u>	<u><u>\$ 28,826</u></u>

See Notes to financial statements

IMAGE ONE FACILITY SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

1. THE COMPANY

Image One Facility Solutions, Inc. (“the Company”) is an Illinois Corporation formed in November 2010 to offer the sale and administration of franchise cleaning operations in Chicago, as well as sale of affiliate franchises expanding throughout the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Franchise Arrangements-The Company's franchise arrangements generally include support to franchisees in the system by providing them with clients to service, as well as providing various administrative and operational support. The Company collects a royalty and administrative fee of the contract revenue collected from clients served by the unit franchises.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts are below the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 vary from those estimates.

Taxes on Income-The Company files as an S corporation for federal and state income tax purposes, and income and expenses of the Company pass through directly to the shareholders and are reported on their individual income tax returns.

3. REVENUE RECOGNITION

The Company records revenue in accordance Accounting Standards Board (“FASB”) and Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation are amortized over the life of the related franchise agreements. Commissions paid for franchises are amortized over the life of the franchise agreement. The Company adopted ASC-606 and ASU 2021-02 using the modified retrospective method starting January 1, 2020.

IMAGE ONE FACILITY SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

Services revenues-In transactions related to services revenue, the Company is considered the agent, as it does not control the cleaning services provided to customers. This indicates that the Company is the agent and, as such, it is required to recognize revenue net of the cost of sales. Below is the gross presentation that would have been presented if it had been determined that the Company was the principal and had been required to recognize revenue gross.

For the year ended:	12/31/2021	12/31/2020
Revenues	\$9,749,026	\$8,651,924
Less: cost of sales	<u>7,438,198</u>	<u>6,737,090</u>
Gross Profit	<u>2,310,892</u>	<u>1,914,834</u>

4. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

Computer software and websites are capitalized at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Costs associated with maintaining the computer software are recognized as an expense when incurred. Computer software licenses are subsequently carried at cost less accumulated amortization and accumulated impairment losses. Depreciation for the years ending December 31, 2021, and 2020, was \$39,891 and \$34,824, respectively.

5. INTANGIBLES

The amortization period and amortization method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognized in profit or loss when the changes arise.

6. GOODWILL

The accounting for the acquisition of the certain assets and liabilities of IMTN, Inc. resulted in recognizing goodwill of \$594,875. Under generally accepted accounting principles, the carrying amount of goodwill is not amortized, but is reduced if management determines that its implied fair value has been impaired.

The accounting for the acquisition of the certain assets and liabilities of Jochero Inc. resulted in recognizing goodwill of \$221,032. Under generally accepted accounting principles, the carrying amount of goodwill is not amortized, but is reduced if management determines that its implied fair value has been impaired. Based on the loss of customers, The company recognized impairment of \$0 and \$23,672 at December 31, 2021 and 2020, respectively.

IMAGE ONE FACILITY SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

7. RELATED PARTIES

The Company has an outstanding loan from its shareholder. As of December 31, 2021, and 2020, the balance due to the shareholder was \$54,935 and \$121,457, respectively. This loan payable has an interest rate of 6% and is payable in monthly installments of \$5,000 with interest paid annually.

8. BANK LINE OF CREDIT

In January 2020, the Company entered into a revolving term note for \$500,000, with a maturity date of January 12, 2021. On December 11, 2020, the Company renewed the revolving term note for \$500,000 with a maturity date of January 11, 2022. The interest on the unpaid principal balances are calculated based on the fluctuating rate per annum equal to the prime rate, plus 0.9% (the rate of interest at December 31, 2021 was 4.15%). The line is secured by the Company's assets. The balances due as of December 31, 2021, and 2020 were \$240,000 and \$471,138, respectively.

9. LONG TERM LOANS AND NOTES

On September 23, 2013 the then 50% shareholder (owner of 50,000 shares) of the Company sold half of his interest in the Company (25,000 shares) to the other 50% shareholder for \$235,000, plus interest calculated at an effective annual rate of 4.005%. Monthly payments were \$4,845, which included interest, and were made for a total of sixty months. Upon final payment, Selling Shareholder had the option to sell to the Corporation the remaining shares in his possession.

On December 31, 2018, the remaining 22,500 shares of the Selling Shareholder were purchased by the remaining shareholder for a purchase price of \$708,750. The purchase is payable pursuant to a 9-year promissory note with interest calculated at an effective annual rate of 3% and a monthly payment of \$7,496. The balance due at December 31, 2021 and 2020, was \$493,390 and \$569,842, respectively

In January 2018, the Company purchased a vehicle and entered a long-term loan of \$78,350, with an annual interest rate of 3.99% maturing December 2023. This loan is secured by the vehicle purchased. The amounts outstanding on this loan as of December 31, 2021, and 2020 was \$29,330 and \$42,604, respectively.

Maturities of all loans payable for futures years are as follows:

<u>Year End</u>	<u>Amount</u>
2022	90,057
2023	92,773
2024	80,903
2025	83,364
2026 and thereafter	<u>174,411</u>
Total	<u>\$ 521,507</u>

IMAGE ONE FACILITY SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

10. LEASE COMMITMENTS

In June 2017, the Company entered into a lease for office space in Rolling Meadows, Illinois from August 1, 2017, to February 28, 2025. Current monthly lease payments as of December 31, 2021, are \$7,617.

