CleanNet USA

FRANCHISE DISCLOSURE DOCUMENT

FOR USE IN

Illinois and Indiana

FRANCHISE DISCLOSURE DOCUMENT

SUBFRANCHISOR:
CleanNet of Illinois, Inc.
1 East Oakhill Drive, Suite 300
Westmont, Illinois 60559
Main: (630) 990-0990
cerdal@cleannetusa.com

FRANCHISOR:
CleanNet U.S.A., INC.
5904 Richmond Hwy.
Suite 405
Alexandria, Virginia 22303
(800) 735-8838
rerickson@cleannetusa.com
www.cleannetusa.com

As a CleanNet® franchisee, you will open and operate an independent commercial cleaning and related services business that operates under the CleanNet mark and system.

The total investment necessary to begin operation of a CleanNet franchise ranges from $20,377 to $85,410. This includes $17,445 to $72,385 that must be paid to the franchisor or its affiliate.

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

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

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

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

Issuance Date: April 21, 2025.

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 H and I.
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 K 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 CleanNet business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a CleanNet franchisee?	Item 20 or Exhibits H and I lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Illinois. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Illinois than in your own state.

2. **Additional Accounts.** Once the Franchisor's contractual obligation to offer you initial customer accounts is fulfilled, the Franchisor is under no contractual obligation to expand your business with additional customer accounts, even if you are willing to pay for them.

3. **Billing for Customers.** The Franchisor performs billing and collection services for all services that you provide to your customers, whether you obtain the customer or the Franchisor provides that customer to you. If the accounts you service do not pay, you will suffer the loss of nonpayment. If the Franchisor takes action to collect payments, the Franchisor does solely at your expense.

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

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Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, "**we**", "**us**", "**our**" or **"CNI"** means CleanNet of Illinois, Inc. We are the regional subfranchisor for the CleanNet® system in the State of Illinois. "**CleanNet**" or **"Master Franchisor"** means CleanNet U.S.A., Inc., the master franchisor of the CleanNet® marks and system. "**You**" is the franchisee or the limited liability company, corporation or other business entity that purchases a Franchise.

Subfranchisor

We were incorporated as a corporation on December 29, 2000. We maintain our principal place of business at 1 East Oakhill Drive, Suite 300, Westmont, Illinois 60559. We do business as "CleanNet of Illinois" or under our corporate name, and do not do business under any other name. Our agents for service of process are disclosed in **Exhibit A**.

Franchisor

CleanNet was incorporated as a Maryland corporation on November 13, 1987, and was reorganized as a Virginia corporation on February 24, 2012. CleanNet maintains its principal place of business at 5904 Richmond Hwy., Suite 405, Alexandria, Virginia 22303. CleanNet does business only under its corporate name, or "CleanNet" and does not do business under any other name. CleanNet's agents for service of process are disclosed in **Exhibit A**.

Our Business and Experience

We grant Franchises to qualified candidates in Illinois and Indiana for the operation of a CleanNet commercial cleaning businesses under a license from CleanNet. We have offered CleanNet franchises in Illinois since 2008, and in Indiana since 2015. We have never offered franchises in any other line of business. We do not operate a business of the type being franchised. We are not involved in any other business activities other than the granting of Franchises, the support of our franchisees, and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with the customers.

CleanNet's Business and Experience

CleanNet developed and is the owner of the proprietary operating system ("**System**") as well as the CleanNet trademark, service mark, logo, and related slogans ("**Marks**"). CleanNet grants licenses to qualified candidates for the operation of independent CleanNet area franchises that, in turn, subfranchise commercial cleaning businesses (the "**Franchise**") in designated areas. Each Franchise is independently owned and operated. CleanNet has offered area franchises since August 1989. CleanNet offered unit franchises from March 1988 to January 2008. CleanNet has never offered franchises in any other line of business. CleanNet does not operate a business of the type being franchised. CleanNet is not involved in any other business activities other than the granting of subfranchises, the development of the System, the support of its subfranchisees, and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with the customers.

The Franchise

You will own and operate a Franchise that specializes in providing janitorial and related services such as dusting, sanitization, cleaning and buffing floors, for commercial businesses. You must operate your Franchise according to our standards, which are necessary to protect the high standards that are associated with the CleanNet brand (the **"Standards"**). As the owner of an independent business, it is up to you to determine how to organize your business to best meet those Standards.

Under the Franchise Agreement (**Exhibit B**), you will purchase an initial package (each, an "**Initial Package**") that will obligate us to provide you with accounts ("**Initial Accounts**") for routine, regular cleaning services that have a certain specified amount of monthly Gross Billings (as defined in Item 5). The Initial Accounts must be offered within the specified "**Offer Period**".

The Offer Period is 150 days after you have completed your pre-opening obligations if you purchased the CP 4000 Initial Package. If you purchased an Initial Package that is higher than the CP 4000, the Offer Period is 150 days after you have completed your pre-opening obligations plus 30 days for every additional $1,000 in monthly Gross Billings that we are obligated to provide. Your pre-opening obligations include:

- purchasing necessary equipment and supplies;
- forming a limited liability company or corporation;
- completing the Initial Certification Program;
- obtaining required licenses and permits;
- opening a business checking account; and
- purchasing required insurance.

We are obligated to provide you with Initial Accounts in your **"Fulfillment Area"**, which is a mutually agreed upon area conveniently located from your home or office. Your Fulfillment Area is usually about 30 miles from your office or home, or it may be a particular county or counties.

The Initial Package that you choose, and the Offer Period and Fulfillment Area will be specified on the Summary Page to the Franchise Agreement (which is the first page of the Franchise Agreement) (the **"Summary Page"**).

You must review each account offered to you, and you choose whether to accept or reject it. You may reject any account for any reason. If you reject an Initial Account that is within your Fulfillment Area without a "**valid reason**", then we will have a reasonable period of time to offer another Initial Account of equal or greater value. "**Valid reasons**" for rejection are: (a) you reasonably determine that you are not able to adequately service the Initial Account due to a lack of specialized skills or the size of the Initial Account; or (b) the acceptance of the Initial Account would require you to upgrade your Initial Package. If you reject for any of these valid reasons, our obligation to provide Initial Accounts and within the Offer Period remains the same.

We offer you a limited 12-month guarantee on all Initial Accounts provided you have strictly complied with your obligation to provide us with monthly quality assurance reports and the account loss was not due to your documented faulty workmanship, dishonesty, fraud, or provision of services in a manner reasonably unsatisfactory to the customer or otherwise in violation of the Franchise Agreement or the customer agreement (your **"Documented Misconduct"**). We will also replace an Initial Account during the 12-month guarantee period if you terminated it for non-payment. Again, this limited guarantee will only

apply if you have strictly complied with your obligation to provide written monthly quality assurance reports. If you do not provide a single report, our replacement guarantee on the relevant Initial Account is only six months.

You will operate your Franchise as an independent business owner, not as our or anyone else's employee. You will make all decisions on the goals of your business, and you alone manage the day-to-day operations of your Franchise subject to the Standards, which are necessary to protect the goodwill and the Marks. For example, you choose your work hours and what work is done and by whom, and how it is done. If the work requires additional resources, you will need to provide adequate staffing, which may mean that you should hire employees. You must furnish your own equipment, chemicals and other supplies, and you must have a place to store these items. We do not pay you a wage or salary. If you are not successful in your business, a customer does not pay for your services rendered by you or you mismanage your business/customers, you will suffer losses.

If you are already in the cleaning business when you enter into the Franchise Agreement and you have existing janitorial customers **("Existing Customers"**), or you independently develop janitorial customers after becoming a CleanNet franchisee (**"Independent Customers"**) you may keep your Existing Customers and Independent Customers, and may continue to solicit new customers for your non-CleanNet janitorial business and service them separately from your franchise business. However, you may not hold yourself out as a CleanNet franchisee to such customers, and you will not receive any of the services and benefits of the CleanNet System in connection with such customers, including, but not limited to, advances against invoices, billing and collection services, and access to the CleanNet franchisee insurance program. You may also provide services and products for any CleanNet customer that are not competitive with the janitorial services and products we offer. You are not required to pay royalties or other amounts on this business. However, these services must be provided under your own separate company and brand name, and you may not provide cleaning services for a current CleanNet customer.

We will attempt to help you expand your business by allowing you to leverage our brand reputation and name for future customers that you acquire after signing the Franchise Agreement. If you identify customers after signing the Franchise Agreement that you wish to service under the Marks and System, we may assist you in bidding and promoting CleanNet services to future customers and in negotiating customer contracts with those customers for the Contract Negotiation Fee. See Item 6 for more information.

Competition and Market

Your potential customers will include commercial or office facilities. Your Fulfillment Area is not exclusive. You will generally compete with other local, regional, and national businesses that offer commercial cleaning services. The general market for commercial cleaning services is highly developed. Before signing a Franchise Agreement, you should survey your market to determine demand for commercial cleaning services and the number and quality of competitors. Sales are not seasonal.

Laws and Regulations

You must comply with all local, state and federal laws that apply to the operation of any business. Some of the laws specific to the commercial cleaning industry are health and sanitation laws and the Occupational Safety and Health Act ("**OSHA**"). OSHA regulations require you to comply with Material Safety Data Sheets ("**MSDS**") concerning cleaning chemicals and waste disposal.

You must also comply with local, state and federal laws and regulations relating to your employees, including meeting all applicable requirements for the payment of wages, withholding of employment taxes such as FICA (social security and Medicare), FUTA (federal unemployment), and SECA (self-employment contributions) payments, filing and delivery of tax forms such as W-2 and 941 forms, and compliance with employment eligibility verification and state unemployment and workers' compensation laws and regulations. We strongly encourage the use of a reputable third-party payroll service or, if you choose to do your own payroll accounting, that you purchase payroll accounting software that is available from one of the nationally recognized software providers.

Except as described above, we are not aware of any laws or regulations specific to the cleaning industry. We recommend that you consult with a local attorney about applicable state and local laws and regulations, as these vary by locality, and you alone are responsible for your Franchise's legal compliance.

Our Parents, Predecessors and Affiliates

We have no parents or predecessors.

CleanNet is our affiliate because CleanNet's President is our President and controlling owner.

We have twelve other affiliates, each of which is also a CleanNet regional subfranchisor. Like CleanNet, these entities are our affiliates because their President is our President and controlling owner:

1. CleanNet of Houston, Inc. ("**CNH**") was incorporated in Texas on February 1, 2012. CNH maintains its principal place of business at 9301 Southwest Freeway, Suite 250, Houston, Texas 77074. CNH does business under its corporate name or "CleanNet of Houston" and does not do business under any other name. CNH has offered franchises in Houston, Texas since February 2012. CNH has never offered franchises in any other line of business. CNH does not operate businesses of the type being franchised. CNH's sole business is licensing and s supporting franchises and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with customers.

2. CleanNet of Charlotte, Inc. ("**CNC**") was incorporated in North Carolina on July 24, 2007. CNC maintains its principal place of business at 205 Regency Executive Park Drive, Suite 306, Charlotte, NC 28217. CNC does business under its corporate name or "CleanNet of Charlotte" and does not do business under any other name. CNC has offered franchises in Charlotte, North Carolina since July 2007. CNC has never offered franchises in any other line of business. CNC does not operate businesses of the type being franchised. CNC's sole business is licensing and supporting franchises and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with customers.

3. CleanNet of Cleveland, Inc. ("**CCL**") was incorporated in Ohio on April 11, 2008. CLC maintains its principal place of business at 6500 Rockside Road, Suite 395, Independence, Ohio 44131. CCL does business under its corporate name or "CleanNet of Cleveland" and does not do business under any other name. CNC has offered franchises in Ashland, Ashtabula, Cuyahoga, Erie, Geauga, Huron, Lake, Lorain, Mahoning, Medina, Portage, Stark, Summit, Trumbull, and Wayne Counties in Ohio since April 2008. CCL has never offered franchises in any other line of business. CCL does not operate businesses of the type being franchised. CCL's sole business is licensing and

supporting franchises and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with customers.

4. CleanNet of Greater Michigan, Inc. ("**CGM**") was incorporated in Michigan on April 24, 1995. CGM maintains its principal place of business at 30665 North Western Highway, Suite 203, Farmington Hills, Michigan 48334. CGM does business under its corporate name or "CleanNet of Greater Michigan" and does not do business under any other name. CGM has offered franchises in Detroit, Michigan since April 1995. CGM has never offered franchises in any other line of business. CGM does not operate businesses of the type being franchised. CGM's sole business is licensing and supporting franchises and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with customers.

5. CleanNet Systems of Pennsylvania, Inc. ("**CSP**") was incorporated in Pennsylvania on April 28, 1995. CSP maintains its principal place of business at 5000 McKnight Road, Suite 401, Pittsburgh, Pennsylvania 15237. CSP does business under its corporate name or "CleanNet Systems of Pennsylvania" and does not do business under any other name. CSP has offered franchises in Pittsburgh, Pennsylvania since May 1995. CSP has never offered franchises in any other line of business. CSP does not operate businesses of the type being franchised. CSP's sole business is licensing and supporting franchises and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with customers.

6. SAFT, Ltd. ("**CNJ**") was incorporated in New Jersey in August 1989. CNJ maintains its principal place of business at 20 Commerce Drive, Suite 126, Cranford, New Jersey 07016. CNJ does business under its corporate name or "CleanNet of New Jersey" and does not do business under any other name. CNJ has offered franchises in New Jersey since August 1989. CNJ has never offered franchises in any other line of business. CNJ does not operate businesses of the type being franchised. CNJ's sole business is licensing and supporting franchises and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with customers.

7. CleanNet of Southern California, Inc. ("**CSC**") was incorporated in California on July 11, 1994. CSC maintains its principal place of business at 10330 Pioneer Boulevard, Suite 102, Santa Fe Springs, California 90670. CSC does business under its corporate name or "CleanNet of Southern California" and does not do business under any other name. CSC has offered franchises in Los Angeles, California since May 1997. CSC has never offered franchises in any other line of business. CSC does not operate businesses of the type being franchised. CSC's sole business is licensing and supporting franchises and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with customers.

8. CleanNet of South Florida, Inc. ("**CSF**") was incorporated in Florida on July 11, 1994. CSF maintains its principal place of business at 1000 Corporate Drive, Suite 360, Ft. Lauderdale, Florida 33334. CSF does business under its corporate name or "CleanNet of South Florida" and does not do business under any other name. CSF has offered franchises in Dade and Broward Counties in Florida since July 1994. CSF has never offered franchises in any other line of business. CSF does not operate businesses of the type being franchised. CSF's sole business is licensing and supporting franchises and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with customers.

9. CleanNet of Central Florida, Inc. (**"CCF"**) was incorporated in Florida on May 5, 2016. CCF maintains its principal place of business at 1000 Corporate Drive, Suite 360, Ft. Lauderdale, Florida 33334. CCF does business under its corporate name or "CleanNet of Central Florida" and does not do business under any other name. CCF has offered franchises in Florida since May 2016. CCF has never offered franchises in any other line of business. CCF does not operate businesses of the type being franchised. CCF's sole business is licensing and supporting franchises and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with customers.

10. CleanNet of West Florida, Inc. (**"CWF"**) was incorporated in Florida on November 21, 2016. CWF maintains its principal place of business at 2203 N. Lois Avenue, Suite 950, Tampa, Florida 33607. CWF does business under its corporate name or "CleanNet of West Florida" and does not do business under any other name. CWF has offered franchises in Florida since May 2016. CWF has never offered franchises in any other line of business. CWF does not operate businesses of the type being franchised. CWF's sole business is licensing and supporting franchises and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with customers.

11. CleanNet of Baltimore/Washington, Inc. was incorporated in Maryland, and reorganized as a Virginia corporation on February 24, 2012 (**"CBW"**). CBW maintains its principal place of business at 5904 Richmond Hwy., Suite 405, Alexandria, Virginia 22303. CBW does business under its corporate name or "CleanNet of Baltimore/Washington" and does not do business under any other name. CBW began offering CleanNet franchises in January 2008 in the District of Columbia, Maryland, and Virginia. CBW has never offered franchises in any other line of business. CBW does not operate businesses of the type being franchised. CBW's sole business is licensing and supporting franchises and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with customers.

12. TGK, Inc. (**"TGK"**) was incorporated in Texas on April 14, 1994. TGK maintains its principal place of business at 800 W. Airport Freeway, Suite 720, Irving, Texas 75062. TGK does business under its corporate name or "CleanNet of Dallas/Fort Worth" and does not do business under any other name. TGK has offered franchises in the Dallas/Fort Worth area of Texas since April 1994. TGK became an affiliate during January 2022 when our President became TGK's President and controlling officer. TGK has never offered franchises in any other line of business. TGK currently does not operate businesses of the type being franchised. TGK's sole business is licensing and supporting franchises and the subcontracting of janitorial services to licensed businesses where franchisees are not available to contract with customers.

<u>CleanNet's Parents, Predecessors and Affiliates</u>

CleanNet has no parents or predecessors. CleanNet's affiliates are the same as ours (see above).

Item 2

BUSINESS EXPERIENCE

Our Business Experience

Director and President: Mark F. Salek

Mark Salek has been CleanNet's Director and President since November 1987; President and Director of CNJ since August 1989; President and Director of CSF and CSC since July 1994; President and Director of CGM and CSP since April 1995; President and Director of CNI and CBW since December 2000; President and Director of CNC since July 2007; President and Director of CCL since April 2008; President and Director of CNH since February 2012; and President and Director of CCF since May 2016; and President and Director of CWF since November 2016. These positions are or have been held in Columbia, Maryland, and Vienna and Alexandria, Virginia.

Regional Director: Christian Erdal

Christian Erdal has served as our Regional Director since September 2024 in Westmont, Illinois. Prior to that, he was a Business Consultant for Fiserve between August 2022 and March 2024 in Woodridge, Illinois; he was Ops Manager/Account executive for Davis Bancorp between March 2020 and April 2022 in Chicago, Illinois; he was Account Executive for Brinks between September 2019 and March 2022 in Schaumburg, Illinois; and he was Account Executive/RVP Sales for Dunbar between October 2024 and September 2019 in Schaumburg, Illinois.

CleanNet's Business Experience

Director and President: Mark F. Salek

Mark Salek has been CleanNet's Director and President since November 1987; President and Director of CNJ since August 1989; President and Director of CSF and CSC since July 1994; President and Director of CGM and CSP since April 1995; President and Director of CNI and CBW since December 2000; President and Director of CNC since July 2007; President and Director of CCL since April 2008; President and Director of CNH since February 2012; and President and Director of CCF since May 2016; and President and Director of CWF since November 2016. These positions are or have been held in Columbia, Maryland, and Vienna and Alexandria, Virginia.

National Area Director: Robert Erickson

Robert Erickson has been CleanNet's National Area Director since August 2012, and holds this position in Alexandria, Virginia. He was Executive Vice President with Assured Protection Consultants, Inc. in Towson, Maryland from June 2009 to July 2012.

National Accounts Supervisor: Stacey Belle

Stacey Bell joined CleanNet as a national accounts customer service representative during October 2015. During April 2022, she was promoted to CleanNet's National Accounts Supervisor. These positions are or have been held in Columbia, Maryland, and Vienna and Alexandria, Virginia.

Item 3

LITIGATION

Our Litigation

Our Pending Actions:

None

Our Concluded Actions:

1. Jose Sanchez v. CleanNet U.S.A., Inc. and CleanNet of Illinois, Inc. (Case No. 1:14-cv-02143; filed March 26, 2014, in the U.S. District Court for the Northern District of Illinois, Eastern Division). On March 26, 2014, Jose Sanchez (the **"Plaintiff"**) filed a class action complaint against CleanNet and CNI, the regional subfranchisor for Illinois (collectively, the "Defendants"), on behalf of himself and all other similarly situated franchisees. Plaintiff alleged various federal and state statutory claims, including violations of employment laws, misclassification of franchisees as independent contractors, unfair business practices, and fraudulent misrepresentations about the amount of available cleaning contracts and the amount of available monthly income. The parties settled the matter for a payment of $14,000, and $1,975 in mediation and other costs, payable to their attorney of record. The settlement includes a termination and rescission of the franchise agreement.

CleanNet's Litigation

CleanNet's Pending Actions:

1. Kenyitta Barber v. CleanNet USA, Inc., EEOC Charge No. 23A-2022-00114C, MDCR Charge No. 621360, filed October 28, 2021. This is a charge of discrimination based on sex and race by a CleanNet of Greater Michigan franchise owner, Kenyitta Barber. Barber owns a Michigan limited liability company named First Prestige Commercial Cleaning, LLC, which company owns the CleanNet unit franchise. Over the course of her operation of the franchise she has received accounts well in excess of her package amount, but she has lost or given up all of the accounts. In her charge, she claims that she was subjected to a hostile environment based on her race and sex. The charge is cross-filed with the US Equal Employment Opportunity Commission and the Michigan Department of Civil Rights. The MDCR is investigating the charge. The charge is filed against CleanNet USA; however, CleanNet USA has no relationship with this individual or with First Prestige Commercial Cleaning. The franchise was purchased by First Prestige from CleanNet of Greater Michigan, not CleanNet USA. CleanNet USA and CleanNet have filed a position statement responding to the charge with their respective defenses. The matter is under investigation at this time. The companies intend to defend the charge vigorously.

CleanNet's Concluded Actions:

1. Jose Sanchez v. CleanNet U.S.A., Inc. and CleanNet of Illinois, Inc. (Case No. 1:14-cv-02143; filed March 26, 2014, in the U.S. District Court for the Northern District of Illinois, Eastern Division). See above.

2. Eddy Torres v. CleanNet U.S.A., Inc., MKH Services, Inc., d/b/a CleanNet of Philadelphia, and CleanNet Systems of Pittsburgh, Inc. (Case No. 2:14-cv-02818-AB; filed May 16, 2014, in the United States

District Court for the Eastern District of Pennsylvania; on removal from Case No. 140400901; filed April 10, 2014, in the Court of Common Pleas, Trial Division, for Philadelphia County, Pennsylvania). On April 10, 2014, Eddy Torres, a franchisee of MKH Services, Inc. (**"Plaintiff"**), filed a class action lawsuit against CleanNet and two of its regional subfranchisors on behalf of himself and others similarly situated. The complaint alleged that the franchisees were misclassified as independent contractors and claimed unjust enrichment and violations of Pennsylvania's Unfair Trade Practices and Consumer Protection Law and various employment laws. Plaintiff also alleged that the franchise agreements were invalid and unenforceable. Plaintiff sought class certification, equitable and injunctive relief, rescission of the franchise agreements, an accounting of wages owed, compensatory damages, attorneys' fees, and costs. On October 28, 2015, without admitting liability, the parties settled the case. In exchange for mutual releases between Plaintiff and all Defendants, MKH terminated Plaintiff's franchise, forgave any indebtedness remaining on the promissory note between MKH and Plaintiff, and paid to Plaintiff $33,750 of the initial franchise fee and for reimbursement of attorney's fees and costs. The remaining Defendants did not pay any money or other consideration to Plaintiff. The Court entered an order of dismissal with prejudice on November 5, 2015.

3. Jose Segovia and Genesis I Cleaning, LLC v. CleanNet USA, Inc. (Case No. 2015-15918, in the Circuit Court for Fairfax County, Virginia). On December 1, 2015, this lawsuit was filed by a franchisee against CleanNet. The complaint alleges claims for breach of contract, fraud, unconscionability, unjust enrichment, misclassification of employees as independent contractors, violation of Virginia's minimum wage act, and conversion. The complaint seeks damages of $150,000, plus punitive damages and attorneys' fees. The parties agreed to submit the dispute to mediation with the American Arbitration Association pursuant to the dispute resolution clause in their franchise agreement. The Plaintiff filed a non-suit, and the case was dismissed on February 25, 2016. The parties successfully negotiated a settlement prior to mediation, and the matter was resolved with CleanNet paying $20,700 to Genesis I Cleaning, LLC, $2,500 in attorney's fees, and $849.85 for janitorial services performed. The matter was closed with the American Arbitration Association on May 4, 2016.

4. Rachael and Raymond Edwards v. Ed Lugo; (Case No. 050200259982015; filed October 22, 2015, in the District Court for Maryland, Prince George's County). On October 22, 2015, Rachael Edwards and Raymond Edwards sued Ed Lugo, CleanNet's National Director of Franchise Sales & Marketing. Plaintiffs claimed that Mr. Lugo, as CBW's agent, breached the franchise agreement by failing to provide the required amount of cleaning contracts and by failing to pay Plaintiffs all sums that were owed under previous cleaning contracts. Plaintiffs sought payment of $4,500 in outstanding receivables, plus 13% interest to the date of payment, and the contractually required amount of cleaning contracts. CBW resolved the dispute with a payment of $277.81 for monthly services provided by Plaintiffs. The case was dismissed by the court on January 8, 2016.

5. In the Matter of CleanNet U.S.A., Inc., Mark F. Salek and Robert L. Kahn (Administrative Proceeding before the Securities Commissioner of Maryland, Case No. 2000-0044). In October 2000, the Maryland Securities Division ("Division") commenced a proceeding against CleanNet, Mr. Salek and Mr. Kahn (**"Respondents"**) by issuance of an Order to Show Cause, alleging that Respondents distributed incomplete and misleading franchise disclosure documents and made unlawful earnings representations in connection with the offer and sale of CleanNet franchises. Without admitting or denying any violation of Maryland law, Respondents entered into a Consent Order in March 2001 agreeing to complete a franchise compliance training course; implement procedures to ensure compliance with the Maryland Franchise Law; cease and desist from the offer and sale of franchises in violation of the Maryland Franchise

Law; and offer one franchisee the right to rescind its franchise agreement. The franchisee accepted, and CleanNet refunded $8,500 and cancelled the franchisee's $5,000 promissory note.

6. Esther Estrada, Isaac Carrazco and Maria Jacobo, et al. v. CleanNet U.S.A., Inc., D&G Enterprises, Inc., d/b/a CleanNet of the Bay Area, CleanNet of San Jose, CleanNet of Southern California, Inc., CleanNet of San Diego, CleanNet of Sacramento, Mark Salek and Mark Crum (Case No. 3:14-cv-1785; filed April 18, 2014), in the U.S. District Court for the Northern District of California. On April 18, 2014, Esther Estrada, Isaac Carrazco and Maria Jacobo, franchisees of D&G Enterprises, Inc. ("D&G") ("Plaintiffs"), filed this class action complaint against CleanNet and certain of its master franchisees for California, Mark Salek, our and CleanNet's President, and "Mark" Crum (David Crum is the President of D&G), on behalf of themselves and others similarly situated. On June 3, 2014, Plaintiffs filed an amended complaint claiming failure to provide an FDD, that Defendants provided misleading information, breach of contract, breach of the covenant of good faith and fair dealing, intentional interference with economic advantage, conversion, unjust enrichment, unfair business practices, and misclassification as an independent contractor. Plaintiffs also claimed violations of various employment laws related to the alleged misclassification. Plaintiffs sought class certification, a refund of all monies paid to Defendants, compensatory damages in excess of $5 million dollars, injunctive relief, interest, attorneys' fees, and costs. On February 24, 2015, the Court ordered Plaintiffs to arbitrate their claims individually against all Defendants. An attempt at mediation on January 27, 2016 was not successful. D&G commenced arbitration against Plaintiff Victor Garcia Arista on January 27, 2016 in Case No. 01-16-0000-2794. D&G filed a demand for arbitration against claimant Victor Garcia Arista on January 27, 2016. Plaintiffs filed a demand for consolidated arbitration on January 28, 2016 against D&G and CleanNet. D&G, CleanNet and claimants Sandra Villatoro and Victor Garcia Arista arbitrated the claims (American Arbitration Association, Case No. 02-15-0005-2115). On December 19, 2017, the arbitrator in that matter issued its ruling in which the arbitrator: (i) concluded that claimants Sandra Villatoro and Victor Garcia Arista were independent contractors and not employees; (ii) denied all claims for monetary relief sought by claimants Villatoro and Arista brought under the California Labor Code; (iii) awarded Arista the $2,050, which D&G conceded was due to him for extra work but denied all other contractual and related claims brought by Arista; (iv) awarded Villatoro $1,560 which it found D&G liable to Villatoro under her contractual and related claims; (v) denied all claims against CleanNet; (vi) denied all claims against David Crum; and (vii) issued declaratory relief that Garcia was an independent contractor and not an employee of the respondents. The remaining claimants' claims were settled with D&G paying each of the claimants $2,000. A stipulation of dismissal was filed by the parties on June 7, 2018. The matter is now dismissed with prejudice.