Future minimum rental payments as of December 31, 2021, are as follows:

<u>Year End</u>	<u>Amount</u>
2022	93,437
2023	95,875
2024	98,314
2025	<u>16,454</u>
Total	<u>\$ 304,080</u>

11. COVID-19 AND THE PAYCHECK PROTECTION PROGRAM

During the second quarter of 2020 and the first quarter of 2021, the Company received two unsecured loans in the amount of \$395,000 each, under the Paycheck Protection Program (the "PPP") which was established under the Coronavirus Aid, Relief and Economic Security Act ("the CARES Act"). Under the CARES Act, loan forgiveness is available for the sum of documented payroll costs, covered rent payments and covered utilities during the measurement period beginning on the date of first disbursement of the PPP Loans.

The Company determined it most appropriate to account for the PPP loan proceeds as in-substance government grants because it has received forgiveness of \$395,000 of the debt in June 2021 and has applied for forgiveness for the remaining \$395,000 prior to the audit date. The Company has elected to recognize grant income separately to present a clear distinction in its financial statements between its operating income and the amount of net income resulting from the PPP loan and subsequent forgiveness.

12. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events were evaluated through April 29, 2022, the time at which the financial statements were available to be issued.

Exhibit F

Table of Contents to Operations Manual

Exhibit I

Image One Affiliate Franchise Operations Manual

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**Exhibit G to
FRANCHISE DISCLOSURE DOCUMENT**

**VETERANS, ACTIVE DUTY MILITARY, AND FIRST RESPONDERS
INCENTIVE ADDENDUM TO AFFILIATE FRANCHISE
AGREEMENT**

THIS VETERANS, ACTIVE DUTY MILITARY, AND FIRST RESPONDERS INCENTIVE ADDENDUM dated _____, is to a Franchise Agreement dated _____, by and between IMAGE ONE FACILITY SOLUTIONS, INC. ("Franchisor" or "We" or "Us"), an Illinois corporation with principal offices located at 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008, and _____ ("Affiliate Franchisee" or "you"), whose principal address is _____.

RECITALS

- A. Contemporaneously with this Addendum, we and you are entering into a Franchise Agreement ("Affiliate Franchise Agreement"), pursuant to which we are granting you an Image One franchise in the State of _____.
- B. We provide support to veterans, active duty military members, and First Responders ("Eligible Persons") by offering all qualifying 1 of 3 incentive programs ("Veterans, Active Duty Military and First Responders Incentives").
- C. We are a member of the International Franchise Association ("IFA") and participate in the IFA's VetFran Program. We offer an Incentive Program described below to veterans of the U.S. Armed Forces who meet the requirements of the VetFran Program.
- D. To qualify as an active duty military member, you must furnish us documentation establishing that status.
- E. To qualify for as a First Responder, you must be a person with specialized training who is among the first to arrive and provide assistance at the scene of an emergency, such as an accident, natural disaster, or other catastrophic events. First Responders include paramedics, emergency medical technicians, police officers, sheriffs, and firefighters.
- F. You wish to receive one of the Incentives described in Paragraph 2 below.
- G. This Veterans, Active Duty Military and First Responders Incentive Addendum modifies the Affiliate Franchise Agreement executed by you and us to incorporate the Incentive marked by you in Paragraph 2 below.

In consideration of the mutual and several covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledge, the parties hereto agree as follows:

1. You have represented that you are an “Eligible Person” by meeting the requirements set forth in Paragraphs C, D, or E above. Specifically, you are:

- _____ Veteran
- _____ Active Duty Military
- _____ First Responder

1. The Incentive Programs that we offer are as follows. You have initialed the one incentive that you wish to benefit from.

<u>Option</u>	<u>Initial Selected Incentive</u>	<u>Description of Incentive</u>
i	_____	A cash discount of \$6,250 from the Initial \$29,750 Franchise Fee on condition that payment of \$23,500 is made as a lump sum when you sign the Franchise Agreement
ii	_____	Our working with you in marketing and selling to assist you to attain \$5,000 in monthly recurring revenue. We do not guarantee to work with you indefinitely, but we will commit to work with you for a reasonable period of time until you have reached \$5,000 in monthly revenue. The cash Initial Franchise Fee is \$29,750 under this program, and the financing terms are as set forth in Item 10 of this disclosure document.
iii	_____	Financing assistance in the form of waiving the finance charge. You must pay a down payment of \$14,750, with the balance of \$15,000 being paid over 30 months at \$500 a month. If this program is selected, the finance terms described in Paragraph 3 will apply.

2. The finance terms for Eligible Persons who select this incentive are as follows:

- (l) Amount if paid in full: \$29,750.00
- (m) Amount if financed: \$29,750.00
- (n) Finance charge: \$0
- (o) Amount financed: \$15,000
- (p) Down payment: \$14,750
- (q) Term: 30 months
- (r) Interest Rate: 0%
- (s) Monthly Payment: \$500.00
- (t) Prepayment Penalty: None

- (u) Security Required: Security Interest in Business; personal guaranty by shareholders or members
- (v) Loss of Legal Rights on Default: Late charges; higher interest rate; acceleration of amounts due; attorney's fees; foreclosure on security interest; sale of your assets at public or private sale

3. This Veterans, Active Duty Military and First Responders Incentive Addendum shall amend and supplement the Affiliate Franchise Agreement simultaneously executed by the parties herein ("Affiliate Franchise Agreement"). The terms, covenants and conditions of this Addendum are incorporated into the Affiliate Franchise Agreement, and with respect to any conflict between the Addendum and the Affiliate Franchise Agreement, the terms of this Addendum shall be controlling with respect to the subject matter thereof. Except as expressly set forth in this Incentive Addendum, the rights, duties and obligations of the parties with respect to your Image One Business shall be the same as the rights, duties and obligations of the parties with respect to the Image One Business described in the Affiliate Franchise Agreement.

4. A person is eligible for only one Incentive Program, even though he or she may be eligible as a military veteran, an active duty military member, and/or a First Responder.

5. Except as modified by this Addendum, all terms, provisions, and obligations set forth in the Franchise Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Veterans and First Responders Incentive Addendum to Affiliate Franchise Agreement has been executed on _____ (date).

Franchisor:
Image One Facility Solutions, Inc.

Affiliate Franchisee (Eligible Person):

By: _____
 Name: _____
 Title: _____

By: _____
 Name: _____
 Title: _____

EXHIBIT H TO FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDUM

Some administrators of franchise registration states may require Image One Facility Solutions, Inc. to enter into an addendum to our Franchise Disclosure Document and Franchise Agreement describing certain state laws or regulations which may supersede the Franchise Disclosure Document or Franchise Agreement. If you are in a registration state which requires an addendum, it will follow this page.

Attached are the state addenda for Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

The state addendum for Michigan is in the front of this disclosure document.

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

ILLINOIS ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE DISCLOSURE DOCUMENT

The Image One Facility Solutions, Inc. Franchise Disclosure Document for use in the State of Illinois is modified in accordance with the following:

1. The following Special Risk is added to the State Cover Pages:

Financial Condition. The Franchisor’s financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor’s financial ability to provide services and support to you.

2. Items 5 and 7 of the Franchise Disclosure Document are amended by the additional of the following language to the original language that appears therein:

“Notwithstanding anything to the contrary contained in this Franchise Disclosure Document, the Initial Affiliate Franchise Fee is deferred and not payable to Franchisor until Franchisor’s initial obligations to the Franchisee have been completed and the Franchisee has commenced business under this Agreement. This deferral is imposed by the Illinois Attorney General’s Office based on the Franchisor’s financial condition. The Franchise Fee is non-refundable.”

3. The following are added to the Franchise Disclosure Document:

Illinois law governs the franchise agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee’s rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

**ILLINOIS ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE AGREEMENT**

This Addendum to the Franchise Agreement is agreed to on _____ (date), between Image One Facility Solutions, Inc. ("Franchisor") and _____ ("Franchisee") to amend and revise the Franchise Agreement dated _____, 20____, in the following respects:

1. Paragraph 3.1(a) is modified to add the following:

Notwithstanding anything to the contrary contained in this Agreement, the Initial Affiliate Franchise Fee is deferred and not payable to Franchisor until Franchisor's initial obligations to the Franchisee have been completed and the Franchisee has commenced business under this Agreement. This deferral is imposed by the Illinois Attorney General's Office based on the Franchisor's financial condition. The Franchise Fee is non-refundable.

2. Section 15.4 of the Franchise Agreement is hereby modified by adding the following paragraph:

"Nothing contained in Section 15.4 of the Franchise Agreement shall constitute a waiver under the Illinois Franchise Disclosure Act."

3. Paragraph 18.24 (waiver of punitive damages). is hereby modified by adding the following to the end thereof:

However, the waiver in this paragraph 18.24 relating to punitive damages shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 200.609.

3. The following provisions are added to the Franchise Agreement and replace any provisions that are in conflict with the following:

Illinois law governs the franchise agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

- 4. 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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

Franchisor:
Image One Facility Solutions, Inc.
An Illinois corporation

Franchisee:
Corporate Signature

By: _____ By: _____

Title: _____ Title: _____

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE AGREEMENT
For the State of Indiana

This Addendum to the Franchise Agreement is agreed to on _____ (date), between Image One Facility Solutions, Inc. ("Franchisor") and _____ ("Franchisee") to amend and revise the Franchise Agreement dated _____, 20____, to add the following:

The Indiana Franchises Law, Title 23, Chapter 2.5, Sections 1 through 51 of the Indiana Code, supersedes any provisions of the Franchise Agreement if such provisions are in conflict with that law.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

Franchisor:
Image One Facility Solutions, Inc.
An Illinois corporation

Franchisee:
Corporate Signature

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE DISCLOSURE DOCUMENT
For the State of Maryland

The Image One Facility Solutions, Inc. Franchise Disclosure Document (“FDD”) for use in the State of Maryland is modified in accordance with the following:

1. Items 5 and 7 of the Franchise Disclosure Document are amended by the addition of the following language to the original language that appears therein:

“Based upon the franchisor’s financial condition, the Maryland Securities Commission 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.”

2. Item 17 of the Franchise Disclosure Document on "Renewal, Termination, Transfer and Dispute Resolution" is amended by the addition of the following:

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

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

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

The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11. U.S.C. Section 101 et. seq.).

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE AGREEMENT
For the State of Maryland

This Addendum to the Franchise Agreement is agreed to on _____ (date), between Image One Facility Solutions, Inc. ("Franchisor") and _____ ("Franchisee") to amend and revise the Franchise Agreement dated _____, 20____, as follows:

1. Section 3.1(a) of the Franchise Agreement, Initial Affiliate Franchise Fee, is modified by the addition of the following language to the original language that appears therein:

“Based upon the franchisor’s financial condition, the Maryland Securities Commission 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.”

2. Section 3.1(e) of the Franchise Agreement on Advertising Contributions is amended by the addition of the following language to the original language that appears therein:

"Franchisor will provide Franchisee with an annual accounting of the advertising fees collected."

3. Section 11.2.a of the Franchise Agreement on Termination by Franchisor for Cause is amended by the addition of the following language to the original language that appears therein:

"Termination upon bankruptcy of the Franchisor may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)"

5. Article 15 of the Franchise Agreement on Representations and Warranties shall be amended by the addition of the following language to the original language that appears therein:

“The representations of this section are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

6. Section 16.2 of the Franchise Agreement on Renewal, and Section 10.2 of the Franchise Agreement on Transfer by Franchisee are amended by the addition of the following language to the original language that appears therein:

"Any provision allowing Franchisee to execute a general release of any and all claims against Franchisor shall not apply to any liability under Maryland Franchise Registration and Disclosure Law."