7. Luis Castillo v. CleanNet USA, Inc.; D&G Enterprises, Inc.; CleanNet of Southern California, Inc.; Paqnet, Inc.; FCDK, Inc.; and Does 1-15 (Case No. CGC-17-562611; filed November 21, 2017) in the Superior Court of San Francisco, County, California, removed to United States District Court for the Northern District of California, Case No. 3:17-cv-07277-JCS. On November 21, 2017, Luis Castillo ("Plaintiff"), a former franchisee of one of CleanNet's master franchisees, D&G, filed suit against CleanNet and certain of its master franchisees for California ("Defendants") on behalf of himself and on behalf of a proposed class of others alleged to be similarly situated. CleanNet USA had no contractual or other relationship with Plaintiff and had never dealt with Plaintiff in his franchise purchase or in his business operations. Plaintiff alleged that he and others were the direct employees of Defendants and was, therefore, denied wages and other employee benefits under California law. Plaintiff further alleged that he was part of a subclass of franchisees who were misled into signing promissory notes. Plaintiff asserted violations of various employment laws related to misclassification as an independent contractor, unfair competition, and violation of the California Trafficking Victims Protection Act. Plaintiff requested that the court certify a class and subclass, declare Defendants' actions to be illegal, unlawful, and unfair, enjoin

Defendants from continuing such conduct, award an unspecified amount of compensatory damage, attorneys' fees and costs, penalties, treble damages, and punitive damages, and order restitution. Defendants believed the claims to be without merit. Defendants timely removed the case from state superior court to United States District Court based on jurisdiction under the Class Action Fairness Act. On January 22, 2018, Plaintiff moved to remand the case to Superior Court. On January 26, 2018, Defendants filed motions to stay pending arbitration or to dismiss the litigation. Thereafter, on January 31, 2018, the parties filed a stipulation with the federal court seeking a stay of the proceedings while they engaged in voluntary private mediation, which the court approved. In mediation, the parties succeeded in settling all of the claims except for the human trafficking claim. That settlement involved the payment of $57,500.00 by D&G to plaintiff, none of which is being paid by CleanNet of Southern California but part of which is being paid by CleanNet USA.

The plaintiff filed an amended complaint on October 22, 2018, adding a claim under the federal Trafficking Victims Protection Act and dropping Defendants PaqNet, FCDK and CleanNet of Southern California. D&G and CleanNet USA thereafter renewed their motions to compel arbitration. On December 18, 2018, the judge denied Defendants' motion to compel.

On April 4, 2019, the remaining parties settled the human trafficking claims under California and federal law for a total payment of $105,000.00, with CleanNet of Southern California paying nothing and CleanNet USA having responsibility for half of the amount (co-defendant D&G assuming responsibility for the other half.

The US District Court formally dismissed the litigation on April 29, 2019. The matter is now closed.

8. Irma Guerrero and Ariel Cortes Silva v. D&G Enterprises, Inc. d/b/a CleanNet of the Bay Area; CleanNet U.S.A., Inc., CleanNet of Southern California, Inc., and Does 1 through 25 (Case No. RG 20062750); Superior Court of Alameda County, California. On or about May 13, 2020, Irma Guerrero and Ariel Cortes Silva (the "Plaintiffs"), filed this lawsuit against CleanNet USA, Inc. and certain of its master franchisees for California. Plaintiff Guerrero was a franchisee for CleanNet of Southern California, Inc. ("CSC"), and Plaintiff Silva was a franchisee for D&G Enterprises, Inc. ("D&G"). On or about June 24, 2020, Plaintiffs filed an amended complaint on behalf of themselves and others similarly situated alleging that they were employees, and not franchisees or independent contractors. The claims include ones under the California Private Attorney Generals Act ("PAGA") for penalties. Plaintiffs assert claims for reimbursement of business expenses, unlawful withholding and receipt of wages, failure to authorize and provide meal periods, failure to authorize and permit rest breaks, failure to furnish accurate wage statements, failure to pay minimum wages, failure to pay overtime compensation, and violation of unfair competition laws. The named Defendants dispute Plaintiffs' material allegations. The parties engaged in private mediation, which resulted in a settlement of all claims with the following terms: CSC will pay Guerrero $100,000 in damages; D&G Enterprises will pay Silva $92,000 in damages; the PAGA claims are being settled for a total of $925,000 by all Defendants. In connection with the PAGA settlement, Plaintiffs' counsel will receive $308,333 as fees and up to a maximum of $20,000 for costs in connection with the settlement of the PAGA penalties claims; of the PAGA settlement fund, which totals approximately $582,668, the State of California receives $437,001, and each franchisee during the period April 2016 through February 2021 will receive a portion of the remaining $145,667. The settlement payments were made by the settlement administrator, and a final report of settlement compliance was submitted to the court for approval. The case was dismissed on January 11, 2022, and the matter is now closed.

Our Affiliate's Litigation

Pending Actions:

None.

Concluded Actions:

1. Caldwell Truegrit Cleaning, LLC v. CleanNet of Charlotte, Inc. (Case No. 14CVS880; General Court of Justice, Superior Court Division, Caldwell County, North Carolina). On August 6, 2014, Caldwell Truegrit Cleaning, LLC (**"Plaintiff"**) filed suit against CNC, the regional subfranchisor for North and South Carolina, alleging that CNC had breached the franchise agreement by failing to provide the required amount of cleaning contracts. Plaintiff sought the return of the $10,000 down payment of the initial franchise fee, plus other unspecified damages and costs. On August 10, 2015, without admitting liability, the parties settled the case. In exchange for mutual releases, CNC terminated the franchise, cancelled the Plaintiff's promissory note in the original amount of $6,200, and refunded $5,000 of the initial franchise fee to Plaintiff. The Court entered an order of dismissal with prejudice on September 2, 2015.

2. Elaine Ellis v. CleanNet of Charlotte, Inc. (Case No. 13CVS20013; General Court of Justice, Superior Court Division, Mecklenburg County, North Carolina). On or about July 9, 2014, Elaine Ellis (**"Plaintiff"**) filed suit against CNC, the regional subfranchisor for North and South Carolina, Olga Orozco (**"Orozco"**), a franchisee of CNC, and Sandra Alzate (**"Alzate"**), an employee of Orozco, alleging that Alzate was negligent at a cleaning location, causing Plaintiff to be injured. CNC tendered the case to its general liability carrier which undertook the defense of CNC but declined to defend the other defendants. On September 5, 2014, Orozco and Alzate filed a cross claim against CNC alleging that CNC had breached the franchise agreement by failing to provide insurance and a defense in the lawsuit, fraud, constructive fraud, unjust enrichment, deceptive trade practices and intentional/negligent misrepresentation, and seeking contribution, specific performance, a declaratory judgment and indemnification from CNC. On January 23, 2015, the parties agreed to settle the underlying tort action. In November 2014, Orozco and Alzate agreed to enter into mediation with CNC and dismissed the cross claim against CNC without prejudice on November 5, 2014. On January 23, 2015, the parties settled the underlying tort action with Ellis for $15,000 ($10,000 of which was paid by CNC). On April 15, 2015, Orozco and Alzate settled with CNC in exchange for CNC agreeing to terminate Orozco's franchise, conversion of a CleanNet janitorial service account to her customer account and for payment of $22,500 for Orozco's attorney's fees. The case was dismissed with prejudice on May 1, 2015.

3. Esther Estrada, Isaac Carrazco and Maria Jacobo, et al. v. CleanNet U.S.A., Inc., D&G Enterprises, Inc., d/b/a CleanNet of the Bay Area, CleanNet of San Jose, CleanNet of Southern California, Inc., CleanNet of San Diego, CleanNet of Sacramento, Mark Salek and Mark Crum (Case No. 3:14-cv-1785; filed April 18, 2014), in the U.S. District Court for the Northern District of California. See above.

4. Luis Castillo v. CleanNet USA, Inc.; D&G Enterprises, Inc.; CleanNet of Southern California, Inc.; Paqnet, Inc.; FCDK, Inc.; and Does 1-15 (Case No. CGC-17-562611 filed November 21, 2017 in the Superior Court of San Francisco, County, California, and removed to the U.S. District Court for the Northern District of California, Case No. 3:17-CV-07277-JCS). See above.

5. City Entertainment Fort Worth, Ltd. d/b/a City Streets and Margaret A. Parkinson v. TGK, Inc. d/b/a CleanNet of Dallas-Fort Worth and Robert Davis (Case No. 348-248459-10; filed November 16,

2010), in the District Court, 348th Judicial District, Tarrant County, Texas. On November 16, 2010, City Entertainment Fort Worth, Ltd. And Margaret A. Parkinson filed suit against TGK and one of its franchisee's employee, Robert Davis. The complaint alleged certain claims against TGK for deceptive trade practices, common law fraud, negligence, negligent misrepresentation and negligent hiring, supervision and/or management, arising out of the assault of Ms. Parkinson by Mr. Davis. The case settled to the parties' mutual satisfaction on April 17, 2012. The lawsuit was dismissed with prejudice on June 19, 2012.

6. Irma Guerrero and Ariel Cortes Silva v. D&G Enterprises, Inc. d/b/a CleanNet of the Bay Area; CleanNet U.S.A., Inc., CleanNet of Southern California, Inc., and Does 1 through 25 (Case No. RG 20062750); Superior Court of Alameda County, California. See above.

Other than these actions, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

Item 5

INITIAL FEES

Initial Franchise Fee

The total initial franchise fee ranges from $15,500 to $69,500, depending on the Initial Package that you select, as follows:

Initial Package	Monthly Gross Billings	Initial Franchise Fee	Discount if paid in cash and if a Veteran	Down Payment	Financed	24 months @9%
CP-4000	Initial Accounts totaling $4,000 per month*	$15,500	$14,500	$7,000	$8,500	$388.32
CP-5000	Initial Accounts totaling $5,000 per month*	$17,500	$16,500	$9,000	$8,500	$388.32
CP-6000	Initial Accounts totaling $6,000 per month*	$19,000	$18,000	$10,500	$8,500	$388.32
CP-7000	Initial Accounts totaling $7,000 per month*	$21,000	$20,000	$12,500	$8,500	$388.32
CP-8000	Initial Accounts totaling $8,000 per month*	$24,000	$23,000	$15,500	$8,500	$388.32
CP-9000	Initial Accounts totaling $9,000 per month*	$27,000	$25,500	$18,500	$8,500	$388.32

CP-10000	Initial Accounts totaling $10,000 per month*	$30,000	$28,500	$21,500	$8,500	$388.32
CP-150	Initial Accounts totaling $12,500 per month*	$37,000	$35,500	$28,500	$8,500	$388.32
CP-180	Initial Accounts totaling $15,000 per month*	$44,500	$43,000	$36,000	$8,500	$388.32
CP-240	Initial Accounts totaling $20,000 per month*	$69,500	$67,500	$61,000	$8,500	$388.32

*We will offer you Initial Accounts totaling this amount of monthly Gross Billings for routine, regular cleaning services within the Offer Period. See Item 1.

Monthly "**Gross Billings**" means the total amount of revenue billed to an account on a monthly basis for Cleaning Services that you provide, but it does not include any sales tax or other taxes. You will earn less than your monthly Gross Billings because you will have business expenses, such as salaries, equipment and supplies, and must deduct Royalties, Administrative Fees, amounts owed to us under Promissory Notes and other financing and any other amounts owed to us under the Franchise Agreement.

The Initial Package prices that we charge are uniformly charged; however, CleanNet subfranchisors in other states may charge different amounts, and not all Initial Packages may be offered in every state.

Discounts

If you are a qualified, honorably discharged veteran of the United States armed services or if you pay the initial franchise fee in full, we will discount the initial franchise fee as specified in the chart above under the column titled "Initial Franchise Fee if Paid in Full or if US Veteran". You must submit to us a copy of Form DD-214 as evidence of your status as a veteran to receive the discount.

Financing

Financing for the initial franchise fee and initial equipment and supply package may be available (see also Item 10). If you decide to finance the initial franchise fee and/or equipment with us, you and your owners will sign a Promissory Note (see Attachment A to the Franchise Agreement).

Refunds

The initial franchise fee is fully earned on receipt and non-refundable except as follows:

1. If we do not offer you any Initial Accounts within the Offer Period, you may send us a written request for a refund within 10 days after the Offer Period. Within 30 days after our receipt of your written request for refund, we will provide you with a refund of any cash you paid to us for your Initial Package, cancel any promissory notes issued for your Initial Package and the Franchise Agreement will be terminated.

2. If we have offered at least one Initial Account to you within the Offer Period but failed to provide all of the Initial Accounts within the Offer Period, you may send us a written request for refund and adjustment of the initial franchise fee within 10 days after the Offer Period. Within 30 days of our receipt of your written request for refund, we will adjust the initial franchise fee to correspond to the initial franchise fee associated with the volume of Initial Accounts offer by us and accepted by you within the Offer Period. Your franchise package will then be the package associated with the reduced Initial Accounts amount after the partial refund.

3. If we have offered you three Initial Accounts within your Fulfillment Area and you have rejected all three Initial Accounts, we may, at our election, terminate the Franchise Agreement and refund all amounts that you have paid for the initial franchise fee.

Amounts paid for equipment and supplies are not refundable unless they are returned to us in an unused condition.

Item 6

OTHER FEES

Type of Fee (1)	Amount	Due Date	Remarks
Royalty Fee	10% of Gross Billings	25th day following the last day of each month	No royalties or other amounts are due on non-CleanNet accounts or services that you provide to CleanNet customers that are not competitive with janitorial services.
Administrative Fee	5% on all Accounts (but if you provide all of your own billing services –2% on all Accounts)	25th day following the last day of each month	See Notes 2 and 4.
Finder's Fee (for Additional Accounts)	Three times the amount of the initial monthly Gross Billings of each new customer	When billed	We (in our sole discretion) may offer additional new customers to you over the amount you purchased in the Initial Package. You have the option of accepting or declining the additional customers. See Note 3.
Additional Accounts Management Fee	5% of Gross Billings	25th day following the last day of each month	If we offer you additional accounts and you accept those accounts, but you opt not to pay us a Finder's Fee, you must pay us the Additional Accounts Management Fee. This does not apply if you pay the Finder's Fee (described above) with respect to the additional account(s).

Type of Fee (1)	Amount	Due Date	Remarks
Contract Negotiation Fee	An amount equal to one month's Gross Billings under the contract	Three equal monthly installments with 1st installment due when the 1st payment is made under the contract	If you ask us to assist you with the bidding or negotiation of a contract with a customer that you identify, you must pay us a fee for each contract that is signed as a result of our assistance.
Supply Replacement Fee	Actual cost of supplies, plus our then-current administrative fee (currently, $50)	When billed	Only due if you fail to replace supplies at a customer location and we replace supplies for you.
Technology/Software Fee	A reasonable fee (currently, $0)	When billed	We, an affiliate, or a designee may charge you a reasonable fee if we have proprietary, customized, or other required software, or if we or CleanNet make any customized features available to you on our or its website.
Advertising Fee	Up to 1% of Gross Billings (currently, $0)	25th day following the last day of each month	We are not currently collecting this fee but have the right to collect up to 1% of Gross Billings as a contribution to a system-wide advertising fund.
Customer Deductions and Rekeying Fee	The actual amount of any customer deductions for non-service or poor service, performance standards failures, or lost key/re-keying fee or penalty imposed by the customer under its contract	When a customer deducts fee or penalty from invoice or sends an invoice for the charge	Only due if you fail to meet the contractual requirements for performance or you lose or fail to return to a customer its keys, security passes or codes for any reason within the time limit set by the customer and the customer charges a performance penalty, a non-performance deduction, or a rekeying fee or a penalty.
Interest Charge on Late Payments	Lesser of 18% per annum or the maximum rate allowed by applicable law	When billed	Only due if you do not pay any sums that you are required to pay under the Franchise Agreement when due.

Type of Fee (1)	Amount	Due Date	Remarks
Legal Costs of Collection	Amount of our reasonable attorney's fees, court costs and expenses incurred by us in enforcing payment	When billed	Only if we provide billing services, and you request us to take legal action on a delinquent account.
Direct Deposit Fee	A reasonable fee (currently, $9.95 per month)	25th day following the last day of each month	If we provide billing services, we can require that payments from the escrow account be electronically deposited directly into your bank account, in which case, the fee will be deducted from your payment each month.
Bank Charge Fee	Amount of our bank charges and related fees	When billed	If we incur any bank charges or related fees in connection with payments we make to you (including when we incur a stop-payment fee charge if we reissue or replace a check to you), you must reimburse us for any such charges and fees.
Business Protection Program Fee	Amount of premium, plus administrative charge of 2.52% of Gross Billings (subject to a $22 minimum premium per month)	25th day following the last day of each month	We may offer a group insurance plan to cover required insurance for your Franchise. If we do and you participate, this amount is due.
Replacement Fee for Manual	A reasonable replacement fee (currently, $100)	When billed	Only if Manual is lost, stolen, or destroyed.
Substitute Performance	Actual costs	When billed	Only if you default in performing any obligation and we arrange for third parties to perform your obligations
Insurance	Actual costs, plus a reasonable administrative fee	When billed	If you do not obtain required insurance, and we do so on your behalf.
Indemnification	Actual amount	When billed	Only if costs and expenses are incurred by us or CleanNet as a result of your action or inaction

There are no marketing cooperatives, purchasing cooperatives, or other cooperatives; we do not own outlets and do not have any voting power on any fees imposed by a cooperative.

Notes:

1. All fees in this Item 6 are payable to us and are non-refundable. Fees are uniformly imposed by and are payable to us or to CleanNet although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

2. A "**National Account**" refers to an account for a customer that has on-going demands for products or services that exceed the capabilities of any single Franchise; has multiple locations in diverse geographic areas that fall within multiple territories in the System; prefers a single contact to administer contract compliance, pricing, billing and customer satisfaction; requires a single contact due to centralized buying authority or to comply with regulatory issues; or has other unique circumstances that the National Account customer requires. If you tell us that you are willing to accept National Accounts and if you have us perform all of your billing services, you will be placed on our list of eligible franchisees. You will have the opportunity to review the National Account customer's terms before deciding whether or not to accept the account. We have discretion to determine whether to offer you a specific National Account location, based on your experience, scale, location, availability and personnel and equipment inventory, matched to the customer's needs. In addition, we may subcontract with any third-party to provide the requested services. If you agree to provide some or all of the services specified by a National Account, you must agree also to honor and abide by each and every provision of the master contract with the National Account customer. Specialized Services provided for a National Account will be subject to the same fees as a Specialized Service Account.

"**Specialized Service Accounts**" are accounts that involve isolated or non-recurring services ("**Specialized Services**") that are not normally included in a customer's monthly invoice and often require specialized equipment. Examples of Specialized Services are window washing, carpet shampooing, upholstery cleaning, COVID-related cleaning services, stripping wax from floors; apartment turnover services; seasonal services for less than one year; and clean-up for occasional or regularly scheduled public events. If you accept a customer or account to provide Specialized Services, you must provide all properly qualified personnel and all specialized equipment and supplies for Specialized Services.

If you elect to have us perform your billing services, all payments from your customers will be deposited in the Franchisee Escrow Account (not in our operating account). These funds are your gross receipts. We will then calculate any fees that you owe to us under the Franchise Agreement or other agreements (such as promissory notes, fidelity bond, etc.) We will then disburse the fees you owe to us from the escrow account and send the balance (typically via direct deposit) to your franchise operating account. This payment represents the net amount of the customer payment due for your franchise's services.

If you elect to perform your own billing services, have paid the initial franchise fee in full and are otherwise eligible to do so under Section VI.D of the Franchise Agreement, the Administrative Fee is reduced to 2%. In addition, you will not be eligible for National Accounts or for our Cash Management Program (described in Section V.E of the Franchise Agreement), and you will be responsible for paying all fees due to us each month, regardless of whether or not your customers have paid you.

3. We offer financing for up to 50% of the Finder's Fee as specified in Item 10. Royalty Fees, Administrative Fees, and all other applicable fees will be assessed and are payable by you on all such additional customers in the same manner as if they had been provided as part of the Initial Package. The

termination of a customer for whom a Finder's Fee was due will not relieve you of your obligation to pay all Finder's Fee payments (whether or not financed) in full.

4. If, at the end of 90 days from the date advanced, an amount advanced to you remains uncollected by us, you must immediately repay us the amount advanced in full. No interest is charged on advances. At our sole option, any Account may be declared a bad payment risk, and we will no longer make any payments in advance to you for that account's monthly billings. On such bad risk accounts, we may recommend that you cease servicing the Account, but the ultimate decision whether to do so will be made by you.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure [1]	Amount		Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee [2]	$15,500	$69,500	Lump Sum or Installments	On signing the Franchise Agreement; if financed, down payment plus monthly installments	Us
Initial Cleaning Equipment and Supplies[3]	$1,445	$2,885	Lump Sum	Before opening	Us, CleanNet or Suppliers
Cellular Phone [4] (for 3 months)	$120	$450	As Arranged	Before opening	Suppliers
Computer System and Internet [5]	$1,500	$2,000	As Arranged	Before opening	Suppliers
Great Plains Software Package and Software Support [5]	$0	$5,000	As Arranged	Before opening	Suppliers
Business Licenses and Permits [6]	$40	$125	As Arranged	Before opening	Suppliers and government agencies
Insurance [7]	$22	$600	As Arranged	Before opening	Suppliers
Office Supplies, Stationery [8]	$25	$600	As Arranged	Before opening	Suppliers
Business Entity Formation and other Legal & Accounting [9]	$100	$1,000	As Arranged	As incurred	Suppliers and government agencies
Initial Certification Expenses [10]	$125	$250	As Arranged	Before opening	Suppliers
Additional Funds [11] (1st 3 Months)	$1,500	$3,000	As Arranged	As incurred	3rd Parties
Total [12]	$20,377	$85,410			

NOTES:

1. All fees in this Item 7 that are payable to us or our affiliates are non-refundable, except the initial franchise fee which may be refundable as described in Item 5. Fees payable to third parties may be refundable depending upon your agreement with such third party.

2. Initial Franchise Fee. The initial franchise fee depends on the Initial Package chosen and the method of payment. The initial franchise fee is payable in full on execution of the Franchise Agreement, and may be partially financed as described in Item 10.

3. Initial Cleaning Equipment and Supplies. Attached as **Exhibit C** is a list of equipment and supplies that we recommend that you purchase. You may purchase these items from any source. We may offer financing for equipment and supply purchases as described in Item 10.

4. Cellular Telephone and Active Email. Due to the nature of the janitorial maintenance business and the need to keep informed regarding the customer needs, your Designated Operator and Manager must have a cellular telephone number and active email account that they check often at which your customers, we and/or CleanNet may contact them at any time. See Item 11 for more information.

5. Computer System, PDA, Internet, Software and Software Support. You must have a personal computer system, a hand-held personal digital assistant with the ability to send and receive electronic mail, Internet access and a working email account. If you decide to do your own billing, you must purchase Microsoft's Great Plains Accounting software package or another software package that we specify. Currently, the cost of the Great Plains Accounting software package is $4,000 to $5,000, and you also must pay to Microsoft a yearly software assurance fee of 18% of the purchase price. See Item 11 for more information.

6. Business Licenses and Permits. You must obtain any required business licenses and permits from applicable state and local agencies before operating the Franchise. License and permit fees vary according to the locality.

7. Insurance. You must pay for and carry the insurance policies described in the Franchise Agreement. See Items 6 and 8 for more information.

8. Office Supplies, Stationery. You will need an initial stock of office supplies and business cards.

9. Business Entity Formation and Other Legal & Accounting. You must operate the Franchise through a corporation or limited liability company that is validly formed and existing in the jurisdiction in which you operate. Filing fees and other costs vary greatly based on the type of entity and the jurisdiction in which you operate. You may want to consult with an attorney or a business advisor before entering the Franchise Agreement, and you may need other legal and accounting services.

10. Initial Certification Expenses. Your Designated Operator and Manager (who may be the same person) must complete a comprehensive initial program on the CleanNet methods and Standards (the "**Initial Certification Program**"). We provide the Initial Certification Program for two persons free of charge after you sign the Franchise Agreement. Your "**Designated Operator**" is one of your owners who is authorized to communicate with us on your behalf and make decisions for you.

Your "**Manager**" must devote sufficient time to the management of the Franchise, be actively involved in the day-to-day operations of the Franchise and must be familiar with all accounts that you serve. You must pay for all transportation, lodging, meal, and other expenses associated with the Initial Certification Program for your Designated Operator and Manager. Travel costs for certification will vary depending on travel distance and mode of travel, and other related personal costs.

11. Additional Funds. Expenditures payable out of additional funds are intended to cover such items as pre-opening costs, salaries, etc. that are necessary to open and operate the Franchise. In addition, you should be prepared to have cash available to pay your Designated Operator and Manager's personal living expenses during the initial 3-month period. If you to provide your own billing services, you will not be entitled to receive any advances, and may need additional funds. The amount of working capital required may vary considerably depending on your circumstances, and we cannot predict how much in additional funds you might or will need.

12. Total. The table does not reflect an amount for investment in real estate, since it is assumed that you will operate from a home office or that you already have office space. The table does not reflect an amount of transportation, since it is assumed that you already have transportation, and will not need to provide a means of transportation for any of your employees in the initial phase. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise. Your initial investment will also vary considerably depending on the method and amount of financing that you use. We relied on our business experience to compile these estimates. We only provide financing for the initial franchise fee, equipment and supplies and Finder's Fees, in our discretion. See Item 10. Neither we nor our affiliates offer other financing. We are unable to calculate the exact investment required for every Franchise due to the many factors that influence total costs. The initial franchise fee, equipment, and other items are shown in full, although they may be financed or leased.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

You must purchase or lease equipment, supplies and any other products and services used to operate the Franchise. Where a customer has specified the equipment, procedures or supplies to be used for its location, you must abide by those specifications. Other than this, we do not dictate that you purchase or lease any particular equipment, supplies, or other products or services used to operate the Franchise.

Issuing Specifications

We issue Standards for the benefit and protection of the CleanNet® brand, the System, and the mutual interests of all franchisees participating in the CleanNet franchise network. These Standards are mandatory and are contained in our brand standards manual (the "**Brand Standards Manual**"). We also provide guidelines to assist you in the operation of your franchise. These guidelines, which are not mandatory and are suggestions only, are contained in the CleanNet Custodial Training Manual (the "**Training Manual**"), the certification program materials and tests, and other materials that will be provided to you in connection with the certification program when you purchase a franchise. We may

issue new Standards for any aspect of System, or modify existing Standards, at any time by revising our Brand Standards Manual or Training Manual (collectively, the "**Manuals**") and/or issuing new written directives (which may be communicated to you by any method we choose).