7. Section 18.1 of the Franchise Agreement on Release of Claims is amended by the addition of the following language to the original language that appears therein:

"Any provision allowing Franchisee to execute a general release of any and all claims against Franchisor shall not apply to any liability under Maryland Franchise Registration and Disclosure Law."

8. Section 18.10 of the Franchise Agreement on Jurisdiction and Venue shall be amended by the addition of the following language to the original language that appears therein:

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

8. Section 18.23 of the Franchise Agreement on Limitation of Claims shall be amended by the addition of the following language to the original language that appears therein:

"; provided, however, that the limitation of such claims shall not act to reduce the three (3) year statute of limitations afforded Franchisee for bringing a claim under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

Franchisor:
Image One Facility Solutions, Inc.
An Illinois corporation

Franchisee:
Corporate Signature

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE DISCLOSURE DOCUMENT
For the State of Minnesota

The Image One Facility Solutions, Inc. Franchise Disclosure Document for use in the State of Minnesota is modified in accordance with the following:

1. The Cover Page is amended by the addition of the following Risk Factor:

THE INVOICING AND ACCOUNT COLLECTIONS ARE FURNISHED BY THE FRANCHISOR, THEN MONIES OWED TO THE FRANCHISOR ARE TAKEN OUT WITH THE REMAINDER SENT TO THE FRANCHISEE. THIS ARRANGEMENT CAN IMPACT YOUR CASH FLOW.

2. Items 5 and 7 of the Franchise Disclosure Document are amended by the addition of the following language to the original language that appears therein:

“Notwithstanding anything to the contrary contained in this Franchise Disclosure Document, the initial franchise fee is not due until the date you commence business.”

3. Item 13 of the Franchise Disclosure Document on "Trademarks" is amended by the addition of the following language to the original language that appears therein:

"In the event Franchisee's right to the use of any name, mark or commercial symbol licensed hereunder is the subject of any claim, suit or demand (a "threat"), Franchisor shall either defend Franchisee against the threat or indemnify Franchisee from any loss, costs or expenses arising therefrom, provided and on condition, Franchisee:

- A. delivers to Franchisor prompt written notice of the threat;
- B. grants Franchisor written authorization to take unrestricted control over the defense and settlement of the threat with counsel of its choice;
- C. did not cause or give rise to the threat due to a material failure to comply with Franchisor's previously communicated trademark usage requirements;
- D. cooperates promptly and fully with Franchisor in the defense, mitigation, and/or settlement of the threat; and
- E. does not jeopardize or compromise any right, defense, obligation or liability of Franchisor, by making any statement to, or entering into any agreement with, the threatening party which does not have the advance written consent of Franchisor, unless required by applicable law."

4. Item 17 of the Franchise Disclosure Document is amended by the addition of the following language to the original language that appears therein:

"With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement."

"Minnesota Law prohibits franchisors from requiring its franchisees to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability. Therefore, Franchisee shall not be required to agree to subsequently execute a general release of any and all claims against Franchisor and its affiliates, their officers, directors, employees and agents."

"Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE AGREEMENT
For the State of Minnesota

This Addendum to the Franchise Agreement is agreed to on _____ (date), between Image One Facility Solutions, Inc. ("Franchisor") and _____ ("Franchisee") to amend and revise the Franchise Agreement dated _____, 20____, as follows:

1. Section 3.1(a) of the Franchise Agreement, Initial Affiliate Franchise Fee, is modified by the addition of the following language to the original language that appears therein:

"Notwithstanding anything to the contrary contained in this Franchise Agreement, the initial franchise fee is not due until the date you commence business."

2. Section 16.2 of the Franchise Agreement on Renewal and Section 11 of the Franchise Agreement on Termination is amended by the addition of the following language to the original language that appears therein:

"Minnesota law provides franchisees with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement. These provisions of Minnesota law are hereby incorporated by reference in this Agreement."

3. Section 16.2 of the Franchise Agreement on renewal and Section 10.2 of the Franchise Agreement on the Transfer by Franchisee are amended by the addition of the following language to the original language that appears therein.

"Minnesota Law prohibits franchisors from requiring its franchisees to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability. Therefore, Franchisee shall not be required to agree to subsequently execute a general release of any and all claims against Franchisor and its affiliates, their officers, directors, employees and agents."

4. Section 5 of the Franchise Agreement on Marks is amended by the addition of the following language to the original language that appears therein:

"In the event Franchisee's right to the use of any name, mark or commercial symbol licensed hereunder is the subject of any claim, suit or demand (a "threat"), Franchisor shall either defend Franchisee against the threat or indemnify Franchisee from any loss, costs or expenses arising therefrom, provided and on condition, Franchisee:

- A. delivers to Franchisor prompt written notice of the threat;
- B. grants Franchisor written authorization to take unrestricted control over the defense and settlement of the threat with counsel of its choice;

- C. did not cause or give rise to the threat due to a material failure to comply with Franchisor's previously communicated trademark usage requirements;
- D. cooperates promptly and fully with Franchisor in the defense, mitigation, and/or settlement of the threat; and
- E. does not jeopardize or compromise any right, defense, obligation or liability of Franchisor, by making any statement to, or entering into any agreement with, the threatening party which does not have the advance written consent of Franchisor, unless required by applicable law."

5. Section 13.1 of the Franchise Agreement on Covenants Not to Compete is amended by the addition of the following language to the original language that appears therein:

"These provisions may not be enforceable under Minnesota law."

6. Sections 18.10 and 18.14 of the Franchise Agreement on Governing Law/Consent to Jurisdiction is amended by the addition of the following language to the original language that appears therein:

"Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

7. Section 18.23 of the Franchise Agreement on Limitations of Claims is amended by the addition of the following language to the original language that appears therein:

"The statute of limitations under the Minnesota Stat. Sec. 80C.17 Subd. 5 shall govern for actions brought under that law."

8. Sections 4.11 and 12.7 of the Franchise Agreement on Liquidated Damages are deleted in their entirety for Minnesota franchisees.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

Franchisor:
Image One Facility Solutions, Inc.
An Illinois corporation

Franchisee:
Corporate Signature

By: _____

By: _____

Title: _____

Title: _____

IMAGE ONE FACILITY SOLUTIONS, INC.
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

The Image One Facility Solutions, Inc. Offering Prospectus for use in the State of New York is modified in accordance with the following:

1. All references made here to a Franchise Disclosure Document shall be amended to Offering Prospectus.
2. The following information is added to the cover page of the Franchise Disclosure Document:

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

3. The following is added to the Special Risks page: The Franchisee will be required to make an estimated initial investment from \$43,625 to \$61,225. These amounts exceed the Franchisor's stockholders' equity as of December 31, 2022, which is (\$178,282).
4. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation

of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

5. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

6. The following is added to the end of Item 5:

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

7. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

8. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

9. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

10. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

**IMAGE ONE FACILITY SOLUTIONS, INC.
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

This Addendum is to a Franchise Agreement dated _____, 20__ between Image One Facility Solutions, Inc. and _____(Franchisee) to amend said Agreement as follows:

1. Paragraph 16.2. of the Franchise Agreement on Renewal and Paragraph 10.2 of the Franchise Agreement on Transfer by Franchisee shall be amended by the addition of the following language to the original language that appears therein:

"All rights enjoyed by the Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied."

2. Paragraph 1-1. of the Franchise Agreement on Transfer by Franchisor shall be amended by the addition of the following language to the original language that appears herein:

"However, Franchisor shall not assign its rights and obligations to a transferee unless in its reasonable judgment, the transferee is able to fulfill the Franchisor's obligations under its Franchise Agreements."

3. Paragraphs 18.10 and 18.14 of the Franchise Agreement on Jurisdiction and Venue and Paragraph 18.14 on Governing Law shall be amended by the addition of the following language to the original language that appears therein:

"The foregoing choice of law shall not be considered a waiver of any right conferred upon the Franchisee by the provisions of Article 33 of the General Business Law of the State of New York."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective this ___ day of _____, 20__.

Franchisor:
IMAGE ONE FACILITY SOLUTIONS, INC.
an Illinois corporation

Franchisee:
Corporate/LLC Signature:

a _____ corporation/LLC

By: _____
Title: _____
Date Accepted: _____

By: _____
Title: _____
Date Accepted: _____

Individual Signatures:

The Franchisor represents that this offering prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE DISCLOSURE DOCUMENT
For the State of North Dakota

The Image One Facility Solutions, Inc. Franchise Disclosure Document for use in the State of North Dakota is modified in accordance with the following:

1. Items 5 and 7 of the Franchise Disclosure Document are amended by the additional of the following language to the original language that appears therein:

“Notwithstanding anything to the contrary contained in this Franchise Disclosure Document, the initial franchise fee is not due until the date you commence business.”

2. Item 17, c. of the Franchise Disclosure Document on "Requirements for you to renew or extend" is amended by the addition of the following:

"The execution of a general release upon renewal shall be inapplicable to franchises operating under the North Dakota Franchise Investment Law."

3. Item 17, r. of the Franchise Disclosure Document on "Non-competition covenants after the franchise is terminated or expires" is amended by the addition of the following:

"Covenants not to compete such as those mentioned above are generally unenforceable in the State of North Dakota."

4. Item 17, u. of the Franchise Disclosure Document on "Dispute resolution by arbitration or mediation" shall be amended by the addition of the following:

"Arbitration of disputes with franchises operating under the North Dakota Franchise Investment Law shall be at a location mutually agreeable to the parties."

5. Item 17, v. of the Franchise Disclosure Document on "Choice of forum" shall be amended by the addition of the following:

"The consent to the jurisdiction of the courts of the state of Illinois shall be inapplicable to franchises operating under the North Dakota Franchise Investment Law."

6. Item 17, w. of the Franchise Disclosure Document on "Choice of law" shall be amended by the addition of the following:

"Section 18.14 of the Franchise Agreement on "Governing Law" is inapplicable to franchises operating under the North Dakota Franchise Investment Law."

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE AGREEMENT
For the State of North Dakota

This Addendum to the Franchise Agreement is agreed to on _____ (date), between Image One Facility Solutions, Inc. ("Franchisor") and _____ ("Franchisee") to amend and revise the Franchise Agreement dated _____, 20____, as follows:

1. Section 3.1(a) of the Franchise Agreement, Initial Affiliate Franchise Fee, is modified by the addition of the following language to the original language that appears therein:

“Notwithstanding anything to the contrary contained in this Franchise Agreement, the initial franchise fee is not due until the date you commence business.”

2. Section 16.2 of the Franchise Agreement on "Renewal" is amended by the addition of the following language to the original language that appears therein:

"The execution of a general release upon renewal shall be inapplicable to franchises operating under the North Dakota Franchise Investment Law."

3. Section 13.1 of the Franchise Agreement on "Covenant Not to Compete" is amended by the addition of the following language to the original language that appears therein:

"Covenants not to compete such as those mentioned above are generally unenforceable in the State of North Dakota."

4. Section 18.10 of the Franchise Agreement on "Jurisdiction and Venue" is inapplicable to franchises operating under the North Dakota Franchise Investment Law.