Proportion of Required Purchases and Leases

We estimate that the following purchases and leases of services and products will represent the following percentages of your total purchases and leases of services and products to establish and operate your Franchise:

	% of Total to Establish	% of Total to Operate
Purchases/leases from CleanNet or us	0 – 4%	0 – 5%
Purchases/leases under specifications	0– 25%	0 – 5%
Purchases/leases from approved suppliers	0 – 1%	0 – 1 %

Ownership of Suppliers

Mr. Salek is an owner and our President. He is also an owner and the President of CleanNet and our affiliates. See Item 1. We supply administrative services, access to an insurance program, and equipment and supplies to our franchisees as described below.

Revenue to Us, CleanNet and our Affiliates

We, CleanNet and our affiliates may derive revenue based on required franchisee purchases, and we may receive revenue from approved suppliers based on franchisee purchases.

We derive revenue based on franchisee purchases in the form of Administrative Fees, Business Protection fees, equipment and supply sales made through us and amounts received from approved suppliers. CleanNet does not derive revenue based on franchisee purchases.

In the last fiscal year, our revenue from these sources was approximately $11,050 or about 0.2% of our total revenues of $5,493,561 for fiscal year 2024. Except as described in this Item, neither we, CleanNet nor our affiliates derived revenue based on required purchases of products and services by our franchisees.

Payments by Suppliers to Us

Currently, you are not required to purchase equipment or supplies from us or CleanNet, however, we offer equipment and supplies to our franchisees. Where franchisees purchase equipment or supplies through us from one of our preferred supplies, we generally charge the supplier a fee of 15% to 20% of the purchase price. However, franchisees still receive a discount from the supplier's regular prices, even after taking our fee for the use of certain items, including private label chemicals and cleaning equipment, into account. Except for the reimbursement from suppliers for products purchased through us, we,

CleanNet and our affiliates do not derive revenue from designated suppliers based on franchisee purchases.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists. However, CleanNet has negotiated agreements with certain approved suppliers for you to receive a discount based on purchases.

Specific Obligations

Administrative Services. Unless you choose to not have us do your billing for you, we provide certain administrative services relating to the management of your customer accounts, including quality assurance and billing and collection services. We are the only supplier of these services, and you must purchase these services from us, unless you pay your initial franchise fee in full at the time of signing and you remain in full compliance with your franchise agreement and meet the other requirements of the franchise agreement. In addition, we always perform billing services for Specialized Service Accounts as set forth in the franchise agreement.

Equipment. Before you are eligible to be offered Initial Accounts, your franchise must have the necessary equipment and supplies to service your customers. See **Exhibit C** for the current recommended equipment and supply list. You must purchase equipment and supplies from us or a third party within a reasonable time after you complete the Initial Certification Program.

Insurance. You must maintain the types and amounts of insurance required by your customers at your cost. This insurance is in addition to any other insurance that is required by law. The policies we require must be written by an insurance company reasonably satisfactory to the customers that use CleanNet franchisees, typically insurance companies with a Best rating of "A" or better. To the extent permitted by law, the policies must name us, CleanNet, and our respective directors, officers, employees and agents as additional insureds. At a minimum, these policies must include:

Type of Coverage	Minimum Coverage Limits
General Aggregate Liability	$2,000,000
Products Completed Operations Aggregate	$2,000,000
Advertising & Personal Injury	$1,000,000
Per Occurrence	$1,000,000
Damage to Rented Premises	$300,000/500,000
Medical Expenses	$15,000/10,000/5,000
Care, Custody & Control	$1,000,000 per occurrence
Lost Key	$1,000,000 per occurrence
Work-Site Pollution	$300,000 per occurrence; $300,000 aggregate
Bond/Customer Loss	$25,000 per occurrence
Electronic Data (Software)	$10,000 (reloading software)
Extended Property Damage	$1,000,000
Hired/Non-owned Auto	$1,000,000
Umbrella Coverage	$5,000,000

Workers' Compensation	Limits vary according to state laws

We may increase or decrease the minimum limits or add new types of required coverage. You must provide us with a certificate of insurance showing that you have the required insurance. The certificate of insurance must include a statement by the insurer that the policy or policies will not be canceled, subject to nonrenewal, or materially altered without at least 30 days' (10 days for non-payment of premiums) prior written notice to us. On our request each year, you must send us a certificate of insurance showing compliance with our requirements.

Under the Business Protection Program, we may offer you a policy covering work performed by you. The coverage will be through a master insurance policy that is issued to CleanNet covering the janitorial services provided by you to your customers when operating as a CleanNet franchisee under your Franchise Agreement with us. This master/group insurance policy provides you with the same type and limits of insurance required to be maintained by you under the Franchise Agreement. If you choose to service accounts that we provide to you, including Initial Accounts, outside of the CleanNet System, you will not be eligible to receive our Business Protection Program or Cash Management Program services for those accounts, and you must secure your own liability insurance and workers compensation insurance.

All coverages are for incidents arising from the work performed under CleanNet contracts and do not name you as an additional insured. Therefore, to keep the cost of the group insurance affordable, CleanNet does not name you on the group insurance policy as additional insured, while you are required to name CleanNet as additional insured on your policy.

The following fees are in place for franchisees joining the group insurance policy program:

For gross monthly income of less than $250 per month, the monthly insurance rate is $22. For gross monthly income of $251-$500, the monthly insurance rate is $48. For gross monthly income of $501-$750, the monthly insurance rate is $63. For gross monthly income of $751-$1,000, the monthly insurance rate is $76. For gross monthly income of $1,001-$1,250, the monthly insurance rate is $86. For gross monthly income of $1,251-1,500, the monthly insurance rate is $96. For gross monthly income of $1,501-1,750, the monthly insurance rate is $106. For gross monthly income of $1,751-$2,000, the monthly insurance rate is $116. For gross monthly income of $2,001-$2,250, the monthly insurance rate is $126. For gross monthly income of $2,251-$10,000, the monthly insurance premium is 6% of monthly Gross Billing. (For example if the monthly Gross Billing is $5,000, your monthly insurance premium will be $300.) For monthly Gross Billing of $10,001 and over, the monthly insurance premium is 5.5% of monthly Gross Billing. Our administrative fee of 2.52% of monthly Gross Billing is included in the above pricing.

We also offer Vendor Employee Dishonesty Bond. Currently, the yearly premium for janitorial service bond for employee dishonesty with $25,000 per occurrence limit is about $110 to $130.

The insurance industry is constantly changing. Consequently, the coverage limits and the coverage rates vary based on your monthly Gross Billing, and particularly the coverage limits required by the customer.

There is normally a deductible amount associated with each incident or damage as a result of your or your employees' negligence of $2,000 per incident. You are responsible for paying the deductible. In case of an accident in a customer location, first a claim is initiated by the customer. If the damage is caused by you, or your employee, then the insurance company will reimburse the customer with the agreed amount and will bill CleanNet (or us) for the deductible amount. In turn, CleanNet (or we) will bill you for the deductible

amount, by deducting the exact amount charged by the insurance company from your collected Gross Billings in the escrow account.

The coverage does not cover your automobile insurance, equipment or your medical or dental insurance.

CleanNet, in its sole discretion may change the insurance carrier without prior notice. CleanNet will not derive revenue from any insurance provider. You can leave the plan and secure your own insurance at any time. However, your independent coverage must meet the customer contract limits in place at that time. You must provide us with a copy of your insurance coverage (ACORD certificate) at our request.

You must make sure that the required insurance for your customer contracts is in place at all times that your business is performing services for the customers. We will assist you in ascertaining the required limits and appropriate coverage dates provided you give us at least 30 days advance notice in order to review your proposed coverage. In addition, the Franchise Agreement contains recommended coverage levels that are typical in the janitorial services industry and that are required by most customers. We recommend maintaining at least these policy limits in order to be prepared to accept customer contracts from us and to develop business yourself.

Us or our Affiliates as Supplier

Except as described above, neither we, CleanNet nor any affiliate is a supplier of any good or service that you must purchase. We are the only supplier of administrative services. Except for administrative services, you are not required to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate from us, CleanNet or our affiliates.

Material Benefits

You will not receive any material benefits based on your purchase of particular products or services or use of particular suppliers. However, you may determine that you will receive benefits by electing to use our services for billing, collection, quality assurance, Business Protection plan access, advances against your customer receivables, versus providing those services or benefits yourself or obtaining those services from other outside vendors.

Item 9

FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Not applicable	11 & 12
b.	Pre-opening purchases/leases	II.B.1, V, VI.B.5, VI.B.7, VII.A; Attachment B to the Franchise Agreement	6, 7 & 8
c.	Site development and other pre-opening requirements	II.B.1, VI.B.5, VI.B.7	6, 7 & 11
d.	Initial and ongoing training	V.B, VI.B.3	11
e.	Opening	II.B.1	11
f.	Fees	IV, VII.A.5	5 & 6
g.	Compliance with standards and policies/Manuals	VI	11
h.	Trademarks and proprietary information	VI.A, VI.B.2	3 & 14
i.	Restrictions on products/services offered	VI.B.2	16
j.	Warranty and customer service requirements	VI.B	16
k.	Territorial development and sales quotas	IV.B, IX.A.13	12
l.	Ongoing product/service purchases	VI.B	8
m.	Maintenance, appearance, and remodeling requirements	VI.B	17
n.	Insurance	VII.A	7 & 8
o.	Advertising	IV.1, VI.A.2	11
p.	Indemnification	VII.C; Section 8 of Attachment B	6
q.	Owner's participation/management/staffing	1.B	11 & 15
r.	Records and reports	VI.E	Not applicable
s.	Inspections and audits	VI.B.12, VI.B.13	Not applicable
t.	Transfer	VIII	17
u.	Renewal	III	6 & 17
v.	Post-termination obligations	X	17
w.	Non-competition covenants	XI	17
x.	Dispute resolution	XII	17
y.	Personal guaranty	XIV.P; Attachment B	15
z.	Liquidated damages	Not applicable	Not applicable

Item 10

FINANCING

Currently, we offer financing of the initial franchise fee (less the required down payment specified in the chart below). You must pay the specified down payment when you sign the Franchise Agreement, and the balance of the initial fee is payable in monthly installments, at an interest rate of 9% per annum (see Promissory Note, Attachment A to the Franchise Agreement).

Any financing identified in this Item is provided by us and not our affiliate or any third party.

Depending on the Initial Package you select, you may finance the initial franchise fee as follows:

Initial Package	Monthly Gross Billings	Initial Franchise Fee	Discount if paid in cash and if a Veteran	Down Payment	Financed	24 months @9%
CP-4000	Initial Accounts totaling $4,000 per month*	$15,500	$14,500	$7,000	$8,500	$388.32
CP-5000	Initial Accounts totaling $5,000 per month*	$17,500	$16,500	$9,000	$8,500	$388.32
CP-6000	Initial Accounts totaling $6,000 per month*	$19,000	$18,000	$10,500	$8,500	$388.32
CP-7000	Initial Accounts totaling $7,000 per month*	$21,000	$20,000	$12,500	$8,500	$388.32
CP-8000	Initial Accounts totaling $8,000 per month*	$24,000	$23,000	$15,500	$8,500	$388.32
CP-9000	Initial Accounts totaling $9,000 per month*	$27,000	$25,500	$18,500	$8,500	$388.32
CP-10000	Initial Accounts totaling $10,000 per month*	$30,000	$28,500	$21,500	$8,500	$388.32
CP-150	Initial Accounts totaling $12,500 per month*	$37,000	$35,500	$28,500	$8,500	$388.32
CP-180	Initial Accounts totaling $15,000 per month*	$44,500	$43,000	$36,000	$8,500	$388.32
CP-240	Initial Accounts totaling $20,000 per month*	$69,500	$67,500	$61,000	$8,500	$388.32

*We will offer you Initial Accounts totaling this amount of monthly Gross Billings for routine, regular cleaning services within the Offer Period specified on the Summary Page of your Franchise Agreement. See also Item 1.

See Item 5 for information regarding discounts on the initial franchise fee.

Currently, we also offer financing of the Finder's Fee (see Item 6). You will pay us a down payment that is up to 50% of the Finder's Fee when each additional customer is accepted, and we will finance the balance for 1 year at 9% interest per annum, beginning the 1st month that services are performed.

We may offer financing for equipment and supplies. If we do, we will finance the balance for one year at 9% interest per annum, beginning when you purchase the equipment package.

There are no other finance charges. The rate of interest will not differ depending on when financing is given.

Financing of the initial franchise fee is for a period of 24 months.

For equipment and/or supplies, the finance period is 12 months, beginning the 1st month after you purchase the equipment and/or supplies.

For the Finder's Fee, we will finance the balance of the Finder's Fee for 12 months with the first payment being due the 1st month that services are performed.

No security interests are granted by you in connection with any financing we provide.

You may prepay the Promissory Note at any time without penalty. If you default, we may declare the entire remaining amount due. We do not take a security interest. All of your owners must sign the Joinder, which is a part of the Promissory Note, which means the owners are liable for all obligations under the Promissory Note.

Upon default under the Promissory Note, all amounts owed under the Promissory Note and all other obligations from you to us are due and payable immediately at our option. If you default under the Promissory Note, we may terminate the Franchise Agreement. In addition, if an attorney is employed to enforce any of the Note, and if we are successful, then you must pay reasonable costs and attorneys' and paralegals' fees incurred by the us.

Except as described above, the Promissory Note does not require that you waive any defenses or other legal rights.

We have no practice or intent to sell, assign or discount to a third party all or part of any of your financing arrangements.

We do not know whether you will be able to obtain financing for all or part of your investment and, if so, the terms of the financing. Neither CleanNet nor we receive direct or indirect payments for placing financing.

If we provide billing services, we may instruct the escrow agent to pay the monthly payments for the initial franchise fee, equipment, or the financed portion of any Finder's Fee from the monthly billings of your customer accounts. Otherwise, you must make the monthly payments to us. We may terminate your Franchise Agreement if you do not pay us.

Other than as described in this disclosure document, neither we nor CleanNet nor any agent or affiliate offers direct or indirect financing to you or guarantees any of your notes, leases, or obligations.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you open your business, we or CleanNet will:

1. grant you a license to operate the Franchise that will provide janitorial and related services under the Marks for one or more customer accounts (Section 1.A);
2. provide you with Initial Accounts with monthly Gross Billings corresponding to the Initial Package you purchased, within the Offer Period and within your Fulfillment Area – all as specified on the Summary Page to the Franchise Agreement. The Offer Period begins running only after you have completed certain pre-opening tasks (Section II.B);
3. subject to the availability of our personnel, we will assist you in procuring customers that have been identified by you, and that you desire to service under the Marks (Section IV.F);
4. l loan you our Confidential Brand Standards Manual (as amended, the "**Brand Standards Manual**") and our Confidential Custodial Training Manual (as amended, the "**Training Manual**," and collectively with the Brand Standards Manual, the "**Manuals**") (Section V.A); and
5. provide an initial certification program for up to two persons including your Designated Operator and Manager (Section VI.B).

During the operation of your business, we or CleanNet will:

1. if you lose an Initial Account within 12 months after you have commenced providing services, and the loss was not due to your documented Misconduct or poor service, we will offer you replacement account(s) with equal or greater monthly Gross Billings within a reasonable period of time. We will also replace an Initial Account terminated during the 12-month guarantee period if you have terminated an Initial Account for non-payment. (Sections II.B.2 and VI.B. 13 of the Franchise Agreement);
2. assist you in customer relations. If requested by you to do so, we may inspect the end result of your services and evaluate quality assurance reports that you complete for your customers. We will provide you with advice and guidance on handling complaints and deficiencies from your customers, but you alone control the details of how your work is done and in ensuring that the work is done in accordance with the customer contract (Section V.C); we are not obligated to, and will not, provide supervision of your employees or the performance of the janitorial services by your Franchise;
3. If you elect that we do so on the Summary Page to the Franchise Agreement, we will provide monthly billing services, which includes monthly invoicing each of your accounts for the cost of services rendered by you, plus applicable taxes, remitting such taxes to the applicable taxing authority, keeping billing and income records of your Accounts, and engaging in commercially reasonable efforts to collect amounts due. The monies we collect on your behalf will be placed in an escrow account from which the amounts due to you and the amounts due to us under the Franchise Agreement will be distributed (Section V.D); and

4. If we provide billing services, you may participate in our Cash Management Program. This means we may advance you, through the escrow account, amounts that have been billed to but have not yet been collected from your customers on your request. We are under no obligation to provide advances to you. We do not charge a separate fee for these advances, and this service is covered by the administrative fee charge. Amounts advanced must be repaid if the customer does not pay after a certain period of time (Section V.E).

Advertising Cooperatives

The Franchise Agreement does not grant us or CleanNet the right to require you to participate in a local or regional advertising cooperative.

Advertising Fund

We reserve the right to develop and operate an advertising fund. We have no obligation to establish an advertising fund, and we currently have no fund. You and all other franchisees must contribute to our fund if we establish one, and you agree to contribute up to 1% of your Gross Billings to the fund. Any fund established by us will be used only for marketing and related purposes and costs. Media coverage will be local or national. We will use outside vendors and consultants and our in-house advertising team to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which may be paid for by the fund). All franchisees contribute the same percentage. We own no outlets and will not contribute to the fund. We would administer the fund. The fund will not be audited. We would make unaudited annual financial statements available to you upon request. If not all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the fund to be spent in the next year. No money from the fund will be spent principally to solicit new franchise sales.

Advertising Council

We may establish a franchisee council to advise us on advertising and other matters. The council will be advisory only and will have no operational or decision-making power. We will determine the number of members of the council and how council members are elected or appointed. We will have the right to change or dissolve the council, which may operate under its own bylaws. There currently is no advertising council.

Use of Your Own Advertising Material

All promotional and marketing materials to be used by you using the Marks that are not provided by us must be approved by us in writing prior to use, and you must cease to use any materials using the Marks promptly on notice by us. Your failure to obtain our prior written approval for all proposed advertising using the Marks is a default of the Franchise Agreement. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

You will conspicuously identify yourself at all times as an independently owned and operated CleanNet franchisee. You may never state or imply that you are a division or subsidiary of CleanNet or us. You may never use the term "dba CleanNet" in conjunction with the operation of the Franchise. In any

advertisements or marketing materials, you must include a notice, in conformance with Standards in our Brand Standards Manual, that your business is individually owned and operated.

Computer Requirements

You do not need to purchase or lease an electronic cash register system. However, you must purchase and use computer hardware and software ("**computer system**") that meets our specifications, at your expense, and we estimate the cost to range from $1,500 to $2,000 (see Item 7 for estimated costs). Currently, you must lease or purchase a desktop or laptop computer system with the following minimum requirements:

- Pentium 2.5 GHZ or higher dual processor
- 16 GB or higher RAM (8 GB recommended)
- 200 GB or higher hard drive
- Printer (laser)
- Windows® 10 or higher operating system
- Microsoft Office® 2010 or newer (including Word, Excel, PowerPoint and Outlook)

We may periodically modify the specifications in our discretion, and you must comply with the modifications promptly after you receive reasonable notice from us. If we are providing billing services, we will have independent access to your client account information.

If you decide to do your own billing, you must purchase Microsoft's Great Plains Accounting software package or another software package that we specify. Currently, the cost of a software license for Great Plains and the programming necessary to match your needs is $4,000 to $5,000, plus a yearly software assurance fee of 18% of the purchase price, payable to Microsoft.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you to enter into any such contract with a third party. You must pay for all maintenance of your computer at your own expense. We estimate that these costs are less than $300 per year depending on the software you choose. Currently, we do not require you to sign any hardware maintenance or support contracts with any third-party suppliers or us. We do not guarantee, warrant, maintain, or support any computer hardware or software in any manner. You should determine for yourself whether or not any 3rd party supplier from whom you purchase any component of your computer system is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system, and you should determine the additional cost for the services. Currently, we do have a license from CleanNet to use certain proprietary, customized, or other software, which you will be licensed to use under the terms of your franchise agreement with us. We do not charge a separate fee for your use of this license, but it is covered by the royalty fee included in your franchise agreement. You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

You must have a smartphone that is capable of sending and receiving electronic mail and of making and receiving phone calls. In addition, you and all of the persons who perform services on your behalf for any CleanNet customers must install the CleanNetUSA Service Assurance Program ("SAP") application on his or her smartphone and use the SAP application while performing services for any CleanNet customers. The SAP application captures information regarding the location for your CleanNet customers and regarding services performed (or not performed) at such location; the SAP application transmits that

information to us and/or CleanNet, and that information is available to you as well. You and the persons performing services on your behalf for any CleanNet customers may use any smartphone of his or her choice so long as the smartphone has GPS capability, has a camera capable of scanning for codes, and is able to install and utilize the SAP application.

You must have Internet access, including to access information from the SAP application regarding your CleanNet customers. You must arrange for email service by the time you open for business and must continuously maintain a functioning email address to facilitate quick and efficient communication with us and your customers. You may use any independent Internet service provider (ISP) of your choosing. We currently recommend but do not require broadband Internet access.

CleanNet currently maintains a website on the Internet to advertise and promote the System and services that you market and will provide you with a landing page with contact information for your Franchise. There is no charge for this currently, but we reserve the right to charge for this in the future. You may maintain a website, or advertise and promote your Franchise, on the Internet or any comparable electronic network, provided that you obtain our permission, which will not be unreasonably withheld. If we or CleanNet provide or make any customized features available to you on our website in the future, then we, our affiliate or our designee may charge a reasonable fee (see Item 6).

Initial Certification Program

You will receive the following Initial Certification Program before you open your business:

TRAINING PROGRAM

Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Interior Office Cleaning Part I	1	½	Westmont, IL and various locations in the Chicago area
Interior Office Cleaning Part II	1	½	
Ground Rules for Custodians	1	-	
Safety for Custodians	1	-	
Basic Restroom Cleaning	1	1	
Daily Floor Maintenance	1	1	
Stripping and Finishing Floors	1	1	
High Speed Floor Maintenance	1	1	
High Speed Floor Maintenance - Machine Method	1	1	
Basic Carpet Cleaning Method I	1	1	
Basic Carpet Cleaning Method II	1	1	
Quality Control	1	-	
Accident Prevention	1	-	
Blood Borne Pathogens I & II with OSHA Review	2	-	
TOTAL	15	8	

The Initial Certification Program consists of classroom sessions and practical on-site activities demonstrating and explaining the methods and procedures involved in the commercial cleaning business. Classroom sessions utilizing CleanNet's certification curriculum and video-DVD series include lecture,

discussion, a question and answer period. We may also provide you with home study materials that will help further your theoretical understanding of the chemicals you may be using and of the procedures you may be employing to operate the Franchise.

We will adapt the Initial Certification Program as much as possible to meet your needs and level of previous background and experience. The program will generally last three days; but the final decision regarding the duration of the program remains with us.

The Initial Certification Program will begin within 10 to 20 business days after signing the Franchise Agreement. Classroom sessions and on-the-job activities will generally be held at our facility.

Current instructors for the Initial Certification Program include the Quality Assurance Staff, who have experience ranging from 1 to 9 years with us and with the subject matter.

Your Designated Operator and Manager of the Franchise (who may be the same person) must complete our Initial Certification Program to our satisfaction promptly after the Effective Date. There is no fee for up to two persons to attend the Initial Certification Program, but you are responsible for travel and living expenses of your attendees. Your Designated Operator and Manager must take a test on each subject at the conclusion of each session, and either make a passing score specified in the Training Manual or retake the test until he or she achieves a passing score as specified in the Training Manual. Any person who subsequently serves as your Designated Operator or Manager must complete the initial Certification Program to our satisfaction. We may require these individuals and other employees to obtain such additional certifications as we may periodically require in writing. There is no charge for the tuition or materials for the Initial Certification Program for up to two persons.

You may request additional training, but we do not currently require additional training programs or refresher courses.

We will make available to you other optional ongoing continuing education and certification programs, meetings or seminars as we consider advisable in our sole discretion. We will also charge a reasonable fee for attendance by your representatives at mandatory or optional additional certification programs.

You are responsible for travel, lodging, meals and other expenses.

Site Selection

We do not have any site selection criteria. You are free to operate your franchise from any location you choose, except that you may not operate out of our offices or any CleanNet office. Many franchisees choose to operate their businesses from a home office.

Confidential Manual

The Table of Contents to the confidential Manuals with the number of pages devoted to each subject is attached as **Exhibit G**. The total number of pages in the Manuals is 173.

Opening

The typical length of time between signing the Franchise Agreement and opening the Franchise is three weeks to four months. You will open as soon as you have completed your pre-opening obligations, and we provide you at least one Initial Account. Your pre-opening obligations include:

- purchasing equipment and supplies;
- forming a limited liability company or corporation;
- obtaining required licenses and permits;
- successfully completing the Initial Certification Program;
- opening a business checking account; and
- purchasing required insurance.

The factors that may affect your opening include how quickly you complete your pre-opening obligations, the availability of Initial Accounts in your Fulfillment Area, your Offer Period, and the size of the Initial Package selected.

Item 12

TERRITORY

Your Location

The Franchise is not for a specific location. Franchises may be typically operated from a home office. The Franchise will not operate out of our offices.

No Exclusivity

You will not receive an exclusive territory.

We may license other franchisees to establish Franchises in your Fulfillment Area or at any location that we consider appropriate. We and CleanNet may offer, sell and support franchises or dealers in similar and other lines of business in any location, through any method of distribution. We and CleanNet are not required to pay you if either we or CleanNet exercises any of these rights in your Fulfillment Area.

There is no minimum territory or Fulfillment Area. You will not receive an exclusive territory. You may face competition from other CleanNet franchisees, from outlets that CleanNet or its affiliates own or from other channels of distribution or competitive brands that CleanNet controls.

Fulfillment Area

We are obligated to provide you with Initial Accounts in your Fulfillment Area, which is a mutually agreed upon area conveniently located from your home or office. Your Fulfillment Area is usually about 30 miles from your office or home or a county or counties we mutually agree upon.

Except for the obligation to provide Initial Accounts in your Fulfillment Area, there are no limitations imposed on us with regard to sizes, revenue, location, type, or number of Initial Accounts that we may provide to you in order to satisfy the total amount of monthly Gross Billings for your selected Initial

Package. Your customers may be located within your Fulfillment Area, and you may need to travel across your entire Fulfillment Area in a single day.

You are not required to accept any account offered to you outside of your Fulfillment Area. If you do, the accepted accounts will count towards fulfillment of our obligations to provide Initial Accounts.

You may not provide CleanNet Services outside of the Fulfillment Area without our written consent because we may not be able to provide adequate support to you outside of your Fulfillment Area. You are free to provide other non-CleanNet services outside of your Fulfillment Area.

Relocation

You may relocate your office at any time, but you must promptly notify us of the new address and your customers and Fulfillment Area will remain the same. You do not have the right to establish additional franchised outlets or expand into additional territory.

Contingencies

If you do not generate gross billings of at least $100 per month for eight consecutive months, we may terminate the Franchise Agreement. If three Initial Accounts are offered to you that are within your Fulfillment Area, and you reject all of them without a valid reason, we may terminate the Franchise Agreement, but will refund any amount that you have paid to us for the initial franchise fee. Otherwise, your Franchise is not affected by achieving a certain sales volume, market penetration, or other contingency, and your Fulfillment Area may not be altered.

Rights of First Refusal

You do not have an option, right of first refusal or other similar rights to acquire additional accounts or franchises.

Soliciting by You Outside Your Fulfillment Area

You cannot solicit or market to potential customers under the Marks outside of your Fulfillment Area, except for solicitations or marketing which are primarily targeted inside the Fulfillment Area and which incidentally reach potential customers outside of the Fulfillment Area. You cannot serve customers under the Marks outside of your Fulfillment Area without our prior written permission. We may withdraw permission at any time.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling services similar to those you will offer. However, the Franchise Agreement does not prohibit us from doing so.

Item 13

TRADEMARKS

We grant you the non-exclusive right and obligation to use the Marks, for providing services and products under the System. CleanNet owns the Marks, and it has licensed to us the right to use and license others to use the Marks.