5. Section 18.14 of the Franchise Agreement on "Governing Law" is inapplicable to franchises operating under the North Dakota Franchise Investment Law.

6. Section 18.23 of the Franchise Agreement on "Limitation of Claims" is deleted in its entirety.

7. Section 18.10.of the Franchise Agreement on "Mandatory and Binding Arbitration" shall be amended in part as follows:

"Arbitration of disputes with franchises operating under the North Dakota Franchise Investment Law shall be at a location mutually agreeable to the parties."

8. Section 18.24 of the Franchise Agreement on "Waiver of Punitive Damages Claims" is inapplicable to franchises operating under the North Dakota Franchise Investment Law.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

Franchisor:
Image One Facility Solutions, Inc.
An Illinois corporation

Franchisee:
Corporate Signature

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE DISCLOSURE DOCUMENT
For the State of Rhode Island

The Image One Facility Solutions, Inc. Franchise Disclosure Document for use in the State of Rhode Island is modified in accordance with the following:

- 1 Items 5 and 7 of the Franchise Disclosure Document are amended by the additional of the following language to the original language that appears therein:

“Notwithstanding anything to the contrary contained in this Franchise Disclosure Document, the initial franchise fee is not due and payable until you have completed initial training and have commenced business.”

2. Item 17 of the Image One Facility Solutions, Inc. Franchise Disclosure Document for use in the State of Rhode Island is modified to add the following:

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

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE AGREEMENT
For the State of Rhode Island

This Addendum to the Franchise Agreement is agreed to on _____ (date), between Image One Facility Solutions, Inc. ("Franchisor") and _____ ("Franchisee") to amend and revise the Franchise Agreement dated _____, 20____, as follows:

1. Section 3.1(a) of the Franchise Agreement on "Initial Affiliate Franchise Fee" is amended by the addition of the following language to the original language that appears therein:

“Notwithstanding anything to the contrary in this Paragraph 3.1(a), the Initial Affiliate Franchise Fee is not due and payable until you have completed initial training and have commenced business.”

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

Franchisor:
Image One Facility Solutions, Inc.
An Illinois corporation

Franchisee:
Corporate Signature

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE AGREEMENT
For the State of South Dakota

This Addendum to the Franchise Agreement is agreed to on _____ (date), between Image One Facility Solutions, Inc. ("Franchisor") and _____ ("Franchisee") to amend and revise the Franchise Agreement dated _____, 20____, as follows:

1. Section 3.1(a) of the Franchise Agreement on "Initial Affiliate Franchise Fee" is amended by the addition of the following language to the original language that appears therein:

“Notwithstanding anything to the contrary in this Paragraph 3.1(a), the Initial Affiliate Franchise Fee is not due and payable until you have completed initial training and have commenced business.”

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

Franchisor:
Image One Facility Solutions, Inc.
An Illinois corporation

Franchisee:
Corporate Signature

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE DISCLOSURE DOCUMENT
For the Commonwealth of Virginia

The Image One Facility Solutions, Inc. Franchise Disclosure Document for use in the Commonwealth of Virginia is modified in accordance with the following:

1. The following risk factors are added:

THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT.

YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT.

2. Item 5 of the Franchise Disclosure Document is modified to add the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

3. Item 17.h. shall be amended to add the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE AGREEMENT
For the Commonwealth of Virginia

This Addendum to the Franchise Agreement is agreed to on _____ (date), between Image One Facility Solutions, Inc. ("Franchisor") and _____ ("Franchisee") to amend and revise the Franchise Agreement dated _____, 20____, as follows:

1. Section 3.1(a) of the Franchise Agreement on "Initial Affiliate Franchise Fee" is amended by the addition of the following language to the original language that appears therein:

“The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.”

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

Franchisor:
Image One Facility Solutions, Inc.
An Illinois corporation

Franchisee:
Corporate Signature

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE DISCLOSURE DOCUMENT
For the State of Washington

The Image One Facility Solutions, Inc. Franchise Disclosure Document for use in the State of Washington is modified in accordance with the following:

1. Items 5 and 7 of the Franchise Disclosure Document are modified to provide that, based on the Franchisor's financial statements, the payment of the initial Franchise Fee is deferred and is not due upon signing the Franchise Agreement. Instead, all initial franchise fees will be deferred until (a) the franchisor has fulfilled its initial pre-opening obligations to the franchisee; and (b) the franchisee is open for business. The fees subject to deferral include all initial franchise fees payable by the franchisee to the franchisor prior to the opening of the franchisee's business.
2. The State of Washington has a Statute, RCW 19.100.180 which may supersede the franchise agreement with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship within the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
5. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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

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

**WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT,
FRANCHISE DISCLOSURE QUESTIONNAIRE, AND RELATED AGREEMENTS
For the State of Washington**

This Addendum to the Franchise Agreement is agreed to on _____ (date), between Image One Facility Solutions, Inc. ("Franchisor") and _____ ("Franchisee") to amend and revise the Franchise Agreement dated _____, 20____, as follows:

1. Section 3.1(a) of the Franchise Agreement on "Initial Affiliate Franchise Fee" is amended by the addition of the following language to the original language that appears therein:

“Notwithstanding anything to the contrary in this Paragraph 3.1(a), all initial franchise fees will be deferred until (a) the franchisor has fulfilled its initial pre-opening obligations to the franchisee; and (b) the franchisee is open for business. The fees subject to deferral include all initial franchise fees payable by the franchisee to the franchisor prior to the opening of the franchisee’s business.”