You may not use any of the Marks as part of any legal entity name, website address, email address, domain name or other identification in any print, electronic or other medium, or with any prefix, suffix or other modifying word, term, symbol or design. You may not use the Marks for the sale of unauthorized services or products or in any manner that we or CleanNet have not authorized in writing. All rights in and goodwill from the use of the Marks accrue solely to CleanNet.

Registrations and Applications

CleanNet owns the following Marks registered on the principal register of the United States Patent and Trademark Office ("**USPTO**"):

Mark	Registration Number	Registration Date
clean green	4,400,222	September 10, 2013
TAKING PRIDE IN THE DETAILS	4,399,635	September 10, 2013
CLEANNET	4,438,988	November 26, 2013
CLEANNET USA	4,438,987	November 26, 2013
CleanNet USA	4,442,695	December 3, 2013

CleanNet has filed all required affidavits for these trademarks.

Our right to license and use the Marks and the System is exercised under a license agreement with CleanNet. The license agreement grants us a one-year term that is automatically renewed each year unless we materially default. If we ever lose our rights under the license agreement, CleanNet is required to assume our obligations under the Franchise Agreement, including the obligation to allow you to continue using the Marks and System.

Determinations

On January 13, 2013, CleanNet instituted cancellation proceedings against the trademark, "APRD CLEANNET", held by the Alliance of Professional Dry Cleaners, Inc. On June 2, 2013, the Trademark Trial and Appeal Board found in favor of CleanNet and cancelled the registration. Other than this determination, there are no currently effective material determinations of the USPTO, any Trademark Trial and Appeal Board or any state trademark administrator or any court, nor are there any pending interference, infringement, opposition or cancellation proceedings or any pending material litigation involving any of the Marks, in any manner that is material to the Franchise. There are no decided infringements, cancellation or opposition proceedings in which CleanNet unsuccessfully fought to prevent registration of another trademark to protect the Marks.

Agreements

Other than our area operator agreement with CleanNet, there are no currently effective agreements that significantly limit our and CleanNet's rights to use or license the use of the Marks in any manner that is material to the Franchise.

Protection of Rights

You must immediately notify us of any suspected unauthorized use of, or any challenge to the validity or ownership of, the Marks, or our right to sublicense or use the Marks, or your right to use the Marks. You must notify us promptly of any litigation brought against you involving any of the Marks, and you must deliver to us copies of any documents for the litigation that we request. You must cooperate with CleanNet in the defense of any such litigation. CleanNet will control any administrative proceedings or litigation involving the Marks. CleanNet's current intent is to take strong and aggressive actions (that may include bringing litigation) against that use. Any actions that CleanNet takes against third parties for infringement claims will be at its expense.

CleanNet may acquire or develop additional trademarks, and may use those trademarks itself, make those trademarks available for use by you and other CleanNet businesses, or make those trademarks available for use by other persons or entities. You may not directly or indirectly contest CleanNet's rights in the Marks.

Indemnification of You

We will indemnify you from all actions, judgments, damages, liabilities, claims, losses, costs, and expenses relating to a third-party claim arising out of your use of the Marks if we determine that you have used the Marks in accordance with this Agreement. You must allow us (or CleanNet) to take sole control of the defense and settlement of any claim and give us notice of a claim within 30 days after you learn of the claim. If we reasonably determine that you have not used the Marks in accordance with the Franchise Agreement and that your misuse is a factor in the third-party claim, suit, or demand, you must pay the cost of this defense, including the cost of any judgment or settlement. In any litigation involving your use of the Marks, you must sign all documents and perform all acts we believe advisable to conduct the defense. Except when litigation results from your use of the Marks in a manner inconsistent with the Franchise Agreement, we will reimburse you for your out-of-pocket costs to perform these acts.

Modification of Trademarks

CleanNet may require you to modify or use a substitute for any trademark. If so, you must pay your cost of compliance. CleanNet will allow you sufficient time to make the change in a cost-effective matter. CleanNet or we also may require you to use and display a notice, in a form it approves, that you are a franchisee under the CleanNet system using the trademarks under a Franchise Agreement.

Superior Prior Rights or Infringing Uses

CleanNet does not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to the Franchise.

Copyrights

CleanNet has not registered any copyrights with the United States Copyright Office (Library of Congress), but the Manuals, operational materials, and on other proprietary materials specifically created by CleanNet in connection with its System, including, the proprietary advertisements, all of its materials presented to prospective customers of the franchisees, printed materials and forms used in connection with the operation of a Franchise are and will be protected under the U.S. Copyright Act, whether or not CleanNet has obtained registrations. You may use these copyrighted materials during the term of the Franchise, in a manner consistent with CleanNet's ownership rights.

There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringements, opposition or cancellation proceedings or material litigation, involving the copyrighted materials that are relevant to their use by CleanNet's franchisees.

There are no agreements currently in effect that significantly limit CleanNet's right to use or license the use of its copyrighted materials in any manner material to the Franchise. All of the provisions in Item 13 under the heading "Protection of Rights" also apply to copyrights; provided, however that you must modify or discontinue use of any subject matter covered by a copyright if directed by CleanNet.

CleanNet does not know of any superior rights in or any infringing uses of its copyrighted materials that could materially affect your use of the copyrighted materials.

Proprietary Information

CleanNet has proprietary, copyrighted manuals that include guidelines, standards and policies for the operation of your business, and other proprietary, copyrighted materials. All proprietary manuals and materials provided to you, including access to the SAP application, are for your exclusive use during the term of the Franchise, and may not be reproduced, copied, loaned to, used by or shown to any person outside the System without CleanNet's permission.

You must have each employee sign an agreement before you grant him or her access to the Manuals or any other proprietary and confidential information, in which he or she agrees to the confidentiality of the CleanNet system, agrees not to use any information about the System for his or her own benefit without an appropriate license.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

We believe that the success of the Franchise will depend on personal and continued efforts, supervision and attention by a majority owner, but the majority owner is not required to personally participate in the provision of janitorial services. The majority owner is not required to personally conduct "on-premises" supervision (that is, act as the Manager) of the business.

However, the Franchise must, at all times, be under direct, supervision by a Manager who has attended and successfully completed the Initial Certification Program. Your Manager must devote sufficient time to the management of the Franchise, be actively involved in the day-to-day operations of the Franchise and must be familiar with all Accounts that you service.

You must also have a Designated Operator who is one of your owners who is authorized to communicate with us on your behalf and make decisions for you. Both of these individuals must have successfully completed the Initial Certification Program to our satisfaction.

There is no minimum equity ownership percentage for your Designated Operator. Your Manager does not need to have an ownership interest in the franchisee-entity.

There is no limit on whom you can hire as a Manager.

Your Designated Operator and your Manager may be the same person.

Your Manager must give his or her contact information to all of the customers that you service through the Franchise and must be available during normal business hours for routine questions/problems, and during non-business hours if emergencies should arise.

Your owners must become a party to the Franchise Agreement and are liable for all of your responsibilities under the Franchise Agreement.

We require that you conduct criminal background checks (at your sole cost and expense) on your Designated Operator, Manager and other personnel. These individuals must sign the documents necessary to authorize the background checks.

If we request, you must have your Manager sign a confidentiality agreement. We do not require you to place any other restrictions on your Manager.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

In connection with your Franchise and the Marks, you may offer only the products and services that we authorize in the Brand Standards Manual as it may be periodically updated. You may not offer or sell any services under the Marks not authorized by CleanNet or us. You may not solicit business under the Marks outside the Fulfillment Area. You may provide cleaning services to customers that are not currently a CleanNet customer and offer to any customers, including your CleanNet customers, services and products

that are not competitive with the janitorial services and products we offer ("**Other Products and/or Services"**). If you provide cleaning services to non-CleanNet customers, and you must provide us with a list of the names of such customers and provide updates to such list promptly upon our request. In addition, you must (a) not represent yourself as a franchisee of the System or otherwise claim any affiliation with the Marks; and (b) you must have in place a written contract with the customer under which the customer acknowledges that CleanNet and we have no responsibility with respect to the Other Services and/or Products. You must provide us with evidence of such written contracts promptly upon request. If you provide any Other Products and Services to CleanNet customers, you must notify us in writing promptly upon request.

You must also have your own, separate insurance for any Existing Customers or Independent Customers and may not rely on coverage under the CleanNet Insurance Program for any services to such customers. With respect to non-janitorial services and products, CleanNet and we may provide such services and products without offering them to you and in competition with you.

There are no other limitations imposed by CleanNet or us on the customers to whom you may provide services.

Item 17

RENEWAL, TERMINATION, TRANSFER & DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	III.A	The initial term is 10 years.
b. Renewal or extension of the term	III.B	If you meet the conditions, you may renew for additional successive 10-year terms.
c. Requirements for franchisee to renew or extend	III.B	Not in default, in good standing, give notice, complete any required certifications. Upon renewal, you may be asked to sign our then-current Franchise Agreement (which may contain materially different terms than your original Franchise Agreement) and sign a release.
d. Termination by you	IV.B.1	If we do not provide any Initial Accounts within the Offer Period, and you give notice, we will refund your initial fee and terminate the Franchise Agreement.
e. Termination by us without cause	NA	NA
f. Termination by us with cause	IX	We can terminate if you are in default. See g. and h. below.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined – curable defaults	IX.B	You have 30 days to cure: failure to pay monies owed to us when due; failure to maintain our Standards; failure to comply with covenants or duties as outlined in the Franchise Agreement; failure to submit required reports; failure to maintain Standards regarding the Marks; or failure successfully complete any mandatory certification program.
h. "Cause" defined – non-curable defaults	IX.A	Non-curable defaults include: bankruptcy; conviction of a felony or crime of moral turpitude or engaging in behavior that impairs the Marks; misuse of Marks; understatement of Gross Billings or knowingly submit false information; material misrepresentation or omission; threat or danger to the public; failure to obtain/maintain required licenses; violation of transfer provisions; violation of confidentiality provisions; violation of a law after 7 days' notice; failure to have monies paid to escrow account; default under any other agreement with us after grace period; monthly Gross Billings are less than $100 a month for eight months; failure to pay employees after 3 days' notice; failure to notify us of changes in Designated Operator or Manager's contact information more than once; failure to obtain required insurance after 7 days' notice; three or more notices of default, whether or not cured after notice.
i. Your obligations on termination/non-renewal	X	You must cease operations; deliver keys and security passes; pay amounts owed; cease using Marks; return confidential information; cancel assumed names (also see q, below)
j. Assignment of contract by us	VIII.A	No restriction on our right to assign.
k. "Transfer" by you - definition	VIII.B	Includes transfer of contract or assets or ownership change.
l. Our approval of transfer by franchisee	VIII.B	We must approve all transfers but will not unreasonably withhold our consent.
m. Conditions for our approval of transfer	XII.B.1	Paid all amounts owed; not be in default; sign release; remain liable for prior obligations as well as nondisclosure and trade secret protection and indemnification; transferee has completed initial certification at its expense; transferee is qualified; transferee signs then-current form of Franchise Agreement (which may contain materially different terms); and transferee's owners guarantee Franchise Agreement.
n. Our right of first refusal to acquire your business	Not applicable	Not applicable
o. Our option to purchase your business	Not applicable	Not applicable
p. Your death or disability	XII.B.1	We must approve transfer; estate must transfer business to an approved transferee within 6 months.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	XI	During the term, (a) you and your related parties may do nothing that injures the goodwill associated with the Marks; or (b) misappropriate any of our trade secrets.
r. Non-competition covenants after the franchise is terminated or expires	XI	See (q) above.
s. Modification of the agreement	XIV.J	Modifications only on written agreement of the parties but we may unilaterally revise the Manuals and the System.
t. Integration/merger clause	XIV.J	Only the terms of the Franchise Agreement, including its attachments, are binding (subject to state law). Any representations or promises outside of this disclosure document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	XII	Binding arbitration after mediation and negotiation by the parties
v. Choice of forum	XII.E	DuPage County, Illinois
w. Choice of law	XII.D	Illinois law applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) Dispute Resolution procedures (Section XII of the Franchise Agreement) are governed by the Federal Arbitration Act (9 U.S.C. Sec. 1 et seq.).

Item 18

PUBLIC FIGURES

We do not use any public figures to promote the Franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We are providing performance data for our fiscal year from January through December of 2024 in the following tables which demonstrates our performance of our obligation to provide franchisees with initial commercial cleaning business in fiscal year 2024. However, we sold no franchisees during 2023, so the

following tables will reflect no sales during 2024, and we are unable to provide information demonstrating our performance of our obligations to provide franchisees with commercial cleaning business, including Average gross monthly income.

For purposes of this table only, franchisees are defined as ones who purchased a franchise during the period. Franchisees are listed by the Initial Packages they selected. Also listed is the number of days that we had to offer cleaning business under each particular package. For certain franchisees, this time had not yet expired at year end 2024.

We provide our franchisees with specified amounts of initial business within a specified period of time. In order to inform franchisees of the amount of initial business to be offered under a particular Initial Package and for purposes of convenience and consistency with business practices in the janitorial franchise industry, we describe these Initial Packages in terms of monthly Gross Billings to be offered under variously priced Initial Packages.

The total revenue and the total Gross Billing for any specific month realized by you may not be directly related to our performance of our obligation to offer initial business. The amount of revenue is affected by many factors such as (1) the initial business may be offered in stages during the initial offering period; (2) you may not accept all of the accounts offered; (3) customers may cancel the contract or terminate the contract for breach by you (such as for poor performance or misconduct by your employees); or (4) you may develop additional business on your own. Whether a franchisee maintains the initial business provided by us depends upon many variables, including your ability, timeliness, and dedication. Revenues will be reduced by business expenses associated with servicing customers, as well as amounts due to us under the Franchise Agreement for services we provide to your franchise and any financing.

CHART 19-I
Initial Volume Fulfillment
January - December 2024

CleanNet Commercial Cleaning Account Packages (note 1)	P-48	P-60	P-72	P-84	N/A
Amount of Initial Monthly Gross Billings (note 2)	$4000	$5000	$6000	7000	TOTALS
Days to Fulfill Package (note 3)	150	180	210	240	N/A
Packages Sold (note 4)	0	0	0	0	0
Packages on Hold (note 5)	0	0	0	0	0
Time to Provide Not Expired (Note 9)	0	0	0	0	0
Packages Timely Filled (note 6)	0	0	0	0	0
Additional information:					

Packages Adjusted (note 7)	0	0	0	0	0
Full Refunds (note 8)	0	0	0	0	0
Franchisees with Replaceable Volume (note 10)	0	0	0	0	0
Franchisees with Irreplaceable Volume (note 11)	0	0	0	0	0
Franchisees Accepting CleanNet's Performance (note 12)	0	0	0	0	0

Notes

1. CleanNet Commercial Cleaning Account Packages. The packages listed represent the Commercial Cleaning Account Packages we sold in 2024 (if any indicated). Different Initial Packages may now be available (see Item 5).

2. Amount of Initial Monthly Gross Billings. Initial monthly Gross Billings we are required to provide.

3. Days to Fulfill Package. The number of days we have to provide the applicable amount of Gross Billings under each particular original package (i.e., the Offer Period).

4. Packages Sold. The number of each type of package we sold in 2024.

5. Packages on Hold. Packages are placed on hold when a franchisee requests, in writing, an indefinite hold on our provision of Initial Accounts (e.g., franchisee requested us not provide Initial Accounts due to family illness).

6. Packages Timely Filled. We completely filled these Initial Packages within the Offer Period.

7. Packages Adjusted. We and the franchisee made a mutually acceptable adjustment to the package (e.g., we provided a partial refund or provided additional volume).

8. Full Refunds. These franchises received a full refund of their initial franchise fee from us.

9. Time to Provide Not Expired. The time for us to provide initial business under the particular package had not expired at year end.

10. Franchisees with Replaceable Volume. These franchisees lost business through no fault of their own during the first 180 days of the account and were thus entitled to replacement business.

11. Franchisees with Irreplaceable Volume. These franchisees lost some or all of their Initial Accounts as a result of their default (e.g., faulty work, lack of trustworthiness, and failure to service the customer).

12. Franchisees Accepting Our Performance. These franchisees accepted our performance, that is, no adjustment was requested.

Initial Monthly Gross Billings in Illinois: January - December 2024

In the chart below, we have calculated the average gross monthly volume of our franchisees that purchased a Franchise in year 2024.

CHART 19-II
Initial Monthly Gross Billings
January - December 2024

Monthly Package Size (Note 1)	Number of Franchises included in Actual Average Gross Monthly Volume (Note 1)	Actual Average Gross Monthly Volume (Note 2)	Actual Median Gross Monthly Volume (Note 3)	Average No. of Months Services Performed (Note 4)
$4,000	0	$0	$0	0
$5,000	0	$0	$0	0

Note 1: For purposes of this Table 19-II, "*Initial Monthly Gross Billing*", a franchisee is included in the package category which it originally purchased, unless the franchisee subsequently upgraded during the reporting period, in which event the franchisee is included in the package category to which it upgraded.

Note 2: The average gross monthly volume of franchisees who purchased a Franchise in year 2024 was calculated as follows. First, all franchisees were categorized by package size. The franchisees' monthly statements for all months in 2024 were used to determine their gross revenue for 2024 (including monthly cleaning service fees and any special services revenues). The average monthly gross volume was calculated for each franchisee by taking total gross revenue for each year in 2024 and dividing that number by the number of months the franchisee provided services. Finally, for each package category, all of the franchisees' average gross monthly volumes were totaled and divided by the number of franchisees in the category, providing an average monthly gross revenue amount for each package.

Note 3: The median gross monthly volume of franchisees for each package category is the median (or midpoint number) of the monthly statements for 2024 (including monthly cleaning service fees and any special services revenues) for all of the franchisees who purchased a Franchise in year 2023 for each respective package category.

Note 4: The calculation of the average number of months worked by franchisees in each category was made by totaling the number of months worked by all of the franchisees in each category and dividing by the number of franchisees in each category. Franchisees with no business were included in the calculation of averages.

The material assumptions underlying this financial performance representation are: we will continue to attract customers for the CleanNet services, and therefore, will be able to fulfill our obligations to you to provide Initial Accounts, you will accept accounts offered to you, your clients will pay invoices for the services that you provide in a timely manner and you are successful in retaining your Initial Accounts. In addition, your total Gross Billings will be less in the initial start-up period (i.e., prior to the expiration of the Offer Period) because we may not have offered all Initial Accounts to you until the expiration of the Offer Period. Your total Gross Billings will be less if you lose accounts, even if the account loss was not due to your fault, although we have an obligation to replace certain Initial Accounts as described in the Franchise Agreement and in Item 11.

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

A new franchisee's financial results are likely to differ from the results stated in the financial performance representation.

Some franchised units have achieved these amounts. Your individual results may differ. There is no assurance that you'll achieve as much.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing unit, however, we may provide you with the actual records of that unit. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting Mr. Mark Salek, President, CleanNet of Illinois, Inc., 1 East Oakhill Drive, Suite 300, Westmont, Illinois 60559, telephone: 630-990-0990; the Federal Trade Commission; and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1-A
CleanNet of Illinois, Inc. Outlet Summary for Years 2022 to 2024

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2022	56	55	-1
	2023	55	47	-8
	2024	47	38	-9
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	**2022**	**56**	**55**	**-1**
	2023	**55**	**47**	**-8**
	2024	**47**	**38**	**-9**

Table No. 2-A

CleanNet of Illinois, Inc. Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor or an Affiliate) for Years 2022 to 2024

State	Year	Number of Transfers
Illinois	2022	0
	2023	0
	2024	0
Indiana	2022	0
	2023	0
	2024	0
Total	**2022**	**0**
	2023	**0**
	2024	**0**

Table No. 3-A

CleanNet of Illinois, Inc. Status of Franchised Outlets for Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
IL	2022	53	0	0	0	0	0	53
	2023	53	0	0	0	0	8	45
	2024	45	0	0	0	0	9	36
IN	2022	3	2	0	0	0	3	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Total	**2022**	**56**	**2**	**0**	**0**	**0**	**3**	**55**
	2023	**55**	**0**	**0**	**0**	**0**	**8**	**47**
	2024	**47**	**0**	**0**	**0**	**0**	**9**	**38**

Table No. 4-A

CleanNet of Illinois, Inc. Status of Company-Owned Outlets for Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-Acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
IL	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
IN	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Total	**2022**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 5-A
CleanNet of Illinois, Inc. Projected Openings as of December 31, 2024

State	Franchise Agreements Signed but Outlet Not Opened as of December 31, 2024	Projected New Franchised Outlets in 2025	Projected New Company-Owned Outlets in 2025
IL	0	0	0
IN	0	1	0
Total	**0**	**1**	**0**

Item 20 Tables
CleanNet U.S.A., Inc.

Table No. 1-B
CLEANNET USA System Wide Outlet Summary for Years 2022 to 2024

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2022	1386	1300	-86
	2023	1300	1269	-31
	2024	1269	1168	-101
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	**2022**	**1386**	**1300**	**-86**
	2023	**1300**	**1269**	**-31**
	2024	**1269**	**1168**	**-101**

Table No. 2-B
Transfers of CLEANNET USA System Wide Outlets From Franchisees to New Owners (Other than Franchisor or an Affiliate) For Years 2022 to 2024

State	Year	Number of Transfers
GA	2022	1
	2023	0
	2024	0
PA	2022	1
	2023	0
	2024	0
Total	**2022**	**2**
	2023	0
	2024	0

Table No. 3-B
Status of CLEANNET USA System Wide Franchised Outlets
for Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
AZ	2022	3	0	1	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
CA	2022	95	0	0	0	0	3	92
	2023	92	0	1	0	0	1	90
	2024	90	0	0	0	0	10	80
DC	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	2024	5	1	0	0	0	0	6
FL	2022	103	0	12	0	0	0	91
	2023	91	2	0	0	0	1	92
	2024	92	3	0	0	0	5	90
GA	2022	120	2	2	0	0	0	120
	2023	120	0	1	0	0	0	119
	2024	119	1	1	0	0	32	87
IL	2022	53	0	0	0	0	0	53
	2023	53	0	0	0	0	8	45
	2024	45	0	0	0	0	9	36
IN	2022	3	2	0	0	0	3	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
MD	2022	119	6	0	0	0	11	114
	2023	114	3	0	0	0	0	117
	2024	117	4	0	0	0	1	120
MI	2022	175	6	0	0	0	0	181
	2023	181	1	0	0	0	0	182
	2024	182	3	0	0	0	4	181
NC	2022	38	2	2	0	0	0	38
	2023	38	3	0	0	0	0	41
	2024	41	1	0	0	0	4	38
NJ	2022	86	0	0	0	0	7	79
	2023	79	0	0	0	0	6	73
	2024	73	0	0	0	0	3	70
OH	2022	34	0	0	0	0	0	34
	2023	34	0	0	0	0	15	19
	2024	19	0	0	0	0	0	19
OR	2022	43	1	6	0	0	0	38
	2023	38	1	12	0	0	0	27
	2024	27	0	2	0	0	0	25

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
PA	2022	244	2	14	0	0	26	206
	2023	206	0	0	0	0	11	195
	2024	195	0	0	0	0	18	177
SC	2022	4	0	1	0	0	3	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
TX	2022	193	10	0	0	0	14	189
	2023	189	15	0	0	0	1	203
	2024	203	12	0	0	0	39	176
VA	2022	65	0	0	0	0	11	54
	2023	54	1	0	0	0	0	55
	2024	55	2	0	0	0	1	56
WV	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
WA	2022	4	0	1	0	0	0	3
	2023	3	0	1	0	0	0	2
	2024	2	0	0	0	0	0	2
Total	**2022**	**1386**	**31**	**39**	**0**	**0**	**78**	**1300**
	2023	**1300**	**27**	**15**	**0**	**0**	**43**	**1269**
	2024	**1269**	**28**	**3**	**0**	**0**	**126**	**1168**

Table No. 4-B
Status of CLEANNET USA Company-Owned Outlets
for Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-Acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
All states	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Total	**2022**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 5-B
System Wide Projected Openings as of December 31, 2024

State	Franchise Agreements Signed but Outlet Not Opened as of December 31, 2024	Projected New Franchised Outlets in 2025 as of December 31, 2024	Projected New Company-Owned Outlets in 2025 as of December 31, 2024
AZ	0	0	0
CA	0	0	0
CO	0	10	0
DC	0	1	0
FL	0	13	0
GA	0	10	0
IL	0	0	0
IN	0	1	0
MA	0	0	0
MD	0	5	0
MI	0	5	0
NC	0	5	0
NJ	0	0	0
OH	0	2	0
OR	0	1	0
PA	0	0	0
SC	0	1	0
TX	0	18	0
VA	0	4	0
WV	0	1	0
WA	0	0	0
Total	**0**	**77**	**0**

Exhibit H contains the names of all our franchisees and the addresses and telephone numbers of their outlets as of December 31, 2024.

Exhibit I contains the name, city and state and the current business telephone number (or if unknown, the last-known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreement during our most recently completed fiscal year (December 31, 2024), or who has not communicated with us within 10 weeks of the 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.

During the last three fiscal years, neither CleanNet nor we have signed any confidentiality clauses with current or former franchisees, which would restrict them from speaking openly with you about their experience with us or with CleanNet.

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21

FINANCIAL STATEMENTS

Exhibit K includes CleanNet's combined audited financial statements for fiscal years 2024, 2023, and 2022. CleanNet's fiscal year ends on December 31. CleanNet guarantees our performance under the Franchise Agreement. A copy of the guaranty is included in **Exhibit K**.

Item 22

CONTRACTS

The following contracts are attached to this disclosure document:

B	Franchise Agreement and Related Agreements Attachment A – Promissory Note Attachment B – Equipment Purchase Agreement
D	Sample General Release
E	Package Modification Addendum
F	Assignment of Franchise Agreement
J	State Addenda

Item 23

RECEIPT

Exhibit M includes detachable documents, acknowledging your receipt of this disclosure document.

EXHIBIT A

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, Wisconsin 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, Wisconsin 53705 (608) 261-7577

EXHIBIT B

FRANCHISE AGREEMENT

CleanNet Unit Franchise Agreement
SUMMARY PAGE

Effective Date: _____, 20____.

Franchisee Information:

1. **"You" -** *your complete legal entity name:* _____

2. *Type of Entity.* You are:
   - □ a corporation, state of incorporation: _____
   - □ a limited liability company, state of formation: _____
   - □ other: _____

3. *Federal EIN*. Your Federal EIN is: _____

4. *Your Address for Notices (Section XIV.E):*
   _____
   _____
   _____
   _____

5. *Your Designated Operator and Manager (Section I.B)*. Your **"Designated Operator"** is an equity owner that is authorized to make decisions, and communicate with us, on your behalf; your **"Manager"** is the person that supervises the day-to-day operation of the Franchise. (They may be the same person).

Your Designated Operator's contact information:		**Your Manager's contact information:**	
Name:	_____	Name:	_____
Mobile Phone:	_____	Mobile Phone:	_____
Email:	_____	Email:	_____
Address:	_____	Address:	_____
	_____		_____
	_____		_____

IMPORTANT: You must immediately let us know if any of the information above changes. Your failure to do so is a material breach of this Agreement.

_____
Franchisee's Initials

_____
Franchisor's Initials

Initial Accounts:

You have chosen to purchase the following Initial Package _____ *(Section II.B.1)*:

- We must provide you with Initial Accounts with $_____ in Gross Billings per month.
- We will provide with these accounts within _____ [insert 120 days plus 30 days for each $1,000 above $3,000 in monthly accounts; delete this text] days of your completion of your pre-opening obligations (the **"Offer Period"**). *(Section II.B.1).*
- We agree to provide you with Initial Accounts in the following area (the **"Fulfillment Area"**) *(Section II.B.1):*

  _____

  _____

  _____

  [insert area that is within 30 miles of Franchisee's home or office or a mutually agreed county or counties; delete this text].

IMPORTANT: Monthly "Gross Billings" means the total amount of revenue billed to an Initial Account for Cleaning Services that you provide, but it does not include any sales tax or other taxes. You will earn less than your monthly Gross Billings because you will have business expenses, such as salaries, equipment, and supplies, and must deduct Royalties, Administrative Fees, amounts owed to us under Promissory Notes and other financing, Business Protection Plan fees, Finder's Fees, Contract Negotiation Fees, and any other amounts owed to us under the Franchise Agreement.

Initial Franchise Fee:

The initial franchise fee is: $_____ *(Section IV.A)*.

Check one:

□ You've paid us in full for the initial franchise fee.

□ You have paid us $_____ for the initial franchise fee, and you will obtain financing for the balance – see below (financing is subject to our approval).

Financing for the Initial Franchise Fee:

Check one:

□ You will not obtain financing for the initial franchise fee because you've paid it in full.

□ You've paid us $_____ for the initial franchise fee, and we will finance the balance of $_____ at 9% interest with _____ payments of $_____. The first installment is due _____.

You should carefully review the Promissory Note, which applies to any financing by us (Attachment A).

_____
Franchisee's Initials

_____
Franchisor's Initials

Initial Equipment and Supplies:

We recommend that you purchase certain specified equipment and supplies (the **"Initial Equipment and Supply Package"**) *(Section II.B.1)*. You don't need to purchase these items from us. If you would like to purchase our standard Initial Equipment and Supply Package, the cost is $_____.

Check one:

□ You will purchase the Initial Equipment and Supply Package from a third party.

□ You've paid us $_____ in full for the Initial Equipment and Supply Package.

□ You have paid us $_____ for the Initial Equipment and Supply Package, and you will obtain financing for the balance the balance of $_____ at 9% interest with _____ payments of $_____. The first installment is due _____. (financing is subject to our approval)

You should carefully review the Promissory Note, which applies to any financing by us (Attachment A); you should also carefully review the Purchase Agreement, which applies to the purchase of the Initial Equipment and Supply Package from us (Attachment B).

Administrative Fees/Billing Services:

We will provide Billing Services under **Section V.D** for a 5% Administrative Fee on Gross Billings for all Accounts. We charge a 2% Administrative Fee on Gross Billings for all Accounts if you do not elect to have us perform these services.

To be eligible to provide your own Billing Services, you must pay your initial franchise fee in full at the time of signing and must remain in full compliance with this Agreement and met other requirements described in **Section VI.D**. If you provide your own Billing Services, you are not eligible to participate in our **"Cash Management Program",** as described in **Section V.E.** In addition, we will always perform Billing Services for Specialized Service Accounts and National Accounts.

Check one:

□ We will provide Billing Services.

□ You will provide your own Billing Services

_____
Franchisee's Initials

_____
Franchisor's Initials

Business Protection Program:

You may obtain the required insurance coverage through a group insurance plan (the **"Business Protection Program"**). If you elect to participate, you will be charged the amount of the premium, plus a reasonable administrative charge. (*Section IV.P*).

Check one:

□ You will participate in the Business Protection Program.

□ You will not participate in the Business Protection Program.

_____
Franchisee's Initials

_____
Franchisor's Initials

Attachments

Attachment A – Promissory Note

Attachment B – Equipment Purchase Agreement

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is made and entered into between **CleanNet of Illinois, Inc.,** an Illinois corporation and a regional subfranchisor under an Area Operator Agreement with CleanNet U.S.A., Inc., an Illinois corporation (the "**Master Franchisor**"), located at 1 East Oakhill Drive, Suite 300, Westmont, Illinois 60559 **("we"** or **"us"**) and _____ ("**you**"). The information and defined terms on the Summary Page that immediately precedes this Franchise Agreement is incorporated in this Franchise Agreement by this reference (the "**Summary Pag**e"; and, together with this Franchise Agreement, this "**Agreement**").

You and we agree:

I. GRANT OF FRANCHISE

A. License.

1. We grant you a nonexclusive license to operate a CleanNet janitorial business (the **"Franchise"**) under the CleanNet System (the **"System"**) identified by the CleanNet® mark and other trade names, service marks, trademarks, and logos specified by us (the **"Marks"**), and you accept the license. You agree to operate the Franchise under the terms of this Agreement and in accordance with System standards (our **"Standards"**), which you agree are necessary to protect the goodwill associated with the Marks. Your Franchise will provide janitorial and related services (**"Cleaning Services"**) under the Marks for one or more Accounts.

2. You agree that you will not use the Marks to perform any Cleaning Services or other services under the Marks for any customer that is not a CleanNet customer subject to this Agreement. Nothing in this Agreement limits your right to provide Cleaning Services and other types of services to non-CleanNet customers under a different brand. You have no exclusive rights with respect to the Marks, and we reserve all rights not expressly granted to you with respect to the Marks.

B. Designated Operator; Manager. The Designated Operator specified on the Summary Page is one of your equity owners who is authorized to communicate with us on your behalf and make decisions for you. Your Manager, who may be the same person as your Designated Operator, is also listed on your Summary Page. Your Manager must devote sufficient time to the management of the Franchise, be actively involved in the day-to-day operations of the Franchise and must be familiar with all Accounts that you service. Both of these individuals must have successfully completed the Initial Certification Program to our satisfaction as described in **Section V.B**. Your Designated Operator/Manager must have a smart phone and valid email accounts that he or she checks regularly during normal business hours. Your Manager must give his or her contact information to all of your CleanNet customers and must be available during normal business hours for routine questions/problems, and during non-business hours if emergencies should arise. He or she must promptly respond to our and the customer's attempts to contact him/her. You agree that this provision is necessary to protect the customer's perception of the CleanNet brand and image, which could be damaged if complaints or customer inquiries are not promptly handled. You must immediately let us know of any changes in your Designated Operator or Manager, or his or her contact information on the Summary Page.

II. CUSTOMER ACCOUNTS

A. Account Types. You should understand the different types of Accounts that we may offer you under this Agreement because different guarantees, requirements and fees apply depending on the type of Account. Our Account designation is determinative as to type of Account.

"Initial Account" is an account that you are provided under your Initial Package specified in the Summary Page. Initial Accounts will always involve routine, regular Cleaning Services.

"Additional Accounts" are accounts for routine, regular Cleaning Services that you may request and/or we may choose to offer you after your Initial Package is fulfilled. You are not required to request, and we don't have to offer you any Additional Accounts.

"**Specialized Service Accounts**" are accounts that involve isolated or non-recurring services ("**Specialized Services**") that are not normally included in a customer's monthly invoice and often require specialized equipment. Examples of Specialized Services are window washing, carpet shampooing, upholstery cleaning, COVID-related cleaning services, stripping wax from floors; apartment turnover services; seasonal services for less than one year; and clean-up for occasional or regularly scheduled public events. If you accept a customer or account to provide Specialized Services, you must provide all properly qualified personnel and all specialized equipment and supplies for Specialized Services.

"**National Account**" refers to an account for a customer that has on-going demands for products or services that exceed the capabilities of any single Franchise; has multiple locations in diverse geographic areas that fall within multiple territories in the System; prefers a single contact to administer contract compliance, pricing, billing and customer satisfaction; requires a single contact due to centralized buying authority or to comply with regulatory issues; or has other unique circumstances that the National Account customer requires. If you tell us that you are willing to accept National Accounts and if you have us perform all of your billing services, you will be placed on our list of eligible franchisees. You will have the opportunity to review the National Account customer's terms before deciding whether or not to accept the account. We have discretion to determine whether to offer you a specific National Account location, based on your experience, scale, location, availability and personnel and equipment inventory, matched to the customer's needs. In addition, we may subcontract with any third-party to provide the requested services. If you agree to provide some or all of the services specified by a National Account, you must agree also to honor and abide by each and every provision of the master contract with the National Account customer. Specialized Services provided for a National Account will be subject to the same fees as a Specialized Service Account.

"**Accounts**" include all of the different types of accounts described above – Initial Accounts, Additional Accounts, Specialized Service Accounts and National Accounts.

We provide no guarantee that that any Account that we offer to you will be profitable. The amount that you will actually receive depends on a number of factors, including the expenses that you incur, as well as factors that may not be under your control or under our control, such as a customer going out of business or failing to promptly pay for services.

B. Initial Accounts.

1. You have purchased the Initial Package listed on the Summary Page. We are obligated to provide you with Initial Accounts with monthly Gross Billings for Cleaning Services, within the Offer Period and within your Fulfillment Area – all as specified on the Summary Page. The Offer Period begins running only after you have completed the following pre-opening tasks:

- purchased necessary equipment and supplies;
- formed a limited liability company or corporation;
- obtained required licenses and permits;
- successfully completed the Initial Certification Program under **Section V.B**;
- opened a business checking account; and
- purchased required insurance under **Section VII.A**.

If we offer an Initial Account to you outside of your Fulfillment Area, and you accept it notwithstanding its location, that account will be counted towards the Initial Package obligation. You may not provide Cleaning Services using the Marks outside of your Fulfillment Area without our permission (which will be presumed if we offer and you accept an Initial Account outside of your Fulfillment Area).

You must review each Initial Account offered to you, and you choose whether to accept or to reject it. You may reject any Account for any reason. If you reject an Initial Account that is within your Fulfillment Area without a **"valid reason",** then we will have a reasonable period of time to offer another Account of equal or greater value. In other words, the Offer Period will not apply for the monthly Gross Billing amount of Accounts in your Fulfillment Area that you reject without a valid reason. **"Valid reasons"** for rejection include: (a) you reasonably determine that you are not able to adequately service the Initial Account due to a lack of specialized skills or the size of the Account; or (b) the acceptance of the Initial Account would require you to upgrade your Initial Package. If you reject for any of these valid reasons, our obligation to provide Initial Accounts per your Initial Package and within the Offer Period remains the same.

2. if you have provided all QA Reports on a monthly basis and in a timely manner, and you lose an Initial Account within 12 months after you have commenced providing Cleaning Services, and the loss was not due to your documented Misconduct (as defined in **Section II.C.2**), we will offer you replacement account(s) with equal or greater monthly Gross Billings within a reasonable period of time. We will also replace an Initial Account terminated during the 12-month guarantee period if you have terminated an Initial Account for non-payment. This limited guarantee will only apply if you have strictly complied with your obligation to provide QA Reports each month in a timely manner under **Section VI.B.13**. *If you do not provide any monthly QA Report on time for a particular Initial Account, and you lose that Initial Account and the loss was not due to your documented Misconduct, our replacement guarantee on the relevant Initial Account is six months after you have commenced providing services (rather than 12 months).*

3. For any Initial Account replaced by us with another Account of equal or greater Gross Billings, the remaining limited guarantee for the replacement Account will be the 12-month time period reduced by the amount of time that the Initial Account was serviced by you, provided the customer has paid you for your services. For example, if an Initial Account was serviced by you for seven months, and you terminate the Account because the customer does not pay for two of those months, the remaining limited guarantee for the replacement Account would be seven months.

4. The limited guarantee only applies to Initial Accounts; no guarantees apply on other types of Accounts. If the replacement Account has a higher monthly Gross Billing amount than the Initial Account it is replacing, and we have fulfilled your Initial Package, the difference will be treated as an Additional Account subject to Finder's Fees under **Section IV.E**; the excess monthly Gross Billings that are not a part of your Initial Package will not qualify for the limited guarantee under this Section.

C. Account Acceptance; Loss of Account.

1. Once you accept any Account offered to you, you will own that Account and the customer will be your customer. You must first sign appropriate assignment documentation and an acknowledgement under which you become a party to the customer agreement and agree to provide Cleaning Services to the customer in accordance with this Agreement and the customer agreement. (These provisions may not apply if the Account that you will service is a National Account depending on the contract with the National Account.)

2. Ownership of an Account transferred to you immediately reverts to us effective upon notice to you (which may be delivered via email) upon any of the following:

- your documented Misconduct involving the Account. **"Misconduct"** means any conduct by you or your employees relating to faulty workmanship, dishonesty, fraud, or providing services in a manner reasonably unsatisfactory to the customer or otherwise in violation of the Franchise Agreement or the customer agreement;
- we receive the customer's written request that its Account be transferred to a different franchisee;
- you miss more than two regularly scheduled service visits in a 60-day period; or
- this Agreement is terminated, you violate this Agreement, you stop being our franchisee or otherwise no longer want to service the customer.

You will receive no refund or reduction of any fees already paid for a reverted Account.

III. TERM AND RENEWAL

A. Initial Term. The term of this Agreement is ten years, starting on the Effective Date.

B. Renewal Terms. You may renew the license for successive ten-year periods, subject to the following conditions:

1. You are not in default of any provision of this Agreement, or any other agreement between you and us or our affiliates and suppliers; you have satisfied all monetary obligations owed by you to us and our affiliates and suppliers and have substantially met those obligations throughout the term of this Agreement; your operation and management of the Franchise is in full compliance with the System; and you are in good standing with all necessary licenses and permits;

2. You give us notice of your intent to renew the license not less than six months before the end of the term of this Agreement;

3. Your Designated Operator and Manager have attended our then-current qualification and certification programs at your expense;

4. You must execute our then-current form of franchise agreement, which supersedes in all respects this Agreement, and the terms of which may differ from the terms of this Agreement; and

5. You and your owners have executed a general release, in a form prescribed by us, of any and all claims against us, the Master Franchisor and our respective affiliates, officers, directors, agents and employees.

IV. FEES

All fees under this **Article IV** are fully earned and are not refundable under any circumstances, except the initial franchise fee may be refundable under **Section IV.B** below.

A. Initial Franchise Fee. The initial franchise fee you must pay to us is specified on the Summary Page.

B. Refunds of the Initial Franchise Fee.

1. If we do not offer you any Initial Accounts within the Offer Period, you may send us a written request for a refund within 10 days after the Offer Period. Within 30 days after our receipt of your written request for refund, we will provide you with a refund of any cash you paid to us for your Initial Package, and cancel any promissory notes issued for your Initial Package. You and we agree that this Agreement is terminated on the date that the refund is issued by us. Amounts paid for equipment and supplies will be refunded provided you return the equipment and supplied in unused condition.

2. If we have offered at least one Initial Account to you within the Offer Period, but we failed to provide all of the Initial Accounts within the Offer Period, you may send us a written request for refund within 10 days after the Offer Period. Within 30 days of our receipt of your written request for refund, we will adjust the initial franchise fee to correspond to the initial franchise fee associated with the volume of Initial Accounts offer by us and accepted by you within the Offer Period. Your franchise package will then be the package associated with the reduced Initial Accounts amount after the partial refund.

3. If you do not give us notice of your intention to receive a refund within 10 days after expiration of the Offer Period, the Offer Period is extended for additional 60-day periods until we have provided all of the Initial Accounts required for your Initial Package or until you give written notice to us of your request for a refund within 10 days after the expiration of any such extended period, whichever is earlier.

4. Your right to receive a refund as provided by this Section is your exclusive remedy if we do not meet our obligation to fulfill your Initial Package.

5. If we have offered you three Initial Accounts within your Fulfillment Area and you have rejected all three Initial Accounts, we may, at our election, terminate this Agreement. Upon such termination, we will refund all amounts that you have paid to us for the initial franchise fee and any equipment purchased from us provided you return all items in original and unused condition.

6. We may condition any refund provided under this Section on your execution of a general release, in a form prescribed by us, of any and all claims against us, the Master Franchisor and our respective affiliates, officers, directors, managers, owners, agents and employees.

C. Royalty Fees. You must pay us monthly Royalty Fees equal to 10% monthly Gross Billings on all Accounts, including Initial Accounts, Additional Accounts, National Accounts and Specialized Service Accounts.

Type of Account	% Gross Billings (monthly)
ALL Accounts	10%

D. Administrative Fees. You must pay us monthly Administrative Fees equal to the specified percentage of monthly Gross Billings as follows:

If you provide your own Billing Services*:

Type of Account	% Gross Billings (monthly)
ALL Accounts	2%

If we provide Billing Services:

Type of Account	% Gross Billings (monthly)
ALL Accounts	5%

*You are not permitted to provide Billing Services for National Accounts. In addition, if you have us provide Billing Services to some of your CleanNet Accounts, you must have us provide Billing Services for all of your CleanNet Accounts.

E. Payment for Additional Accounts.

1. *Finder's Fee.* You may pay us a Finder's Fee for Additional Accounts that you choose to accept. The Finder's Fee is three times the initial monthly Gross Billings of each Additional Account that you choose to accept. The Finder's Fee must be paid to us before you may begin work on the Additional Account. You may pay the Finder's Fee in cash or, you may elect that we finance the Finder's Fee. If the Finder's Fee is financed, you will pay us a down payment up to 50% of the Finder's Fee when each Additional Account is accepted by you, and the balance will be financed by us at 9% interest per annum, for a period of up to one year, depending on the amount financed, with the first payment due the first month that Cleaning Services are performed for each Additional Account customer. The termination of an Additional Account for any reason will not relieve your obligation to complete payment of all Finder's Fee payments to us in full (whether or not financed).

2. *Additional Management Fee.* In lieu of paying us a Finder's Fee, you may elect to pay us an ongoing Additional Accounts Management Fee equal to 5% of monthly Gross Billings of the Additional Account.

3. The termination of an Additional Account for any reason will not relieve your obligation to complete payment of all Finder's Fee payments to us in full (whether or not financed).

F. Contract Negotiation Fee. Subject to the availability of our personnel, we will assist you in procuring Accounts for Cleaning Services that have been identified by you, and that you desire to service under the Marks. You must pay us the first month's Gross Billings under the contract as a **"Contract Negotiation Fee"**. The Contract Negotiation Fee must be paid to us in three equal monthly installments, with the first installment due when the first payment under the negotiated contract is received. Royalty Fees and Administrative Fees will also apply, but not Finder's Fees.

G. Supply Replacement Fee. If you have not replaced supplies as needed at one or more of your Accounts, and we replace the supplies for you, you must immediately reimburse us in full for our costs in connection with the supply replenishment, plus pay us our then-current administrative fee.

H. Technology/Software Fees. If we allow you to establish and maintain a web page through our web site, we may charge you a reasonable fee for any customized features, which fee will be periodically specified by us. If we have proprietary, customized or other required software, you must pay us or our affiliate, or any designated supplier any required initial or recurring periodic fee for initial or continued licensing, support or maintenance that may be periodically specified by us.

I. Advertising Fee. If we establish a System-wide advertising fund, you must pay us a non-refundable monthly advertising contribution determined by us that will not exceed 1% of your monthly Gross Billings on all Accounts.

J. Customer Deductions and Re-Keying Fee. If a customer makes contractually permitted or specified deductions based on your failure to perform the services, such as missed days, incomplete service, or failure to meet performance goals, you will absorb 100% of the deductions or charges. If you lose a customer key, security pass or otherwise cause the customer to incur expense in connection with access to the facility or you fail to return a customer its keys, security passes or codes for any reason within 24 hours after notification, you must pay the actual costs associated with re-keying or other expenses associated with your failure, or whatever fees are provided for in the contract with your customer.

K. Legal Costs of Collection. If you elect that we provide the Billing Service and you request that we take legal action on your behalf to obtain payment from your customers, you must reimburse us for all reasonable attorney's fees, court costs and expenses incurred by us in enforcing payment of any Accounts provided that you have authorized legal action to collect on any of your Accounts.

L. Direct Deposit Fee. If we provide Billing Services, we can require that payments from the Franchisee Escrow Account be electronically deposited directly into your bank account, in which case, you must pay us a reasonable fee (currently $9.95) each month.

M. Business Protection Program. You may obtain the required insurance coverage under **Section V.II.A** through a group insurance plan (the **"Business Protection Program"**). If you elect to participate, you will be charged the amount of the premium, plus a reasonable administrative charge. We may raise costs to cover increased costs in premiums. If you do not participate, you must purchase insurance meeting the requirements of **Section V.II.A**. We may discontinue the Business Protection Program on prior written notice to you.

N. Bank Charge Fee. If we incur any bank charges or related fees in connection with payments we issue to you (including when we incur a stop-payment fee charge if we reissue or replace a check to you), you must reimburse us for any such charges or fees.

O. Due Date for Recurring Fees; Distribution. Recurring fees and amounts due to us under any Promissory Note and other financing are due and payable to us on the 25th day following the last day of the month during which services are performed (the "**Due Date**"). Non-recurring fees are due upon demand. If you don't provide your own Billing Services, you agree to permit the escrow agent to deduct from amounts due to you under the Franchisee Escrow Account under **Section V.D** Royalty Fees, Administrative Fees, Finder's Fees, Contract Negotiation Fees, Advertising Fees, Business Protection Program fees, amounts due under Promissory Notes or under any financing, other recurring fees and other amounts due to us under this Agreement and applicable taxes (**"Disbursements"**). If we provide Billing Services, the escrow agent will pay applicable taxes from amounts that we collect on your behalf to the taxing authority. The net amount after Disbursements will be paid to you on the Due Date. If we do not provide Billing Services, you must make payment to us of all amounts due hereunder by any method that we require, which may include payment by automated clearing house (ACH) drawn from your operating account. You must do all things necessary to implement our desired payment method.

P. Application of Payments; Interest. We may apply any payments you make in any way we choose, including to any past due indebtedness you owe us. If you are late on any payment you owe us, we will charge you interest at the lesser of 18% per annum or the maximum rate allowed by applicable law. You will pay us accrued interest on demand.

V. OUR OBLIGATIONS

A. Manuals. We will loan you one copy of the CleanNet brand standards manual (the "**Brand Standards Manual**") and the CleanNet Custodial Training Manual (the "**Training Manual**" and collectively, with the Brand Standards Manual and all other specifications, standards, guidelines, and requirements we distribute and as we modify, replace and/or supplement, the **"Manuals"**). The Brand Standards Manual describes our Standards, which you acknowledge are necessary to protect the System and the goodwill associated with our Marks. The Brand Standards Manual also contains the procedures that enable us to provide the services you will receive from us under this Agreement. The Training Manual provides you with guidance on how to operate a successful janitorial services business, but its contents are for your assistance and consideration and are not mandatory. If any dispute arises on the contents of the Manuals, the terms in our master copy of the Manuals are controlling. You must report the theft, loss, or destruction of the Manuals, or any portion thereof, immediately to us. We may charge you a reasonable amount for replacement copies if you lose the Manuals. We reserve the right to make changes to the Manuals as may be required by applicable law or regulation or operational needs of the System. You will be notified of any changes in a timely manner.

B. The CleanNet Initial Certification Program. To maintain the uniformity of quality and services of the System and protect the integrity of the Marks and the CleanNet® brand, we will provide up to two persons, including your Designated Operator and Manager (who may be the same person), with a comprehensive initial program on our Standards (the **"Initial Certification Program"**). The Initial Certification Program includes practical on-site activities explaining our Standards, as well as classroom sessions utilizing our curriculum and video/DVD series. We will provide all instruction and materials in connection with the Initial Certification Program at our cost.

C. Inspections and Quality Assurance. We will assist you in customer relations. If requested by you to do so, we may inspect the end result of the Cleaning Services and evaluate QA Reports that you complete for each of your Customers. We will provide you with advice and guidance on handling complaints and deficiencies from your customers, but you alone control the details of how your work is done and in ensuring that the work is done in accordance with the customer contract.

D. Billing Services. If you elect that we do so on the Summary Page, we will provide monthly **"Billing Services"**, which includes the monthly invoicing of each of your Accounts for the cost of services rendered by you, plus applicable taxes, remitting such taxes to the applicable taxing authority, keeping billing and income records of your Accounts, and engaging in commercially reasonable efforts to collect amounts due. Under no circumstances will we be required to initiate legal action or incur legal fees on your behalf. The monies we collect on your behalf will be placed in an escrow account (the **"Franchisee Escrow Account"**) and distributed on the Due Date.

E. Cash Management Services. If we provide Billing Services, we may advance you, through the Franchisee Escrow Account, amounts that have been billed, but have not yet been collected from your customers on your request. We are under no obligation to provide advances to you. The amount of the advances, if any, will be limited to 60 days' billings per customer, and the duration of any advance will be 90 days per customer. If, at the end of 90 days from the date advanced, an amount advanced to you remains uncollected by us, you must immediately repay us the amount advanced in full. No interest is charged on advances. At our sole option, any Account may be declared a bad payment risk. On such declaration, we will no longer make any payments in advance to you for that Account's monthly billings. You will thereafter only receive disbursements for such bad risk accounts after actual receipt by the Escrow Account of that account's monthly billing. On such bad risk Accounts, we may recommend that you to cease servicing the Account, but the ultimate decision whether to do so will be made by you.

F. Advertising Fund. We have not yet established a system-wide advertising fund and do not currently require System franchisees to make advertising contributions; however, we reserve the right to establish and operate a System-wide advertising fund. If we do so, we will administer the advertising fund for the benefit of the System.

VI. YOUR OBLIGATIONS

A. The CleanNet Marks.

1. You agree to only use the Marks only as permitted in this Agreement and in accordance with our specifications. You may not use the Marks or any reproduction or imitation of the Marks in any way likely to cause confusion, mistake or deception or create the appearance that any non-authorized service or product is provided by or endorsed by us or the Master Franchisor.

2. You may not use the Marks in any advertising or promotional materials or on the Internet or other electronic medium, without our prior approval, and you may not use the Marks as part of your legal or entity name. You must not register any domain name containing the Marks or any similar names.

3. In all of your business dealings, you must identify yourself as an independent owner and licensee of the CleanNet System when using the Marks.

4. You must sign all documents we request to protect the Marks or to maintain their continued validity and enforceability.

5. You must not use or attempt to register any other trademarks, service marks, or other commercial symbols that are the same as or similar to any of the Marks.

6. You must comply with our instructions on filing and maintaining any required fictitious, trade, or assumed-name registrations for the CleanNet trade name, and you must sign all documents we or our counsel deem reasonably necessary to protect the Marks and Master Franchisor's interest in the Marks.

7. You must immediately notify us of any suspected unauthorized use of, or any challenge to the validity or ownership of, the Marks, or our right to license or use the Marks, or your right to use the Marks.

8. Any use of the Marks outside this Agreement infringes our and Master Franchisor's rights in the Marks. Both during and after the term, you will not, directly or indirectly, infringe or contest or aid in contesting the validity of, or our or Master Franchisor's right to, the Marks, or take any other action to damage these rights.

9. You must notify us promptly of any litigation brought against you involving any of the Marks, and you must deliver to us copies of any documents for the litigation that we request. You must cooperate with the Master Franchisor in the defense of any such litigation. The Master Franchisor will control any administrative proceedings or litigation involving the Marks. You must notify us promptly of any use by any person or legal entity, other than us or the System franchisees, of any of the Marks or any variation of any of the Marks. The Master Franchisor will decide the actions to be taken against the use of any of the Marks by any persons or legal entities other than us or the System franchisees.

10. If, in our sole discretion, we think it advisable to modify or stop the use of any Mark or use one or more additional or substitute names or marks, you will do so at your sole expense within 30 days of our request.

11. Except as granted in this Agreement, you have no ownership or other rights in the Marks. All goodwill associated with the Franchise inures exclusively to Master Franchisor's benefit and is Master Franchisor's exclusive property.