2. The State of Washington has a Statute, RCW 19.100.180 which may supersede the franchise agreement with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship within the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

7. Franchisees in Washington may terminate the Franchise Agreement under any grounds permitted by state law.

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

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

Franchisor:
Image One Facility Solutions, Inc.
An Illinois corporation

Franchisee:
Corporate Signature

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM TO IMAGE ONE FACILITY SOLUTIONS, INC.
FRANCHISE AGREEMENT
For the State of Wisconsin

This Addendum to the Franchise Agreement is agreed to on _____ (date), between Image One Facility Solutions, Inc. ("Franchisor") and _____ ("Franchisee") to amend and revise the Franchise Agreement dated _____, 20____, as follows:

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provisions of the Franchise Contract or Agreement if such provisions are in conflict with that law.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

Franchisor:
Image One Facility Solutions, Inc.
An Illinois corporation

Franchisee:
Corporate Signature

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT I

**IMAGE ONE FACILITY SOLUTIONS INC.
FRANCHISEE DISCLOSURE QUESTIONNAIRE**

As you know, IMAGE ONE FACILITY SOLUTIONS INC. ("Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a IMAGE ONE Franchised Business ("IMAGE ONE Franchised Business"). Please review each of the following questions carefully and provide honest and complete responses to each question.

1. In what state are you domiciled (have your permanent residence)? _____

2. If you have more than one owner, did each owner have an opportunity to review all documents furnished by the Franchisor? Yes____ No____

3. Have you received the Franchise Agreement you are to execute with all the blanks completed? Yes____ No____

If so, on what date did you receive the completed Franchise Agreement?

4. Have you received the Franchisor's Franchise Disclosure Document ("FDD") we provided to you? Yes____ No____

On what date did you receive the Franchise Disclosure Document? _____

5. Were you advised, prior to receiving the Franchise Disclosure Document, of the various ways you could be furnished the Franchise Disclosure Document (hard copy, CD, email, etc.)? Yes____ No____

6. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? Yes____ No____

7. Did you receive from the Franchisor the name, address and phone number of each Franchise Seller who was involved in the process of selling the franchise to you? Yes____ No____

8. If you have answered "No" to question #2 through #7, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "Yes" to questions #2 through #7, please leave the following lines blank.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

Signature: _____ Signature: _____

Print Name: _____ **Print Name:** _____

Date: _____ Date: _____

EXHIBIT J TO FRANCHISE DISCLOSURE DOCUMENT

IMAGE ONE FACILITY SOLUTIONS, INC. RENEWAL ADDENDUM TO THE FRANCHISE AGREEMENT

This Addendum is to a Franchise Agreement dated _____, 20____ by and between Image One Facility Solutions, Inc., an Illinois corporation (hereinafter Franchisor), and _____ (hereafter Franchisee) to amend said Franchise Agreement as follows:

RECITALS

- A. Franchisee has owned and operated an Image One _____ located at _____ pursuant to a Franchise Agreement dated _____, _____ ("Initial Franchise Agreement");
- B. The Initial Franchise Agreement was for a term of ten (10) years from the date of the opening of Franchisee's _____, and is due to expire on _____;
- C. The Initial Franchise Agreement provided for additional options to extend the franchise relationship for ten (10) years each beyond the initial term provided that certain terms and conditions were met by Franchisee;
- D. Franchisee desires to continue to own and operate an Image One franchised business and to extend the franchise relationship for another fifteen (15) years; and
- E. By the terms of the Initial Franchise Agreement, in order to extend the franchise term, Franchisee must execute the standard form of Franchise Agreement currently being offered by Franchisor which agreement is being executed contemporaneously with this Renewal Addendum ("Renewal Franchise Agreement") and must meet certain conditions as set forth in the Initial Franchise Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. The above recitals are incorporated herein and made a part of this Renewal Addendum to the Renewal Franchise Agreement.

2. Paragraph 16.1 (Term) is revised to read as follows:

Except as otherwise provided herein, the term of the Renewal Franchise Agreement shall expire fifteen (15) years from the expiration date set forth in Paragraph B of the Recitals. The parties acknowledge and agree that this renewal term is longer than the ten-year renewal term provided in the Initial Franchise Agreement.

3. There shall be no renewal fee in connection with this Agreement.

4. The following Paragraphs in the Renewal Franchise Agreement will not apply to the Renewal Franchise Agreement, and hereby deleted in their entirety:

2.1 (Initial Training)

2.3 Lists, Forms and Schedule

2.5 Equipment and supplies provided

2.6 Assistance in Initial Set-up
Exhibits 3 – List of Office and Marketing Materials Provided to You

5. If Franchisee is converting from a Unit Franchisee to an Affiliate Franchisee, then Franchisee must also execute the Account Assumption Agreement (Attachment 1), attached to this Renewal Addendum.
6. In all other respects, the Franchise Agreement shall be construed and enforced as it is written.
7. In consideration of the mutual and several agreements recited above and the renewal of Franchisee’s Initial Franchise Agreement, Franchisee does forever release and discharge Franchisor, its officers, directors, shareholders, agents and employees, in that capacity and individually, its guarantors, successors, and assigns on behalf of its successors and assigns from all manner of actions, cause, causes of action, suits, debts, sums of money, accounts, promises, variances, trespasses, damages, judgments, execution, claims and demands, whatsoever, in law or in equity, arising out of any relationship between Franchisee and Franchisor whether contractual or otherwise which it now has, or has had, or which its successors and assigns hereafter can, shall or may have, for upon or by reason of any matter, cause or thing whatsoever at any time prior to the date of this Agreement.

In witness whereof, the parties hereto, intending to be legally bound, hereby have duly executed, sealed and delivered this Renewal Addendum on _____ (date).