B. Protection of the CleanNet® Brand. You acknowledge that the goodwill associated with the Marks and the success of Franchises in the System depends on a consistently high standard of excellence in Cleaning Services, customer service, and uniform practices across CleanNet franchisees. To protect the reputation and goodwill of the CleanNet brand, you agree to use your best efforts to promote the good will associated with the System and to maintain uniform standards of operation under the Marks. You acknowledge and agree that your compliance with the Standards is necessary to ensure customer satisfaction, quality service and, ultimately, the protection of the CleanNet brand. Therefore, you agree to:

1. operate your Franchise according to the Brand Standards Manuals;

2. protect, treat and maintain the Confidential Information as our confidential information. You must strictly limit access to the Confidential Information to your employees, to the extent they have a "need to know" to perform their jobs. You must require all persons to whom you grant access to the Manuals or any other Confidential Information to sign a form of confidentiality agreement that we reasonably approve. You must immediately give us copies of these signed confidentiality agreements. **"Confidential Information"** means any knowledge, know-how, technologies, processes, techniques, and any other information not generally known by, or readily available to the general public, or that we designate as confidential, proprietary, or trade secrets. Confidential Information includes information relating to customers, Accounts, and the Manuals. Without our prior written consent, you will not copy, record, or otherwise reproduce any Confidential Information;

3. cause your Designated Operator and Manager of the Franchise (who may be the same person) to complete our Initial Certification Program to our satisfaction promptly after the Effective Date. We may require these individuals and other employees to obtain such additional certifications as we may periodically require in writing;

4. perform the Cleaning Services in a good and workmanlike manner in compliance with the high standards associated with the Marks and comply with any and all CleanNet warranties regarding to your Cleaning Services. To that end, you must keep your agreed schedule with your customers, must notify your customers before any scheduled services you will miss, and schedule a substitute cleaning service if the customer requests. You must respond in a timely manner to all customer complaints;

5. hire and maintain your staff. You are required to obtain background checks as required by your Customers before allowing any employee on any Customer's premises. You must also comply with local, state and federal laws and regulations relating to your employees, including meeting all applicable requirements for the payment of wages, withholding of employment taxes such as FICA (social security and Medicare), FUTA (federal unemployment), and SECA (self-employment contributions) payments, filing and delivery of tax forms such as W-2 and 941 forms, and compliance with employment eligibility verification and state unemployment and workers' compensation laws and regulations. You shall exercise complete control over and responsibility for all labor relations and the conduct of your agents and employees, including the day-to-day operations of your franchised business and all of your employees. Your franchised business shall at all times be under your own direct supervision and control. You have the exclusive right of approval and control over, and responsibility for, recruiting, hiring, firing, compensation, supervision, scheduling and discipline of your employees, and the working conditions, employment policies and procedures governing such employees;

6. safeguard all keys and other methods of access to your customers' premises and exercise reasonable security procedures and observe all security procedures that your customers require. You must return keys and other items providing access to your customer's premises within 24 hours notification by us or your customer;

7. obtain the initial equipment and supplies needed to conduct your Franchise and serve your Accounts according to the System and at the high level of quality necessary to protect the Marks. You must purchase the equipment and supplies from us or a third party within a reasonable time after you complete the Initial Certification Program. Thereafter, you will, at your expense, replace equipment and supplies as needed.;

8. ensure adequate supply levels at your customer locations. You must replace supplies at its customer locations in accordance with the Brand Standards Manuals or as specified by the customer;

9. comply with all federal, state, and local laws and regulations that apply to your Franchise, and maintain all permits, licenses, or certificates needed to operate your Franchise at your expense. You have two days to forward to us any inspection reports, warnings, or ratings that any governmental agency issues that indicate that you did not comply with a law or regulation. You must forward us copies of any required permits, licenses or certificates promptly upon request;

10. meet the highest safety standards and ratings applicable to the operation and management of the Franchise and its personnel as we may reasonably require. You agree to maintain safe work areas and a safe place of business in accordance with OSHA and other governmental and industry standards;

11. offer for sale under the only services and products under the Marks that we have approved (and for which we have not revoked our approval);

12. at the request of a customer, permit us, and our respective representatives to enter locations where you perform services for your customers to conduct quality assurance inspections;

13. prepare and deliver to your customers such quality assurance reports in a form satisfactory to the customer (the "**QA Report**"). You will take all steps necessary to immediately correct any deficiencies found during any customer inspection or in any QA Report that, in our judgment, may diminish the value of or otherwise endanger the Marks or the Master Franchisor's goodwill;

14. utilize, and require all persons who perform services for you to utilize, any technology we require when performing services for CleanNet customers; and

15. use best efforts to promote customer relations with your Account customers. You agree to be available during normal business hours or any other reasonable time convenient to a customer for a walk-thru at the customer's facility, with a representative of the customer or our representative or both at our or the customer's request. You must provide us with the number of a cell phone and active email address at which your customers and we may reach your Designated Operator or Manager at any time. You must be responsive to messages or emails sent to you, and otherwise fully comply with our specifications regarding business communications with your Account customers.

C. Legal Entity. You must be in good standing as a legal entity qualified to do business as designated on the Summary Page of this Agreement. You must provide us with evidence of your good standing in the jurisdiction of formation promptly upon request.

D. Billing Services. As long as you are in full compliance with this Agreement, you may provide Billing Services for your Accounts (with the exception of National Accounts) if you pay the initial franchise fee in full, without financing; however, if we provide Billing Services for some of your Accounts, we will provide Billing Services for all of your Accounts. If you provide Billing Services, you must provide those Billing Services in a diligent and competent manner, and in accordance with the customer's requirements, but no less frequently than monthly. You must follow all Standards periodically established by us in the Brand Standards Manuals for providing Billing Services, purchase software that we require,

and keep accurate books and records of all Accounts. You may not discontinue providing Billing Services unless you have given us at least fifteen 15 days advance notice; provided all necessary information; and agreed to pay to us the increased (i.e., 5%) Administrative Fee. We may discontinue your Billing Services effective upon written notice if you fail to comply with any obligation with respect to your provision of Billing Services, or upon any customer's request, and you must pay us a 5% Administrative Fee. Only we may provide Billing Services for National Accounts. We also reserve the right to perform Billing Services for any customer if requested to do so by the customer, and you must pay us the 5% Administrative Fee on Gross Billings in any such instance.

E. Books and Records. You must maintain full, complete and accurate books, records and accounts for your Franchise during the term and for seven years after expiration or termination, at your expense. You must submit to us accurate records reflecting all of your Gross Billings and all other information we require on a periodic basis and in a format we require. At our request, within 90 days of the end of your fiscal year, you must submit copies of your Franchise's federal and state income tax returns. We and our representatives may, at any reasonable time on prior written notice to you, examine and copy your books and records.

VII. INSURANCE; INDEMNIFICATION

A. Insurance.

1. Types. You must, consistent with the standard types and amounts of insurance coverage required by janitorial services customers, obtain insurance providing the coverages listed below at your cost. This insurance is in addition to any other insurance that is required by law. The policies must be written by an insurance company reasonably satisfactory to us with an A.M. Best rating of "A" or better, and, to the extent permitted by law, must name us, the Master Franchisor and our respective affiliates, officers, directors, managers, owners, agents and employees as additional insureds. At a minimum, these policies must include:

Type of Coverage	Minimum Coverage Limits
General Aggregate Liability	$2,000,000
Products Completed Operations Aggregate	$2,000,000
Advertising & Personal Injury	$1,000,000
Per Occurrence	$1,000,000
Damage to Rented Premises	$300,000/500,000
Medical Expenses	$15,000/10,000/5,000
Care, Custody & Control	$1,000,000 per occurrence
Lost Key	$1,000,000 per occurrence
Work-Site Pollution	$300,000 per occurrence; $300,000 aggregate
Bond/Customer Loss	$25,000 per occurrence
Electronic Data (Software)	$10,000 (reloading software)
Extended Property Damage	$1,000,000
Hired/Non-owned Auto	$1,000,000
Umbrella Coverage	$5,000,000
Workers' Compensation	Limits vary according to state laws

2. Minimum Coverage; Additional Coverage. The foregoing coverage types and limits are ones that we have determined will enable us to provide you with Initial Accounts and Additional Accounts and will also permit you to develop new business independently. However, where a specific customer requires higher limits or additional policies, we will advise you of these requirements and offer you the opportunity to purchase additional insurance in order to accept the customer contract. If you elect to participate in the CleanNet insurance program, and one of your customers or a proposed customer requires additional insurance coverage beyond the coverage provided by the program, you may request that we obtain the additional coverage for that customer and we will make every reasonable effort to do so. If there is an additional premium for the coverage, that premium will be added to your monthly fee for participation in the program. If the coverage cannot be obtained, you are free to obtain the coverage through insurance carriers outside of the CleanNet program.

3. Certificates. You must provide us with a certificate of insurance showing that you have the insurance required in this Agreement. The certificate of insurance must include a statement by the insurer that the policy or policies will not be canceled, subject to nonrenewal, or materially altered without at least 30 days' (10 days for non-payment of premiums) prior written notice to us. On our request each year, you must send us a certificate of insurance showing compliance with **Section VII.A**.

4. Coverage Requirements. Each insurance policy that you maintain for the Franchise must require the insurer to defend each person or entity if there is a claim; provide that any liability coverage afforded applies separately to each person or entity against whom a claim is brought as though a separate policy had been issued to that person or entity; and contain no provision that limits or reduces coverage if there is a claim by one or more additional insured. Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, and your performance of that obligation shall not relieve you of liability under the indemnity provision set forth in **Section VII.C**. Coverage for the additional insureds will apply on a primary basis irrespective of any other insurance, whether or not collectable

5. Failure to Procure. If you fail to procure or maintain the insurance required by this Agreement, we will have the right and authority (without, however, any obligation) to obtain this insurance on your behalf and charge the amounts paid by us to you, together with a reasonable administrative fee for obtaining such insurance.

B. Indemnification by Us. We will indemnify you from all actions, judgments, damages, liabilities, claims, losses, costs, and expenses relating to a third party claim arising out of your use of the Marks if we determine that you have used the Marks in accordance with this Agreement. You must allow us (or the Master Franchisor) to take sole control of the defense and settlement of any claim and give us notice of a claim within 30 days after you learn of the claim. If we reasonably determine that you have not used the Marks in accordance with this Agreement and that your misuse is a factor in the third-party claim, suit, or demand, you must pay the cost of this defense, including the cost of any judgment or settlement. In any litigation involving your use of the Marks, you must sign all documents and perform all acts we believe advisable to conduct the defense. Except when litigation results from your use of the Marks in a manner inconsistent with this Agreement, we will reimburse you for your out-of-pocket costs to perform these acts. Notwithstanding the expiration or sooner termination of this Agreement, this indemnity continues in full force and effect.

C. Indemnification by You. You will indemnify us, Master Franchisor and your customers or any of our and their respective affiliates, and our and their respective officers, directors, managers,

owners, agents and employees (collectively, **"Indemnitees"**), from all actions, judgments, damages, liabilities, claims, losses, costs, and expenses (including reasonable legal fees, paralegal fees and attorneys' fees and other expenses, even if incident to appellate, post-judgment, or bankruptcy proceedings) to which any Indemnitee becomes subject arising from or relating to your negligence, or that of personnel or agents of your operation, or your breach of the customer contract or this franchise agreement, or the provision of non-CleanNet branded products and services to your Account customers or third parties. Examples of the claims covered by this indemnity include claims relating to: maintaining or operating vehicles; your violation of this Agreement; your failing to act as an independent business owner or failing to pay any income, unemployment, or payroll tax or file any related return or otherwise violating the Fair Labor Standards Act, OSHA, any state workers' compensation act, any state unemployment compensation benefit law or regulation, any other applicable law; any of your acts, errors or omissions or any of your agents, servants, employees, contractors, proprietors, affiliates, or representatives in the provision of any services. Notwithstanding the expiration or sooner termination of this Agreement, this indemnity continues in full force and effect.

VIII. TRANSFER OF INTEREST

A. Transfer by Us. We will have the right to assign this Agreement, and all of our rights under this Agreement to any person or entity provided that, the assignee shall expressly assume and agree to perform such obligations.

B. Transfer by You.

1. Conditions. The rights and duties in this Agreement are personal to you. We grant the Franchise in reliance on our assessment of your owners' business and personal skill, reputation, aptitude, and financial capacity. Therefore, unless otherwise permitted by this Agreement, without our prior written consent, you will not sell, assign, convey, or otherwise dispose of—voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise—this Agreement or any direct or indirect interest in this Agreement. (For purposes of this Section, the term **"transfer"** refers to any of these actions.) Our consent to any transfer will not be unreasonably withheld. However, we may require any or all of the following as conditions of approval:

(a) you have paid us everything that you owe us (including under any Promissory Note and other financing provided by us);

(b) you must not be in default of any provision of this Agreement or any other agreement between you and us;

(c) you sign a general release, in a form satisfactory to us, of any and all claims against us, the Master Franchisor and our respective affiliates, officers, directors, managers, owners, agents and employees;

(d) you must remain liable for all direct and indirect obligations to us in connection with the Franchise before the effective date of the transfer, shall continue to remain responsible for your obligations of nondisclosure, noncompetition and indemnification as provided elsewhere in this Agreement. You will execute any and all instruments reasonably requested by us to further evidence this liability;

(e) at the transferee's expense (including our then-current fee), and on terms we reasonably require, the transferee has completed any certification programs then required for new franchisees;

(f) the transferee has demonstrated to our reasonable satisfaction that the transferee has properly assumed, and can comply with, all of its obligations for the Franchise;

(g) the transferee signs our form of assumption agreement, under which it assumes all of your obligations under this Agreement; or, if we request, the transferee signs our then-current form of franchise agreement (for a term equal to the then remaining term of this Agreement) and all other agreements we require for the Franchise; the terms of which may differ from the terms of this Agreement; and

(h) the transferee's owners sign our then-current form of personal guaranty, under which they, jointly and severally, guaranty the transferee's obligations under this Agreement (or the new form of franchise agreement if applicable) and any related agreement.

2. Death and Disability. If the Designated Operator or Manager dies or becomes disabled for a period of 30 days or longer, then you or your legal representative must hire and maintain a replacement satisfactory to us to operate the Franchise within 30 days of death or the conclusion of the first 30-day period of continuous disability. Within six months after any owner's death or permanent disability, that individual's estate or his or her representative must transfer his or her interests in you (or in any of your owners) or in this Agreement under the terms of this Section.

3. Non Waiver of Claims. Our consent to a transfer will not constitute a waiver of any claims that we may have against the transferring party. Our consent will not constitute a waiver of our right to demand compliance by the transferee with any of the terms of this Agreement, or any other agreement to which we and the transferee are parties.

4. Notwithstanding anything in this Agreement to the contrary, your (or transferor if different) may not transfer this Agreement or any interest therein if you are the subject of either a voluntary or involuntary bankruptcy proceeding. For the purposes of the foregoing sentence, a debtor's or trustee-in-bankruptcy's assumption of this Agreement under Section 365 of the Bankruptcy Act (11 U.S.C. §365), or any other Section thereof, is considered a transfer of this Agreement by you.

IX. DEFAULT AND TERMINATION

The terms and conditions regarding default and termination contained herein shall be subject to any applicable state statutes or regulations regarding the termination of a franchise.

A. Default with No Opportunity to Cure. You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately on receipt of notice by you, on the occurrence of any of the following events:

1. If you become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by you or such a petition is filed against and consented to by you, or if you are adjudicated a bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you, or if a receiver or other custodian (permanent or temporary) of your business or assets is appointed by any court of competent jurisdiction, or if proceedings for a conference with a committee of creditors under any state, federal or foreign law should be instituted by or against you, or if a final judgment remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed).

2. If you or any of your owners are convicted of a crime of moral turpitude or similar felony; or are convicted of any other crime or offense that we reasonably believe is likely to have an adverse effect on the System or the Marks; or otherwise engage in behavior that materially impairs the goodwill associated with the Marks or our rights in the Marks.

3. If you misuse any of the Marks;

4. If you understate your Gross Billings by 5% or more in any report required to be submitted to us, or if you knowingly submit any false statements, applications or reports to us.

5. If you or any of your owners have made any material misrepresentation or omission in this Agreement, your application to become a CleanNet franchisee, or any other agreement to which you and we are parties.

6. If a threat or danger to public safety results from the maintenance or operation of the Franchise.

7. If you fail to obtain and maintain all required business licenses and permits under state and local law for the jurisdictions in which you are operating the Franchise.

8. If you purport to transfer any rights or obligations under this Agreement to any third party without our prior written consent, contrary to any of the terms of **Section VIII** of this Agreement.

9. If you or a Restricted Party fail to comply with any of the covenants against disclosure of our Confidential Information contained in **Section VI.B.2** and **Section XI** of this Agreement.

10. If you, by act or omission, permit a continued violation in connection with the operation of the Franchise of any law, ordinance, rule or regulation of a governmental agency after 7 days written notice from us or any governmental authority.

11. If you fail to have customer monies paid to the Franchisee Escrow Account maintained by us, unless you have properly elected to provide Billing Services and remain eligible to provide such Billing Services.

12. If you default under any other agreement to which you and we are parties and fail to cure said default within the grace period (if any) provided for in such agreement.

13. If your monthly Gross Billings are less than $100 per month for eight consecutive months.

14. If you fail, refuse or neglect to pay promptly any monies owing to your employees, and fail to cure the default within any grace period provided by law or within three days after notice from us.

15. You fail to promptly notify us more than once of any changes in your Designated Operator and/or Manager's contact information (as initially specified on the Summary Page).

16. If you fail without good reason to accept an Initial Account after we have offered you three or more Initial Accounts in your Fulfillment Area under **Section IV.B.5**.

17. You fail to obtain and maintain required insurance coverage under **Section VII.A.**

18. If you receive three or more notices of default under **Sections IX.A** or **IX.B** during the term of this Agreement, whether or not such defaults are cured after notice.

B. Default with 30-Day Opportunity to Cure. Except as provided in **Section IX.A** of this Agreement, you have 30 days after receiving from us a written notice of default within which to remedy any default described in this **Section IX.B** and provide evidence of cure to us. If any such default is not cured within that time, or such longer period as applicable law may require, this Agreement, at our option, shall terminate without further notice to you effective immediately on the expiration of the 30-day period or such longer period as applicable law may require. Such defaults shall include, without limitation, the occurrence of any of the following events:

1. If you fail to pay any monies owing to us, our affiliates or suppliers when due.

2. If you fail to maintain any of the Standards prescribed by us in this Agreement or the Brand Standards Manuals.

3. If you fail to comply with your duties under of this Agreement or fail to perform any obligation owing to us or to observe any covenant or agreement made by you, whether such obligation, covenant or agreement is set forth in this Agreement or in any other agreement with us including, but not limited to, any other franchise agreement between us and you.

4. If you fail to maintain and submit to us the financial information, monthly statements or any other reports required pursuant to **Section VI.E**.

5. If you fail to comply with your obligations with respect to your use of advertising and other use of the Marks.

6. If your Designated Operator, your Manager or any other employee fails to complete any required certification.

C. No Right or Remedy. No right or remedy herein conferred on or reserved to us is exclusive of any other right or remedy provided or permitted by law or equity.

D. Default and Termination. The events of default and grounds for termination described in this Section are in addition to any other grounds for termination contained elsewhere in this Agreement or otherwise.

X. OBLIGATIONS ON TERMINATION OR EXPIRATION

On the expiration or termination of this Agreement, all rights granted to you under this Agreement terminate immediately and you must:

1. immediately stop operating your Franchise (including servicing any customers) and cease using the Marks and our Confidential Information. You may not represent yourself as our franchisee or in any other way associate yourself with the System or the Marks;

2. immediately deliver to customers or us, as the customer designates, all keys, security passes, security codes, and any other means of access to the customers' premises. If you fail to timely do so, you must pay any rekeying fee or penalty imposed by the customer or reimburse us for any such fee or penalty imposed upon us by a National Accounts customer;

3. pay us all amounts owed to us under this Agreement, and any other unpaid amounts you owe to us (including all outstanding principal and interest due under any Promissory Note you signed) within 10 days after expiration or termination;

4. not use any reproduction or imitation of the Marks, imitate any methods of operation, or undertake any other conduct likely to cause confusion, mistake, or deception, or that is likely to dilute the Master Franchisor's rights in the Marks or the System in any other business. In addition, you will not use any designation of origin, description or representation that falsely suggests or represents an association or connection with Master Franchisor, us, or any of our respective affiliates. If you do this, it is unfair competition;

5. immediately deliver to us all Confidential Information and information and documents relating to your customers, Accounts, and your Franchise (with all copies and any other forms of reproductions of these materials) in your possession or control, at your expense;

6. cancel any assumed-name or equivalent registration involving the Marks and furnish us with satisfactory evidence you have done so within 30 days after expiration or termination;

7. pay us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Section or any other obligation under this Agreement; and

8. comply with all applicable covenants contained in **Section XI** and **Section VI.B.2** of this Agreement.

XI. COVENANTS REGARDING TRADE SECRETS

A. During the term and for so long as the information constitutes a "trade secret" under the applicable state or federal law, you will not use any Confidential Information for any purpose other than the operation of the Franchise.

B. Violation of this covenant will entitle us to obtain any of the relief provided under the federal Economic Espionage Act of 1996 or applicable state law.

XII. DISPUTE RESOLUTION

You (including your principals for purposes of this **Section XII**) and we recognize that compliance with the terms of this Agreement and the nature of the franchise relationship may give rise to the need to resolve disputes between the parties. Both you and we wish to avoid the time, expense and disruption that can result from lawsuits, and desire to have a method of resolving disputes that is mutually acceptable. For this purpose, the parties expressly agree first to attempt to resolve legal disputes by direct negotiation with each other. If such negotiations fail to reach an agreement satisfactory to the party claiming to be aggrieved, that party must submit the dispute to mediation and/or arbitration under this Section, as follows:

A. Mediation. Before, and as a necessary condition precedent to, filing a demand for arbitration in accordance with this Agreement, you and we will attempt to settle the dispute through mediation administered by the American Arbitration Association (**"AAA"**) at its office closest in proximity to our office (subject to the parties' agreement to hold the mediation at a different locale) in accordance with the Commercial Arbitration Rules Mediation Procedures of the AAA ("AAA Rules", which are locatable at www.adr.org/commercial). The filing fee for the proceeding shall be borne by the initiating party. The mediator's compensation and any administrative costs shall be borne equally by both parties. If you and we arrive at an agreement through mediation, then that agreement shall be set forth in writing and be binding upon both parties.

B. Arbitration. You (including your principals for purposes of this Section XII) and we agree that all legal disputes, controversies, and claims of any kind arising between the parties (including the Master Franchisor), including but not limited to claims arising out of or relating to this Agreement; the rights and obligations of the parties; the sale of the Franchise; requests for interim or emergency relief ; the enforceability, formation, revocability, or validity of this arbitration provision or any portion of the arbitration provision; or other claims or causes of action relating to the performance of either party that are unable to be settled through mediation shall be settled by arbitration administered by the AAA at its office closest in proximity to the our office (subject to the parties' agreement to an alternative location), in accordance with the AAA Commercial Arbitration Rules, unless the parties otherwise agree in accordance with **Section XII.C** of this Agreement. If for any reason the AAA will not administer the arbitration and the parties cannot agree to an arbitrator or arbitration sponsoring organization in accordance with **Section XII.C** of this Agreement, either party may apply to a court of competent jurisdiction with authority over the location where the arbitration will be conducted to appoint a neutral arbitrator. The arbitration of any dispute must be initiated within the applicable statute of limitations period. Nothing herein would preclude either party from seeking to enforce an arbitrator's award in a court of law.

1. This **Section XII.B** shall survive expiration, non-renewal or termination of this Agreement for any reason.

2. The filing fee for the proceeding shall be borne by the initiating party. The arbitrator's compensation and any administrative costs shall be borne equally by both parties.

3. Either party shall have the right to seek a court order granting injunctive relief where such relief is necessary to provide protection on a temporary or preliminary basis while the arbitration process is pursued.

4. Except as limited by **Section XII.G** below, the parties expressly agree that an arbitrator shall apply applicable law and have the power to enter an award, including injunctive relief, protecting each party's rights to the same extent a court could do so, and such relief shall be enforceable by a court of competent jurisdiction.

5. Neither we nor you shall seek to have any claims arbitrated as, nor shall the arbitrator have authority to preside over, a class or collective action (**"Class Action Waiver"**). Notwithstanding any other clause or language in this Agreement and/or any rules or procedures that might otherwise apply by virtue of this Agreement or by virtue of any arbitration organization rules or procedures or any amendments and/or modifications to those rules, any claim that this Class Action Waiver, or any portion of this Class Action Waiver is unenforceable, inapplicable, unconscionable, or void or voidable, shall be determined only by a court of competent jurisdiction and not by an arbitrator.

6. To the fullest extent permitted by law, direct negotiation, followed by mediation and/or binding arbitration, shall be the exclusive means of resolving any and all claims arising out of or relating to this Agreement, including, but not limited to, claims of breach of contract, breach of the covenant of good faith and fair dealing, fraud, violation of any and all franchise registration, disclosure and/or franchisee protection statutes, regulations, or ordinances, whether federal, state or local, or any other common laws claims. Nothing in this Agreement, however, shall preclude either party from seeking redress before an administrative agency that is empowered to adjudicate a dispute notwithstanding the existence of an agreement to arbitrate that dispute.

C. Governing Law. This Agreement, amendments and addenda thereto, and the interpretation and enforcement thereof, and compliance therewith, shall be governed by the internal domestic laws of the State of Illinois, exclusive of any rules regarding conflict of laws, with the exception of this **Article XII** of the Agreement, which shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq.

D. Saving Clause. If any provision of this **Section XII** is invalid, unenforceable, void, or voidable, then the parties agree that such provision shall be excluded from the terms of this Agreement or shall be modified to the minimum extent necessary to make the terms hereof lawful.

E. Waiver of Jury Trial. YOU AND WE IRREVOCABLY WAIVE TRIAL BY A COURT OR JURY OF ANY DISPUTE COVERED BY THE AGREEMENT TO ARBITRATE CONTAINED IN THIS **SECTION XII**, REGARDLESS OF WHICH PARTY COMMENCED THE PROCEEDING. NOTHING IN THIS WAIVER IS INTENDED TO IMPLY THAT A DISPUTE IS NOT A PROPER SUBJECT OF MEDIATION AND ARBITRATION.

XIII. ACKNOWLEDGMENTS AND REPRESENTATIONS

A. You agree that you have received from us a disclosure document at least 14 calendar days before the execution of this Agreement or making any payment to us. You represent that you have read this Agreement and our disclosure document, and you have been given the opportunity to clarify any provisions that you did not understand and to consult with an attorney or other professional advisor. You further represent that you understand the terms, conditions and obligations of this Agreement and agree to be bound by this Agreement. If English is not your native language, your warrant and represent that you have had the opportunity for translation of the disclosure document and this Agreement; that all aspects of this Agreement have been explained to your satisfaction; and that you understand and accept this Agreement as written. If you have requested a copy of this document translated into Spanish, you confirm that such a copy was provided for you. However, the English version of this Agreement shall be the governing document in connection with any dispute or any matter requiring interpretation or enforcement of the Parties' rights or obligations hereunder.

B. You agree that you have no relationship of any kind with the Master Franchisor, and that the Master Franchisor is not a party to this Agreement nor any other agreement related to your franchise. The Master Franchisor has licensed its Marks to us with a right to sublicense same, and that no obligation or connection of any kind or character flows from the Master Franchisor to you by that fact or by any other fact or circumstance.

C. No representations or promises have been made by us to induce you to enter into this Agreement, except as specifically included in this Agreement, any related agreements, and any attachments, or our disclosure document. We have not made and you have not relied on any warranty or representation, expressed or implied, as to the potential success, revenues, profits or income of the Franchised Business, except any financial performance representations contained in Item 19 of our disclosure document.

D. We make no warranty as to your ability to operate your Franchise in the jurisdiction in which you will operate. If a law is passed, or regulation issued, by any governmental authority prevents you or us from operating the franchise under this Agreement, we are not liable for damages or to return any monies you paid except as may be specifically required by such law or regulation To the extent we have not fulfilled our obligation to provide Initial Accounts at the time of the entry into force of such a law or regulation, we will refund to you the prorated amount of the franchise fee you paid and/or forgive the prorated amount of any promissory note balance.