Franchisee:

(Name of Entity)
State of Organization: _____

Signature: _____
Print Name: _____
Title: _____

Franchisor:

IMAGE ONE FACILITY SOLUTIONS INC.
An Illinois corporation

Signature: _____
Print Name: _____
Title: _____

This Attachment to the Renewal Addendum to the Franchise Agreement applies only to Affiliate Franchisees who are converting from Unit Franchisees.

ATTACHMENT 1 - ACCOUNT ASSUMPTION AGREEMENT

I, _____, have received, read and completely understand the Contract attached to this Account Assumption Agreement (the "Contract"). I agree to assume all obligations IMAGE ONE FACILITY SOLUTIONS, INC. under the Contract and to adhere to the cleaning schedule.

I have sufficient working capital to purchase all supplies, materials and equipment necessary to operate my IMAGE ONE Affiliate Franchise to perform the Contract and meet all expected payrolls for the first 45 days of service.

I understand that this Account Assumption Agreement is subject to the terms of the Affiliate Franchise Agreement including the payment of all fees as per the Affiliate Franchise Agreement.

Service Contract - Account Name _____

Approximate Sq.Ft. _____ sq.ft.

Monthly Billing \$ _____

Cost of Supplies Included in Contract Price \$ _____

I agree to pay AB fees for Regional or National Accounts at a price equal to 2.85 times the monthly revenue from said accounts.

Your Signature

Print Name
_____, 20____
Date

EXHIBIT K TO FRANCHISE 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	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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

ACKNOWLEDGMENT OF RECEIPT – 7 Day

This is the Franchise Agreement you will be signing

If we offer you a franchise, we must provide this Franchise agreement to you at the earliest of:

Seven calendar days before the signing of this agreement;
or before a payment to us.

This franchise agreement must contain all material terms..

If we do not deliver this Franchise Agreement on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the applicable state agency(ies) listed in Exhibit A of the Franchise Disclosure Document you were given

The undersigned, personally and/or as a duly authorized officer or a partner of the prospective Franchisee, acknowledges receipt from IMAGE ONE FACILITY SOLUTIONS, INC. d/b/a “Image One” of the Franchise Agreement for prospective franchisees (to which this Receipt is attached).

Date

Signature: _____

Print Name: _____

___ individually

___ or as an officer or partner of

name of entity

a _____ state corporation or partnership (circle one)

(copy #1 - to be retained for your records)

ACKNOWLEDGMENT OF RECEIPT- 7 DAY

This is the Franchise Agreement you will be signing.

If we offer you a franchise, we must provide this Franchise Agreement to you at the earliest of:

Seven calendar days before the signing of this agreement;
or before a payment to us.

This franchise agreement must contain all material terms..

If we do not deliver this Franchise Agreement on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the applicable state agency(ies) listed in Exhibit A of the Franchise Disclosure Document you were given

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Date

Signature: _____

Print Name: _____

___ individually

___ or as an officer or partner of

name of entity

a _____ state corporation or partnership (circle one)

Please sign this copy of the receipt, date your signature, and return it to us at 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008

ACKNOWLEDGMENT OF 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 Image One Facility Solutions, 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 the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Image One Facility Solutions, 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 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 A.

The issuance date of this disclosure document is April 7, 2023.

The name, principal business address and telephone number of each franchise seller offering the franchise (check names that apply):

- ___ Tim Conn, 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008 Phone: 630/616-1010
- ___ Thomas McKenna, 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008 Phone: 630/616-1010
- ___ Diana McVicker, 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008 Phone: 630/616-1010
- ___ Jerry Jackson, 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008 Phone: 630/616-1010
- ___ Joyce Cannon, 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008 Phone: 630/616-1010
- ___ Maggie Mitkova, 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008 Phone: 630/616-1010
- ___ Kathryn Johnson, 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008 Phone: 630/616-1010
- ___ Maria Aguilar, 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008 Phone: 630/616-1010
- ___ Michael Scalia, 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008 Phone: 630/594-2350
- ___ Other: _____, phone: _____

The undersigned, personally and/or as a duly authorized officer or a partner of the prospective Franchisee, acknowledges receipt from Image One Facility Solutions, Inc. d/b/a "Image One" of the Disclosure Document with issuance date of April 7, 2023, and an effective date in the states listed on Exhibit K, that included the following Exhibits:

A - List of State Administrators B - Image One Franchise Agreement C - List of Franchisor's Current Affiliate Franchisees D - List of Former Affiliate Franchisees E - Financial Statements F - Table of Contents to Operations Manual G - Veterans, Active Duty Military and First Responders Incentive Addendum	H - Addenda for Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin I - Franchisee Disclosure Questionnaire J - Renewal Addendum K - State Effective Dates
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Dated: _____ Address: _____ _____ Phone: _____ Email: _____	_____ Printed Name By: _____ Individually and/or as an Officer or Partner of: _____ A _____ Corporation A _____ Partnership A _____ Limited Liability
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(FDD Affiliate 2023.003 multistate, FA Affiliate 2023.003)

KEEP THIS COPY FOR YOUR RECORDS

ACKNOWLEDGMENT OF RECEIPT (Our 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 Image One Facility Solutions, 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 the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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- ___ Maria Aguilar, 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008 Phone: 630/616-1010
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- ___ Other: _____, _____, phone: _____

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Dated: _____ Address: _____ _____	_____ Printed Name By: _____ Individually and/or as an Officer or Partner of: _____
Phone: _____ Email: _____	A _____ Corporation A _____ Partnership A _____ Limited Liability

(FDD Affiliate 2023.003 multistate, FA Affiliate 2023.003)

Please sign this copy of the receipt, date your signature, and return it to us at 3601 Algonquin Road, Suite 100, Rolling Meadows, IL 60008