E. While we have developed uniform operating standards and protocols (including the Standards) that are required of, and that benefit, all franchisees, you retain complete and exclusive control over the means and methods used in performing services on a day-to-day basis and in operating your business in a manner that meets or exceeds the Standards.

F. You covenant and agree that you will, at all times after completion of all of your pre-opening obligations set forth in Section II.B.1, have at least one employee.

Franchisee Initials _____

G. You will comply with all local, state and federal laws and regulations relating to your employees, including meeting all applicable requirements for the payment of wages, withholding of

employment taxes such as FICA (social security and Medicare), FUTA (federal unemployment), and SECA (self-employment contributions) payments, filing and delivery of tax forms such as W-2 and 941 forms, and compliance with employment eligibility verification and state unemployment and workers' compensation laws and regulations. Upon our request, you will provide us with copies of records evidencing compliance with the foregoing.

Franchisee Initials _____

XIV. GENERAL PROVISIONS

A. Independent Contractor. This Agreement creates no fiduciary relationship between you and us. You are an independent business owner. Nothing in this Agreement appoints either party an agent, legal representative, subsidiary, joint venturer, partner, employee, affiliate or servant of the other party for any purpose. Nothing in this Agreement authorizes either party to make any contract, agreement, warranty, or representation on behalf of the other party. Neither party may incur any debt or other obligation in the other party's name unless the right to do so is explicitly stated in this Agreement. You must hold yourself out to the public as an independent contractor operating the Franchise pursuant to a license from us. We do not control or have access to your expenditures or funds (except as authorized by **Section V.D** of this Agreement), or exercise dominion or control over the Franchise in any other way.

B. Written Consent. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us therefore and such approval or consent must be obtained in writing.

C. No Waiver. No failure by us to exercise any power reserved to us by this Agreement, or to insist on strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Waiver by us of any particular default by you will not affect or impair our rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission by us to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants hereof affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any right hereunder or the right to declare any subsequent breach or default and to terminate this Agreement before the expiration of its term. Subsequent acceptance by us of any payments due to us hereunder shall not be deemed a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

D. Release of Prior Claims. By executing this Agreement, you hereby forever release and discharge us, the Master Franchisor and our respective affiliates, officers, directors, managers, owners, agents and employees from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties executed before the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof.

E. Notices. Except as expressly provided in this Agreement, all notices under this Agreement must be in writing, and must be hand delivered, sent overnight by a nationally recognized carrier, or mailed by certified mail (postage prepaid), return receipt requested, addressed to the address stated on the Summary Page, to us as specified in the first paragraph of this Agreement, or to any other address as either party designates by notice complying with this Section. Notice properly sent and addressed is

deemed delivered: (a) on the date delivered if by personal delivery or overnight carrier; or (b) on the date on which the return receipt is signed, delivery is refused or the notice is designated by the postal authorities or carrier as not deliverable.

F. Severability. If any provision of this Agreement, or any other agreement entered into under this Agreement, is contrary to, prohibited by, or deemed invalid under applicable law or regulation, that provision is inapplicable and deemed omitted to the extent so contrary, or prohibited.

G. Captions. All captions in this Agreement are intended solely for the convenience of the parties, and none of the captions shall be deemed to affect the meaning or construction of any provision hereof.

H. References. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by your owners.

I. Counterparts. This Agreement may be executed in one or more originals, each of which shall be deemed an original.

J. Entire Agreement; Amendments. This Agreement, the documents referred to herein and the Attachments hereto are the entire Agreement between the parties hereto concerning the subject matter hereof, and they supersede all prior written or oral representations or agreements with no other representations having induced you, except the representations made in our Franchise Disclosure Document. No amendment to this Agreement is binding unless mutually agreed to by the parties in writing, unless expressly permitted by this Agreement. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and amendments.

K. Binding Effect. All of the terms of this Agreement, whether so expressed or not, are binding on, inure to the benefit of, and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors, and permitted assigns.

L. Survival. All our and your respective obligations that expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect after and notwithstanding its expiration or termination, including, without limitation, the indemnification obligations contained in **Sections VII.B, VII.C**, the restrictions on your use of the Marks under **Section VI.A**. and the trade secret covenant contained in **Section XI**.

M. Events Beyond Our Control. Neither we nor you will be liable for loss or damage, or deemed in breach of this Agreement, if failing to perform our or your obligations results from causes beyond our or your reasonable control, such as computer malfunctions, extreme weather and climatic conditions, compliance with applicable laws or changes in applicable laws, war, acts of terrorism, strikes, or acts of God.

N. Third-Party Beneficiaries. Except as provided in this Section and elsewhere in this Agreement to the contrary, nothing in this Agreement, whether express or implied, confers any rights or remedies under or by reason of this Agreement on any persons (including other CleanNet franchisees)

other than the parties and their respective personal or legal representatives, heirs, successors, and permitted assigns. However, Master Franchisor is a third-party beneficiary under this Agreement to enforce its trademark rights and may independently enforce your obligations on usage of the Marks in its own name, even if we don't do so.

O. Substitute Performance. If you default in performing any of your obligations under this Agreement, we have the right (but not the duty) to arrange for third parties to perform your obligations. If we do, you will immediately reimburse us for the actual costs of this performance.

P. Joinder. All of your owners must sign the Joinder provided below. By doing so, each owner agrees that he or she is bound by this Agreement as if he or she were you under this Agreement and agrees that he or she is jointly and severally liable with the other owners and you for all your obligations under this Agreement.

Q. Acceptance. Delivery of a draft of this Agreement to you by us does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both you and us.

The parties are signing this Agreement on the Effective Date.

CLEANNET OF ILLINOIS, INC.	**[FRANCHISEE]**
By: _____	By: _____
(signature)	(signature)
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

JOINDER

The parties signing below are all your beneficial and legal owners. Each of these parties agrees that he or she is jointly and severally liable with each other and you for the timely and complete performance and payment of all your obligations under the Agreement and is bound by all the terms of the Agreement as if he or she were you under the Agreement (and is bound by all the terms of the Agreement applicable to Restricted Parties under **Section X1.A**).

_____	_____
(signature)	(signature)
Print Name: _____	Print Name: _____
_____	_____
(signature)	(signature)
Print Name: _____	Print Name: _____

ATTACHMENT A TO FRANCHISE AGREEMENT
PROMISSORY NOTE

FOR VALUE RECEIVED, THE UNDERSIGNED [_____ _____] ("Maker") a [_____], with offices at [_____ _____], hereby promises to pay CLEANNET OF ILLINOIS INC. ("Payee") at its office at 1 East Oakhill Drive, Suite 300, Westmont, Illinois 60559, or at such other place or to such other party or parties as Payee may periodically designate, in lawful money of the United States, the principal sum of [_____] Dollars ($_____), with interest thereon from the date hereof at the rate of nine percent (9%) per annum on the unpaid balance of said principal sum until paid; and to pay said principal sum and interest in installments of [_____] Dollars ($____) on the first day of each and every month beginning on [_____], and ending on [_____].

It is agreed that each installment, when paid, shall be credited first toward interest then due and the remainder toward principal, and interest shall thereon cease on the principal then credited. Should the interest not be so paid, it shall, at the sole option of the holder of this Note, become a part of the principal and thereafter bear like interest as the principal. Prepayments of principal may be made by Maker at any time with no prepayment penalty.

The acceptance by Payee of any payment, after any default hereunder shall not operate to extend the time of payment on any amount(s) then remaining unpaid hereunder or be considered a waiver of any of the other rights of Payee hereunder.

This Note and all other obligations, direct or contingent, of Maker or endorser hereof to Payee, shall become due and payable immediately at the option of the holder of this Note, without demand or notice on the happening of any of the following events:

1. Maker's failure to pay when due any installment of the principal and interest of this Note.

2. Maker's failure to pay, withhold, collect, or remit any tax or tax deficiency when assessed or due.

3. The suspension of the business of Maker, or its making of a general assignment for the benefit of creditors, or its commencement of proceedings for dissolution or liquidation, or the commencement of proceedings under any bankruptcy, insolvency, readjustment of debt or liquidation law or statute of the Federal or State governments or the adjudication as a bankrupt or insolvent, or the involuntary appointment of a receiver, or applications therefore, or its making of a bulk sale or the giving of notice of intention to do so.

If an attorney is employed by the holder of this Note to enforce any of its terms, and if the holder of this Note is successful in such enforcement, then Maker shall pay reasonable costs and attorneys' and paralegals' fees incurred by the holder in connection therewith, and such amount shall be secured hereby. The undersigned shall all be deemed Makers and will be jointly, severally, and individually liable as Makers along with any and all Guarantors of the debt secured hereunder.

If Maker has entered into a Franchise Agreement with Payee, then all disputes arising out of or in connection with this Note shall be resolved in accordance with any dispute resolution procedures contained in the parties' Franchise Agreement. If Maker has not entered into a Franchise Agreement with Payee, all legal proceedings for the enforcement and/or interpretation of this Note shall be brought in

and venue and jurisdiction shall be proper only in the state courts located the county and state within which Payee has its principal place of business at the time the action is commenced, or to the United States District Court within whose jurisdiction Payee's principal place of business lies at the time the action is commenced. The undersigned consent to the jurisdiction of any such state or federal court and agree that it is subject to service of process and further agrees to accept such service as it authorized by those statutes and prescribed under applicable law.

Time is of the essence with regard to each and every term, covenant, provision, and condition of this Note.

WITNESS OUR HANDS AND SEALS this __ day of _____, 20____.

MAKER: _____

JOINDER

The parties signing below are all of Maker's beneficial and legal owners. Each of these parties agrees that he or she is jointly and severally liable with each other and Maker for the timely and complete performance and payment of all Maker's obligations under this Note.

_____	_____
(signature)	(signature)
Print Name: _____	Print Name: _____

ATTACHMENT B TO FRANCHISE AGREEMENT
EQUIPMENT PURCHASE AGREEMENT

This Equipment Purchase Agreement is made and entered by and between CLEANNET OF ILLINOIS, INC. ("Seller") and _____ ("Buyer") on _____, 20__ ("Effective Date").

Seller and Buyer agree as follows:

1. Equipment

Seller hereby sells to Buyer and Buyer hereby purchases from Seller the following equipment (the "Equipment"):

Price	Make	Description	Model	Serial Number
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

2. **Purchase Price and Payment**

The total purchase price ("Price") of the Equipment is $_____.
Payment:

Total Purchase price	
Tax	
Grand Total cost	
Down Payment	
Finance amount*	
Number of months financed	
Interest rate for financing	9%
Monthly payment amount	
Payment/deduction starts date	

* At CleanNet's discretion we may finance up to 50% of total cost.

3. **Acceptance/Inspection**

Buyer shall inspect and accept the Equipment at the time of delivery. Acceptance by the Buyer at the time of delivery shall constitute Buyer's acknowledgement that the Equipment is in good condition and repair.

4. **Warranties**

SELLER, NOT BEING THE MANUFACTURER OF THE EQUIPMENT NOR THE MANUFACTURER'S AGENT, MAKES NO EXPRESS OR IMPLIED WARRANTY OF ANY KIND WHATSOEVER WITH REGARD TO THE EQUIPMENT, INCLUDING, BUT NOT LIMITED TO: THE MERCHANTABILITY OF THE EQUIPMENT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE; THE DESIGN OR CONDITION OF THE EQUIPMENT; THE QUALITY OR CAPACITY OF THE EQUIPMENT; THE WORKMANSHIP IN THE EQUIPMENT; COMPLIANCE OF THE EQUIPMENT WITH THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; PATENT INFRINGEMENT; OR LATENT DEFECTS. SELLER AND BUYER AGREE THAT THE SALE OF THE EQUIPMENT CONSTITUTES A COMMERCIAL TRANSACTION.

5. **Withholding of Payments**

If Buyer has entered into a Franchise Agreement with Seller, Buyer agrees that Seller may deduct any amounts due to Seller for payment of any installments of the Price pursuant to this Agreement from amounts payable to Buyer under any such Franchise Agreement.

6. **Damage or Loss of Equipment**

All risk of loss, damage, theft, or destruction of the Equipment shall be borne by Buyer upon delivery and acceptance of the Equipment. Buyer shall remain obligated to Seller for the full amount of the Price, notwithstanding any loss, damage, theft, or destruction of the Equipment.

7. **Dispute Resolution**

If Buyer has entered into a Franchise Agreement with Seller, then all disputes arising out of or in connection with this Agreement, the Equipment, or the sale, purchase, delivery, or use of the Equipment, shall be resolved in accordance with any dispute resolution procedures contained in the parties' Franchise Agreement. If Buyer has not entered into a Franchise Agreement with Seller, all legal proceedings for the enforcement and/or interpretation of this Agreement, the Equipment, or the sale, purchase, delivery, or use of the Equipment shall be brought in and venue and jurisdiction shall be proper only in the state courts located the county and state within which Seller has its principal place of business at the time the action is commenced, or to the United States District Court within whose jurisdiction Seller's principal place of business lies at the time the action is commenced. The undersigned consent to the jurisdiction of any such state or federal court and agree that it is subject to service of process and further agrees to accept such service as it authorized by those statutes and prescribed under applicable law.

8. **Indemnity**

Buyer shall indemnify Seller against, and hold Seller harmless from any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including attorney's fees, arising out of, or connected with or resulting from the Equipment, including without limitation the manufacture, selection,

possession, use, condition, design, or operation of the Equipment. Any alterations to this Agreement must be made in a writing signed by Buyer and Seller.

Intending to be legally bound, the parties have executed this Agreement as of the Effective Date.

SELLER:

SUBFRANCHISOR

By:_____
Printed Name:_____
Title: _____

BUYER:

By: _____
Printed Name: _____
Title, if any:_____

DELIVERY RECEIPT

Buyer hereby acknowledges receipt and delivery of all of the Equipment described above in good order and condition on _____, 20__.

BUYER:

By: _____
Printed Name: _____
Title, if any:_____

EXHIBIT C

EQUIPMENT LISTS

RECOMMENDED EQUIPMENT LIST FOR PACKAGE CP-4000

	ITEM	QUANTITY
1	Mop Bucket with wringer	1 EACH
2	Blue Microfiber Cleaning Cloth	12 EACH
3	Green Microfiber Cleaning Cloth	12 EACH
4	Pink Microfiber Cleaning Cloths	12 EACH
5	Yellow Microfiber Cleaning Cloths	12 EACH
6	Rubbermaid Invader Blue Fiberglass wet mop handle	1 EACH
7	Trapezoid Mop Head	1 EACH
8	Trapezoid Mop Head Frame & Handle	1 EACH
9	Rubbermaid Super Stitch Blended Med Blue	2 EACH
10	Rubbermaid Super Stitch Blended Med Green	2 EACH
11	Rubbermaid Super Stitch Blended Med White	2 EACH
12	Rubbermaid Hygen MF Dust Mop Pad W/Fringe Green 18”	1 EACH
13	Rubbermaid Hygen MF Frame 18``	1 EACH
14	Rubbermaid Hygen Quick Connect Handle 58``	1 EACH
15	Dolly for Brute Can	1 EACH
16	44 Gallon Brute Can	1 EACH
17	Wet Floor Signs	2 EACH
18	Acrilon Bowl Brush	2 EACH
19	32oz Spray Bottle	8 EACH
20	Triggers for 32oz Spray Bottles	8 EACH
21	Powder Free Gloves 100/box	1 BOX
22	O’Dell Lobby Broom 30`` Handle	1EACH
23	Lobby Dust Pan	1 EACH
24	Brighton Professional Optimum Floor Finish	1 GALLON
25	Deodorizer Viafresh Odor Elim Wildflower	1 QUART
26	Carpet Spotter	1 QUART
27	Stride Citrus Smart Dose 1.750 Dilution	1.4 LITER
28	Oxivir Five 16 Disinfectant Cleaner Smart Dose 1:16 Dilution	1.4 LITER
29	Scouring Crème Cleaner	1 QUART
30	Spectrum 9.5% HCI Low Acid Bowl Cleaner	1 QUART
31	Bloodborne Pathogen Bodily Fluid Spill Kit (24 Pieces)	1 EACH
32	Glance Glass & Multi Purp Clner Smart Dose 1:40 Dilution	1.4 LITER
33	Back Pack Vacuum Cleaner	1 EACH

RECOMMENDED EQUIPMENT LIST FOR PACKAGES CP-5000 & HIGHER

EQUIPMENT LIST

	ITEM	QUANTITY
1	Mop Bucket with wringer	1 EACH
2	Blue Microfiber Cleaning Cloth	12 EACH
3	Green Microfiber Cleaning Cloth	12 EACH
4	Pink Microfiber Cleaning Cloths	12 EACH
5	Yellow Microfiber Cleaning Cloths	12 EACH
6	Rubbermaid Invader Blue Fiberglass wet mop handle	1 EACH
7	Trapezoid Mop Head	1 EACH
8	Trapezoid Mop Head Frame & Handle	1 EACH
9	Rubbermaid Super Stitch Blended Med Blue	2 EACH
10	Rubbermaid Super Stitch Blended Med Green	2 EACH
11	Rubbermaid Super Stitch Blended Med White	2 EACH
12	Rubbermaid Hygen MF Dust Mop Pad W/Fringe Green 18”	1 EACH
13	Rubbermaid Hygen MF Frame 18``	1 EACH
14	Rubbermaid Hygen Quick Connect Handle 58``	1 EACH
15	Dolly for Brute Can	1 EACH
16	44 Gallon Brute Can	1 EACH
17	Wet Floor Signs	2 EACH
18	Acrilon Bowl Brush	2 EACH
19	32oz Spray Bottle	8 EACH
20	Triggers for 32oz Spray Bottles	8 EACH
21	Powder Free Gloves 100/box	1 BOX
22	O’Dell Lobby Broom 30`` Handle	1EACH
23	Lobby Dust Pan	1 EACH
24	Brighton Professional Optimum Floor Finish	1 GALLON
25	Deodorizer Viafresh Odor Elim Wildflower	1 QUART
26	Carpet Spotter	1 QUART
27	Stride Citrus Smart Dose 1.750 Dilution	1.4 LITER
28	Oxivir Five 16 Disinfectant Cleaner Smart Dose 1:16 Dilution	1.4 LITER
29	Scouring Crème Cleaner	1 QUART
30	Spectrum 9.5% HCI Low Acid Bowl Cleaner	1 QUART
31	Bloodborne Pathogen Bodily Fluid Spill Kit (24 Pieces)	1 EACH
32	Glance Glass & Multi Purp Clner Smart Dose 1:40 Dilution	1.4 LITER
33	Back Pack Vacuum Cleaner	1 EACH
34	Nobles FM-20-SS-HD20`` 175 RPM	1 EACH

EXHIBIT D

SAMPLE GENERAL RELEASE

This GENERAL RELEASE is made and executed by **_____** ("Franchisee") and **_____**, individually ("Owner"), as of _____ ("Effective Date").

WHEREAS, CLEANNET OF ILLINOIS, INC., an Illinois corporation ("us") and Franchisee entered into a franchise agreement dated _____, and [DESCRIBE FACTS], and Owner is the owner of all of the legal and beneficial interests in Franchisee.

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, you agree as follows:

Franchisee and Owner (collectively, "Releasor"), for themselves and for each of their past and present heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasor"), hereby release and forever discharge us, CleanNet U.S.A., Inc., and its affiliates, and each of our and their officers, directors, managers, owners, agents and employees (collectively "Releasees"), from, in respect of and in relation to any and all claims, demands, causes of action, suits, debts, obligations, sums of money, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, which against Releasees the Releasor ever had, now has or which Releasees hereinafter can, shall or may have, for, upon or by reason of any matter, cause or thing may whatsoever, through the Effective Date.

FRANCHISEE: **OWNER:**

ENTITY NAME:

By:_____ _____
Printed Name:_____ Printed Name:_____
Title: _____

STATE OF _____ §
COUNTY OF _____ §

I hereby certify that before me, a notary public, personally appeared _____ who made oath in due form of law that s/he was executing the foregoing General Release for the purposes therein contained.

As witness, my hand and Notarial Seal on _____, 20___.

_____
Notary Public

My Commission Expires:

EXHIBIT E

FRANCHISE PACKAGE MODIFICATION (UPGRADE/DOWNGRADE) ADDENDUM

This Addendum is made and entered into by and between **CLEANNET OF ILLINOIS, INC.,** a corporation organized under the laws of the State of Illinois ("Franchisor"), and _____ _____ ("Franchisee"), on _____, 20___ and modifies the Franchise Agreement between the parties dated _____, 20_____ (as amended, the "Franchise Agreement"). Capitalized terms used herein that are not defined shall have the meanings ascribed to them in the Franchise Agreement. The parties agree that the Franchise Agreement is modified as follows:

1. **Franchisee's CleanNet Franchise Package.** Under the Franchise Agreement, Franchisee has purchased a CleanNet Franchise Package with monthly Gross Billings of $_____.

Please check one:

☐ **ADDITIONAL ACCOUNTS.** Franchisee would like to receive/has received Additional Accounts described in Section 2, and Franchisee's CleanNet Franchise Package will be upgraded to reflect such Additional Accounts.

☐ **DOWNGRADE.** Franchisee is exercising its right to downgrade its CleanNet Franchise Package, and to receive a partial refund in an amount equal to the percentage of accounts that were not provided to Franchisee times the initial franchise fee multiplied by 80%. Franchisor may refund the amount owed concurrently with the execution of this Addendum, either by immediate payment and/or by partial forgiveness or cancellation of any outstanding promissory note of Franchisee. Franchisor will receive credit for all Accounts previously provided to Franchisee in accordance with the Franchise Agreement in determining the difference.

2. **Additional Accounts.** If "Additional Accounts" has been checked above:

(a) Franchisee desires to upgrade its CleanNet Franchise Package by $_____ *{insert Monthly Contract Amount}* in Gross Billings per month; or

(b) Franchisee has received Additional Accounts, or accounts with an aggregate monthly billing amount in excess of Franchisee's CleanNet Franchise Package by $_____.

3. **Payment for Additional Accounts.**

Please check one:

☐ **PAYMENT OF FINDER'S FEE - CASH OPTION -** Franchisee will pay the Finder's Fee of $_____ in full in cash upon signing this Addendum. The Finder's Fee is the amount of additional initial monthly Gross Billings X 3.

☐ **PAYMENT OF FINDER'S FEE – FINANCE OPTION –** Franchisee shall pay **$_____** upon execution of this Agreement. The balance of **$ _____,** will be paid in _____ equal monthly installments of **$_____** each, which includes interest on the unpaid principal amount at the rate of 9% per annum. The first installment of principal and interest shall be paid on _____**.**

Installments shall thereafter be paid on the 25th day of each consecutive month until full payment is received. Franchisee shall issue a promissory note reflecting these terms, in the form and manner prescribed by Franchisor.

❑ **ADDITIONAL ACCOUNT MANAGEMENT FEE OPTION** – Franchisee will pay Franchisor an Additional Accounts Management Fee equal to 5% of monthly Gross Billings of the Additional Account.

4. **Replacement.** Franchisor shall have no obligation to replace Additional Accounts.

5. **No Further Modification of Franchise Agreement**. Except as expressly modified by the provisions hereof, the Franchise Agreement shall remain unmodified and in full force and effect. Royalty Fees, Administrative Fees, and all other applicable fees will be assessed and are payable by Franchisee on all Additional Accounts in the same manner as if they had been provided as part of Franchisee's initial package.

6. **Release of Prior Claims**. By executing this Agreement, Franchisee, its successors and assigns, and Franchisee's owners, individually and on behalf of such owner's heirs and legal representatives, hereby forever releases and discharges Franchisor, CleanNet U.S.A., Inc. and their respective affiliates, and their respective officers, directors, managers, owners, agents and employees, from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties, executed prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement on the day and year first above written.

FRANCHISOR:

CLEANNET OF ILLINOIS, INC.

By:_____

Printed Name:_____

Title: _____

FRANCHISEE:

ENTITY NAME:

_____

By: _____

Printed Name: _____

Title:_____

EXHIBIT F

ASSIGNMENT OF FRANCHISE AGREEMENT

THIS ASSIGNMENT OF FRANCHISE AGREEMENT ("**Assignment**") is entered into among CleanNet of Illinois, Inc. ("**Franchisor**"), _____ ("**Franchisee**"), _____ ("**Franchisee Owner**") and _____ _____("**Assignee**"), and _____ ("**Assignee Owner**").

WHEREAS, Franchisor and Franchisee entered into the **CP-**_____ CleanNet Franchise Agreement dated _____, 20____ ("**Agreement**"), under which Franchisor granted to Franchisee a license to operate a business (the "**Franchise**").

WHEREAS, Franchisor Owner is the owner of all of the legal and beneficial interests in Franchise.

WHEREAS, Franchisee desires to assign the Agreement to Assignee, together with all of the rights, benefits, privileges, duties, and responsibilities attendant therewith; such assignment to be final, and to once and for all discharge and bring to an end all duties and responsibilities of Franchisee to Franchisor in accordance with the terms of the Agreement, and in accordance with the terms of any Promissory Note signed by Franchisee and/or Franchisee Owner (collectively, "**Assignor**") in favor of Franchisor.

WHEREAS, Assignee Owner is the owner of all of the legal of the legal and beneficial interests in Assignee.

WHEREAS, Assignee desires to purchase the Franchise and take assignment of the Agreement from the Franchisee; Assignee and Assignee Owner (collectively, "**Assignee Parties**") recognize that Assignee is assuming all duties and obligations of Franchisee as stated in the Agreement; Assignee Parties agree that the Assignee Parties shall remain solely liable for performance of the Agreement in each and every respect and in accordance with each and every term set forth therein, and agrees and acknowledges that Assignor shall hereafter have absolutely no duties, responsibilities or liabilities to Franchisor arising under said Agreement; and Assignee hereby agrees to accept the Assignment including, but not limited to all duties, responsibilities, privileges, conditions, terms and benefits of Assignor, as if Assignee had signed and originally entered into the Agreement with Franchisor.

WHEREAS, this Assignment is subject to Franchisor's prior approval, as reserved to Franchisor under the Agreement; this Assignment between Franchisee and Assignee shall not take effect until such time as it is approved by Franchisor, as signified by Franchisor's signature below; and the parties hereto agree that Franchisor has already fully performed all obligations referred to in said Agreement with respect to provision of accounts sufficient to meet Franchisor's obligations under the Agreement.

WHEREAS, Assignee Parties acknowledge that absolutely no payment or consideration has been paid or transferred from Assignee Parties to Franchisor in order to obtain Franchisor's approval of this Assignment.

NOW, THEREFORE, in consideration of the premises, and the mutual covenants and agreements set forth above and below, the parties agree as follows:

1. The parties hereto agree that the recitals above are a contractual part of this Assignment. This Assignment, once executed Assignor and Assignee Parties, shall become effective immediately upon

written approval by Franchisor, which approval shall be evidenced by Franchisor's authorized signature below.

2. Assignee shall pay to Franchisee the sum of **$[_____]** in lawful currency of the United States, or by certified check or cashier's check acceptable to Franchisee.

3. Franchisee shall turn over to Assignee all keys, passes, and other materials necessary to permit Assignee to immediately begin performing cleaning services for the various building accounts included in the assigned Franchise.

4. Franchisee shall receive credit for all proceeds for work done and accounts serviced in accordance with the Agreement through [_____] only, and credit for all proceeds and fees for work done and accounts serviced under the Agreement shall thereafter be credited to the Assignee.

5. The accounts currently included in the franchise being assigned include, and are strictly limited to the accounts listed on Exhibit A.

6. Assignee Parties will execute a promissory note and joinder, in the form attached as Exhibit B, in favor of Franchisor, for the full amount of all outstanding principal and interest remaining due by Franchisee to Franchisor as of the date hereof. Unless otherwise agreed between the parties, the interest rate, monthly payments, and payoff date of the new promissory note shall remain the same as the promissory note previously given to Franchisor by Franchisee.

7. The parties agree that the Agreement, including but not limited to any amendments, addenda, upgrade, or downgrade agreements (the original or a copy of which is attached as Exhibit C), with a term ending on [_____] is the binding franchise agreement between the parties. Except as expressly modified or amended herein, the provisions of the Agreement apply, and will continue to apply, with full force and effect.

8. Assignee shall execute any and all necessary agreements, authorizations, and/or assurances with the Franchisor or others, to procure the necessary insurance coverage required for operation of the Franchise in accordance with the terms of the Agreement.

9. Assignee Parties represent, acknowledge, and agree that all initial certification to be provided by Franchisor has already been given, and that Assignee Parties are not entitled to any of the initial certification to be provided by Franchisor in accordance with the Agreement.

10. Franchisee shall provide Assignee with [___] day of certification on proper procedures and methods for cleaning and servicing the franchisee's accounts, to commence within three days after Franchisor's approval of this Assignment.

11. The parties agree that any action brought by or against Franchisor in connection with the Agreement, this Assignment, or any other dispute arising between Franchisor and any of the other parties, shall be resolved in accordance with the dispute resolution procedures contained in the Agreement. Franchisor shall also have such rights as are described in the Agreement to enforce the covenants contained in the Agreement. Venue and jurisdiction for any dispute resolution or proceedings shall be as described in the Agreement.

12. This Assignment sets forth the full and entire agreement between Assignee and Franchisee and may not be supplemented, altered, or amended unless done so in writing signed by Assignee and Franchisee, and approved in writing by Franchisor.

13. Assignor and Assignee Parties jointly and severally, release, remise, discharge, hold harmless, and indemnify Franchisor, CleanNet U.S.A., Inc. and their respective directors, shareholders, members, owners, officers, employees, agents, assigns, and successors, and any parent or affiliated person or entity, and each of its or their directors, shareholders, members, owners, officers, employees, agents, assigns, and successors whether acting in a personal or corporate capacity, from any and all actions, arising from any cause and causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, premises, variances, trespasses, damages, judgments, extents, executions, claims and demands whatsoever, including, but not limited to any actions or causes arising out of this Assignment, the execution or termination of the Agreement, lost profits, wages, interest or finance charges, in law or in equity, which against said Franchisor, Assignor or Assignee Parties, or either of them, ever had, now has, or which Assignor's or Assignee Parties 's heirs, executors, administrators, successors or assigns hereafter can, shall or may have, for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this Assignment.

14. Assignee Owner agrees that he or she is jointly and severally liable with Assignee (and any of the other Assignee Owners) for the timely and complete performance and payment of all Assignee's obligations under the Agreement and is bound by all the terms of the Agreement as if Assignee Owner were a party under the Agreement (and is bound by all the terms of the Agreement applicable to Restricted Parties under **Section X1.A**)

WHEREFORE, Assignor or Assignee Parties hereby acknowledge and affirm that they have read and fully understand each and every term of this Assignment of Franchise Agreement; that they are authorized and empowered to sign this document; and they represent that they have voluntarily set their hands and seals hereto on this _ day of _____ 20___**.**

FRANCHISEE:	**ASSIGNEE**:
By: _____ (SEAL)	By: _____ (SEAL)
Printed Name: _____	Printed Name: _____
Title, if any:_____	Title, if any:_____
FRANCHISEE OWNER:	**ASSIGNEE OWNER**:
By: _____ (SEAL)	By: _____ (SEAL)
Printed Name: _____	Printed Name: _____

APPROVAL BY FRANCHISOR

Franchisor hereby grants its approval to the foregoing Assignment of Franchise Agreement in accordance with all terms and representations set forth therein, this ____ day of _____, 20___.

FRANCHISOR:

CleanNet of Illinois, Inc.

By: _____
Printed Name: _____
Title: _____

EXHIBIT G

TABLE OF CONTENTS TO THE MANUALS

Section Title	No of Pages in Section
SECTION 1 – Introduction	5 pages
SECTION 2 - Business Practices & Equipment/Chemical Familiarity	49 pages
SECTION 3 – Custodial Certification Manuals	
Chapter 1: Interior Office Building Cleaning Part 1& 2	14 pages
Chapter 2: Ground Rules for Custodians	6 pages
Chapter 3: Safety Procedures for Custodians	5 pages
Chapter 4: Basic Rest room Cleaning	5 pages
Chapter 5: Daily Floor Maintenance, High Speed Floor Maintenance Manual Method & High Speed Floor Maintenance Machine Method	10 pages
Chapter 6: Stripping and Finishing Floors	5 pages
Chapter 7: Basic Carpet Cleaning Methods 1 & 2	5 pages
Chapter 8: Blood Borne Pathogens, OSHA Mandate & Final Tips	5 pages
SECTION 4 – FRANCHISEE BUSINESS FORMS PACKAGE	20 pages
Employee Confidentiality Agreement	1 each
Monthly Franchise Worksheet	1 each
Special Service Agreement	1 each
Contract Survey Walkthrough Sheet	1 each
CleanNet Customer Comment Form	1 each
CleanNet Quality Assurance Evaluation	1 each
CleanNet Supply order form	1 each
Special Services Satisfactory Work Completion Form	1 each
CleanNet Field Operations Report	1 each
CleanNet Change in Regular Monthly Billing	1 each
CleanNet On-Site Job Certification Form	1 each
CleanNet Name Badge	1 each
CleanNet Sales Brochure	1 each
CleanNet: Welcome to CleanNet difference (customer sales brochure)	1 each
CleanNet Proposal Request Form	1 each
CleanNet Uniform	2 each
CleanNet Vendor(s) List	1 each
CleanNet Log Book	2 each
Business Cards	200 each
SECTION 5 – FRANCHISE PORTAL & FRANCHISEE MONTHLY INVOICE	7 pages

SECTION 6 – TESTS/ Answer key & **Certification Certificate & DVD's** 37 pages

DVDS For Franchise Certification Manual Covering Following Subjects

Interior Office Cleaning Part I	1 each
Interior Office Cleaning Part II	1 each
Ground Rules for Custodians	1 each
Safety for Custodians	1 each
Basic Restroom Cleaning	1 each
Building Emergency and Evacuation Procedure	1 each
Daily Floor Maintenance	1 each
High Speed Floor Maintenance Manual Method	1 each
High Speed Floor Maintenance Automatic Machine Method	1 each
Stripping/ Finishing Floors	1 each
Basic Carpet Cleaning Part I	1 each
Basic Carpet Cleaning Part II	1 each
Basic Supervision of Custodial Personnel	1 each
Quality Control	1 each
Accident Prevention	1 each
Blood Borne Pathogens I & II W/ OSHA Review	1 each

Total Number of Pages: 173

EXHIBIT H

OUR CURRENT FRANCHISEES—AS OF DECEMBER 31, 2024

ILLINOIS

Franchisee Name	ASHLEY SERVICES INC	630-359-7837
Address	840 W COLLEGE BLVD,APT# 202	
City,State Zip	ADDISON,IL,60101	
Franchisee Name	LORENA Y LUNA INC	224-558-6271
Address	C/O MARIA LUSIA FIGUEROA,120 S LINCOLN AVE #5	
City,State Zip	ADDISON,IL,60101	
Franchisee Name	SHELDIA, ERMIRA	630-229-4595
Address	735 W. GEORGIAN CT,	
City,State Zip	ADDISON,IL,60101	
Franchisee Name	GONZALEZ, ALVARO	(708) 692-4846
Address	2744 S. EAST AVE,	
City,State Zip	BERWYN,IL,60402	
Franchisee Name	SALGADO, LUIS	815-603-8568
Address	6624 W PERSHING ROAD,	
City,State Zip	BERWYN,IL,60402	
Franchisee Name	WILLIAMS, LATRICE	630-901-3854
Address	422 GREENTREE LANE,	
City,State Zip	BOLINGBROOK,IL,60440	
Franchisee Name	CASIEL, JACQUELINE	773-915-7446
Address	PO BOX 88193,	
City,State Zip	CAROL STREAM,IL,60188	
Franchisee Name	AMAYA, DAVID	312-375-0216
Address	6835 S KILDARE ST,	
City,State Zip	CHICAGO,IL,60629	
Franchisee Name	DAENA INC	773-707-6668
Address	5925 S KEELER AVE,	
City,State Zip	CHICAGO,IL,60629	
Franchisee Name	VERONICA CLEANING SERVICE INC	773-557-5740
Address	3545 W 75th PLACE,	
City,State Zip	CHICAGO,IL,60652	
Franchisee Name	P M C P LLC	847-531-0591
Address	5611 W 35th STREET APT 1,	
City,State Zip	CICERO,IL,60804	
Franchisee Name	SPOTLESS PERFECTION INC	219-671-6009
Address	5410 W 23rd PL,	
City,State Zip	CICERO,IL,60804	
Franchisee Name	SORIANO SERVICES INC	630-234-9669
Address	C/O ELDA BARRERA CHAVEZ,428 W TOUHY AVE LOT 219	

City,State Zip	DES PLAINES,IL,60018	
Franchisee Name	CORTEZ SERVICES INC	224-509-0861
Address	C/O LETICIA RIOS-ARAGON,1520 S MOUNT PROSPECT RD, APT G	
City,State Zip	DES PLAINES,IL,60018	
Franchisee Name	JAKANA INC	847-307-1763
Address	708 ILLINOIS AVE,	
City,State Zip	ELGIN,IL,60120	
Franchisee Name	BUSH, MICHAEL	224-218-2499
Address	1086 LAKEWOOD RD,	
City,State Zip	ELGIN,IL,60123	
Franchisee Name	GERCO, MANOL	630-621-2546
Address	2727 CONANT COURT,	
City,State Zip	GENEVA,IL,60134	
Franchisee Name	GLISOVICH, EDITA	815-260-1659
Address	6237 FORMOOR LANE,	
City,State Zip	GURNEE,IL,60031	
Franchisee Name	JESKA AND ASSOCIATES INC	630-817-9206
Address	7638 NORTHWAY DR,	
City,State Zip	HANOVER PARK,IL,60133	
Franchisee Name	VERA, MARIA	708-369-2213
Address	5144 WASHINGTON STREET,	
City,State Zip	HILLSIDE,IL,60162	
Franchisee Name	GREGORIO SERVICES INC	847-704-0421
Address	630 MESA DRIVE, APT# 116,	
City,State Zip	HOFFMAN ESTATES,IL,60169	
Franchisee Name	DE CLEANING SERVICES	847-377-5578
Address	5471 ALEXANDRIA DRIVE,	
City,State Zip	LAKE IN THE HILLS,IL,60156	
Franchisee Name	SARACCOS CLEANING SERVCIES INC	847-873-4145
Address	2113 HAWTHORNE AVE,	
City,State Zip	MELROSE PARK,IL,60164	
Franchisee Name	JC BRAVO CLEANING SERVICE INC	708-243-0714
Address	84 FLYNN COURT,	
City,State Zip	NORTH AURORA,IL,60542	
Franchisee Name	D & E UNITED LLC	708-620-9518
Address	220 BERNICE AVE,	
City,State Zip	NORTHLAKE,IL,60164	
Franchisee Name	RUIZ, EDILCIA	224-730-3653
Address	9 LAKEWOOD DRIVE,	
City,State Zip	OAKWOOD HILLS,IL,60013	
Franchisee Name	EMILIANOS JANITORIAL SERVICES INC	773-603-4943
Address	1340 N RAND ROAD,	
City,State Zip	PALATINE,IL,60074	

Franchisee Name	DIVA ENTERPRISES INC	224-735-9642
Address	C/O MERCEDES BUSTOS,211 MARQUETTE DRIVE	
City,State Zip	POPLAR GROVE,IL,61005	
Franchisee Name	FJ FASTCLEAN COMPANY	708-710-5750
Address	14732 SACRAMENTO AVE,	
City,State Zip	POSEN,IL,60469	
Franchisee Name	PUESTA DEL SOL CLEANING INC	847-275-2619
Address	313 E STREAMWOOD BLVD,	
City,State Zip	STREAMWOOD,IL,60107	
Franchisee Name	CALDERON CLEANING INC	224-633-8062
Address	313 E STREAMWOOD BLVD,	
City,State Zip	STREAMWOOD,IL,60107	
Franchisee Name	BLANCA VERA INC	630-559-5469
Address	108 FILBERT DRIVE,	
City,State Zip	STREAMWOOD,IL,60107	
Franchisee Name	ANIT LLC	630-550-8180
Address	802 SURREY DRIVE,	
City,State Zip	STREAMWOOD,IL,60107	
Franchisee Name	WORLD THE CLEANING	630-405-4652
Address	C/O ULISES OTTIER,1243 BISHOP STREET	
City,State Zip	WEST CHICAGO,IL,60185	
Franchisee Name	DIAMANDI INC	312-774-1641
Address	1625 LEYTONSTONE DRIVE,	
City,State Zip	WHEATON,IL,60189	
Franchisee Name	LP MCGEE INC	773-709-5251
Address	8119 WATERBURY CT, APT 216,	
City,State Zip	WOODRIDGE,IL,60517	

INDIANA

Franchisee Name	HUDSON, DANIEL	708-699-0615
Address	5440 HARRISON STREET,	
City,State Zip	MERRILLVILLE,IN,46410	
Franchisee Name	RAMIREZ-BALCAZAR ENTERPRISES LLC	773-837-2319
Address	2741 PALLADIN CIRCLE,	
City,State Zip	PORTAGE,IN,46368	

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

EXHIBIT I

OUR FORMER FRANCHISEES
(TERMINATED OR CEASED OPERATIONS DURING FISCAL YEAR 2024)

ILLINOIS

Franchisee Name	CLEANING GREEN INC	630-303-2024
Address	CHARISE N. MERRITT,15118 OAK ST	
City,State Zip	DOLTON,IL,60419	
Franchisee Name	MACEDA MAINTENANCE Y CLEANING CO	708-299-0415
Address	411 WALLACE STREET,	
City,State Zip	JOLIET,IL,60436	
Franchisee Name	AGUILAR GROUP INC	847-997-3961
Address	C/O SABAS AGUILAR-RABADAN,2030 N HAWTHORNE AVE	
City,State Zip	MELROSE PARK,IL,60164	
Franchisee Name	BRAVO, JUANA	487-660-4062
Address	148 WESTON LANE,	
City,State Zip	MUNDELEIN,IL,60060	
Franchisee Name	JANO, ALEKS	(630) 890-8854
Address	144 RIESER CIRCLE,	
City,State Zip	NAPERVILLE,IL,60565	
Franchisee Name	AGA, SALI	773-759-6504
Address	4848 N. OZARK,	
City,State Zip	NORRIDGE,IL,60706	
Franchisee Name	S.A.V. SERVICE CLEANING COMPANY	708-912-3847
Address	4832 S LUNA AVE,	
City,State Zip	STICKNEY,IL,60638	
Franchisee Name	LUMAS INDUSTRIES INC	630-251-3723
Address	32 VIVALDI CT,ATTN: THERESA LUMAS	
City,State Zip	WHEATON,IL,60189	
Franchisee Name	SHNAYDER, YAKOV	(847) 744-0206
Address	312 PARTRIDGE LANE,	
City,State Zip	WHEELING,IL,60090	

INDIANA

None.

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

EXHIBIT J

STATE ADDENDA

ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), the Disclosure Document and Franchise Agreement are amended as follows:

Illinois law governs the agreements between the parties to this franchise.

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

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

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

Effective Date. This Addenda is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	CLEAN NET OF ILLINOIS, INC.
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT K

FINANCIAL STATEMENTS

GUARANTEE OF PERFORMANCE
(CleanNet of Illinois, Inc.)

For value received, CleanNet U.S.A., Inc. a Virginia corporation (the "Guarantor"), located at 5904 Richmond Hwy., Suite 405, Alexandria, Virginia 22303 absolutely and unconditionally guarantees to assume the duties and obligations of CleanNet of Illinois, Inc., an Illinois corporation located at Oak Brook Executive Plaza, Suite 302, 1301 West 22nd Street, Oak Brook, Illinois 60523 (the "Franchisor"), under its franchise registration in each state where the franchise is registered (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, issued April 21, 2025, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Alexandria, Virginia on April 21, 2025.

Guarantor:
CleanNet U.S.A., Inc.

By:

Name: Mark F. Salek

Title: President

CLEANNET USA, INC.
AND AFFILIATES

Columbia, Maryland

COMBINED FINANCIAL STATEMENTS

December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CleanNet USA, Inc. and Affiliates
Columbia, Maryland

Opinion

We have audited the accompanying combined financial statements of CleanNet USA, Inc. (a Virginia corporation) and Affiliates, which comprise the combined balance sheets as of December 31, 2024 and 2023, the related combined statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of CleanNet USA, Inc. and Affiliates as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CleanNet USA, Inc. and Affiliates 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 these 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 CleanNet USA, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Yount, Hyde & Barbour, P.C.

Owings Mills, Maryland
February 28, 2025

CLEANNET USA, INC. AND AFFILIATES

Combined Balance Sheets
December 31, 2024 and 2023

Assets	2024	2023
Current Assets		
Cash and cash equivalents	$ 20,064,614	$ 15,762,430
Accounts receivable - net	5,240,498	7,015,773
Notes receivable - current portion - net	440,787	490,270
Due from area franchisees	542,139	434,636
Other current assets	98,346	122,796
Total current assets	26,386,384	23,825,905
Property and Equipment - Net	44,111	7,326
Other Assets		
Notes receivable - long-term portion - net	465,890	453,807
Right of use asset - operating leases	1,481,724	1,587,038
Refundable deposits	66,287	75,604
Total other assets	2,013,901	2,116,449
Total assets	$ 28,444,396	$ 25,949,680
Liabilities and Stockholders' Equity		
Current Liabilities		
Trade accounts payable and accrued expenses	$ 900,438	$ 1,008,384
Operating lease liabilities - current portion	461,039	438,948
Unearned franchise fees	945,179	884,572
Total current liabilities	2,306,656	2,331,904
Long-Term Liabilities, operating lease liabilities, net of current portion	1,062,044	1,162,667
Stockholders' Equity	25,075,696	22,455,109
Total liabilities and stockholders' equity	$ 28,444,396	$ 25,949,680

See Notes to Combined Financial Statements.

CLEANNET USA, INC. AND AFFILIATES

Combined Statements of Operations
For the Years Ended December 31, 2024 and 2023

	2024		2023	
	Amount	% of Net Revenues	Amount	% of Net Revenues
Net Revenues				
Janitorial services	$ 63,482,479	84.3	$ 74,194,623	84.8
Franchise fees	576,858	0.8	744,903	0.9
Royalty fees	5,573,035	7.4	6,089,121	7.0
Administrative fees	5,670,471	7.5	6,437,540	7.3
Total net revenues	75,302,843	100.0	87,466,187	100.0
Costs and Expenses				
Franchisees and subcontractors	59,274,315	78.7	69,334,044	79.3
Janitorial supplies	371,314	0.4	369,876	0.3
General and administrative	10,066,546	13.4	10,021,082	11.5
Depreciation	7,071	- -	16,604	- -
Total costs and expenses	69,719,246	92.5	79,741,606	91.1
Operating income	5,583,597	7.5	7,724,581	8.9
Other Income				
Interest income	804,518	1.1	190,852	0.2
Miscellaneous income	1,222	- -	3,371	- -
Total other income	805,740	1.1	194,223	0.2
Income Before Provision for Income Taxes	6,389,337	8.6	7,918,804	9.1
Provision for Income Taxes	41,657	- -	14,063	- -
Net income	$ 6,347,680	8.6	$ 7,904,741	9.1

See Notes to Combined Financial Statements.

CLEANNET USA, INC. AND AFFILIATES

Combined Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2024 and 2023

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total
Balance - December 31, 2022	$ 3,222	$ 4,071,888	$ 13,542,642	$ 17,617,752
Net income	--	--	7,904,741	7,904,741
Distributions	--	--	(3,067,384)	(3,067,384)
Balance - December 31, 2023	3,222	4,071,888	18,379,999	22,455,109
Net income	--	--	6,347,680	6,347,680
Distributions	--	--	(3,727,093)	(3,727,093)
Balance - December 31, 2024	$ 3,222	$ 4,071,888	$ 21,000,586	$ 25,075,696

See Notes to Combined Financial Statements.

CLEANNET USA, INC. AND AFFILIATES

Combined Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Net income	$ 6,347,680	$ 7,904,741
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,071	16,604
Amortization of right-of-use asset - operating leases	492,669	543,195
(Increase) decrease in operating assets:		
Accounts receivable - net	1,775,275	(350,985)
Notes receivable - net	37,400	73,098
Due from area franchisees	(107,503)	253,245
Other current assets	24,450	(16,750)
Refundable deposits	9,317	(1,412)
Increase (decrease) in operating liabilities:		
Trade accounts payable and accrued expenses	(107,946)	16,647
Operating lease liabilities	(465,887)	(540,136)
Unearned franchise fees	60,607	(121,315)
Net cash provided by operating activities	8,073,133	7,776,932
Cash Flows from Investing Activities, payments for the purchase of property and equipment	(43,856)	(7,134)
Cash Flows from Financing Activities, distributions paid	(3,727,093)	(3,067,384)
Net increase in cash	4,302,184	4,702,414
Cash and Cash Equivalents - Beginning of year	15,762,430	11,060,016
Cash and Cash Equivalents - End of year	$ 20,064,614	$ 15,762,430

See Notes to Combined Financial Statements.

CLEANNET USA, INC. AND AFFILIATES

Combined Statements of Cash Flows (Continued)
For the Years Ended December 31, 2024 and 2023

	2024	2023
Supplemental Disclosures of Cash Flow Information, cash paid during the year for income taxes	$ 41,657	$ 14,063
Supplemental Schedules of Non-Cash Operating, Investing, and Financing Transactions, right-of-use asset and operating lease liability recognized in accordance with ASC 842	$ 387,355	$ 1,368,317

See Notes to Combined Financial Statements.

Note 1. Description of Business

These combined financial statements include the accounts of CleanNet USA, Inc., CleanNet of Baltimore/Washington, Inc., CleanNet of Illinois, Inc., CleanNet Systems of Pennsylvania, Inc., CleanNet of South Florida, Inc., CleanNet of Southern California, Inc., CleanNet of Greater Michigan, Inc., CleanNet of Cleveland, Inc., CleanNet of Charlotte, Inc., CleanNet of Houston, Inc., CleanNet of Central Florida, Inc., CleanNet of West Florida, Inc. and TGK, Inc. dba CleanNet of Dallas Fort Worth. These entities (collectively referred to as "the Companies") are affiliated by virtue of common ownership.

All material intercompany accounts and transactions between the companies have been eliminated.

The Companies are franchisors of janitorial contracts in Maryland, Virginia, Washington D.C., Illinois, Pennsylvania, Florida, Southern California, Michigan, Ohio, North Carolina, and Texas. The franchises are for the operation of industrial and commercial cleaning services under the "CleanNet" registered serviced trademark. Under the terms of the franchise agreement, the Companies agree to provide the franchisee janitorial contracts representing a specified amount of monthly billings. The Companies perform billing, collection and other administrative services for the franchisees on an ongoing basis and receive a monthly administrative fee for those services. In addition, the Companies sell "Area Operator" franchises throughout the United States. Currently, there are Master (Area) Franchisees operating in Pennsylvania, Georgia, New Jersey, California, Oregon, Arizona, and Alberta, Canada.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The combined financial statements are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Companies consider all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

At times during the year, the Companies maintain cash balances at financial institutions which exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes the risk in these situations to be minimal.

Accounts Receivable

The Companies grant trade credit to their customers. All customers are subject to credit review, which determines future credit policies. In the ordinary course of business, the Companies provide credit to customers under standard terms without collateral. A receivable is considered past due if payments have not been received within the agreed upon invoice terms. The Companies' policy is to generally not charge interest on trade receivables after the invoice becomes past due. Provisions for allowances for credit losses are recorded in general and administrative expenses.

Estimating credit losses based on risk characteristics requires significant judgment by the Companies. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Companies' financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. The Companies review and update, when necessary, their historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

Accounts receivable are stated net of an allowance for credit losses of $410,791 and $416,320 on December 31, 2024 and 2023, respectively. Accounts receivable are written off when deemed uncollectible. Recoveries of account receivables previously written off are recorded when received.

Below is a summary of the changes in the Companies' allowance for credit losses for accounts receivable for the years ending December 31, 2024 and 2023.

	2024	2023
Beginning balance	$ 416,320	$ 414,075
Provision for expected credit losses	108,634	110,543
Less charge-offs	(114,163)	(108,298)
Ending balance	$ 410,791	$ 416,320

Depreciation

Property and equipment are stated at historical cost, less accumulated depreciation. Depreciation is computed over the estimated useful lives of the depreciable assets using straight-line and accelerated methods for financial reporting purposes.

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the results of operations. Repairs and maintenance charges, which do not increase the useful lives of the assets, are charged to expense as incurred.

Revenue Recognition

The Companies have adopted the guidance issued in Accounting Standards Codification 606, "Revenue Recognition – Revenue from Contracts with Customers."

Contracts with Customers – Janitorial Services

The Companies recognize janitorial services revenue when the related performance obligation is satisfied, which is the point at which control of the promised services are transferred to its customers in an amount that reflects the consideration the Companies expect to receive in exchange for those services.

For the majority of the Companies' customer arrangements, control transfers to customers at a point-in-time when services have been performed and rewards of the services transfer to the customer. The timing of satisfaction of the performance obligation is not subject to significant judgment. While certain additional services may be identified in the contract, management has concluded that those services are individually immaterial in the context of the contract with the customer, and, therefore, not assessed as performance obligations.

All billings to customers on janitorial service contracts are included in janitorial services revenue in the combined statements of operations. The billings, which are paid over to the franchisees/subcontractors after certain deductions are made, are reflected in the combined statements of operations. Accounts receivable consists primarily of billings to customers which are collected on behalf of the franchisees.

Sales tax collected from customers is not included in revenue, but rather recorded as a liability due to the respective taxing authorities.

Contracts with Franchisees – Franchise And Administrative Fees

Revenue from franchise sales is recognized over-time based upon the percentage of monthly customer billings provided by the Companies, which is its performance obligation, to the unit franchisees in accordance with the franchise agreement in exchange of providing customer billings. The Companies have 120 days from the execution of the franchise agreement to fulfill their obligation of securing customers for the unit franchisee. If the Companies fail to meet their obligation, unearned franchise fees are refunded. The unearned portion of franchise fees is reflected in the combined balance sheets as unearned franchise fees and represent a contract liability.

The Companies extend credit to the unit franchisees purchasing a franchise. Notes receivable consists primarily of sales to unit franchisees to which the Companies have extended credit. Revenue from franchise sales have been recognized to the extent that the Companies expect to receive consideration for the sale of franchises.

Administrative fees are a percent of janitorial service billings due from each respective unit franchisee or subcontractor that performed services to customers. The Companies receive the fees in exchange for administrative services and a group insurance policy provided to the unit franchisees. Revenue is recognized at a point-in-time when services have been performed.

See Notes 3 and 7 for information regarding the Companies' notes receivable and franchising arrangements of unit franchises.

Royalty Fees

CleanNet USA, Inc. collects royalty fees from Area Franchisees. The initial area franchise fees can exceed $100,000 to purchase a sales territory depending on size of territory. The monthly royalty fee is calculated as a percentage of all gross cash revenues. Gross cash revenue is defined as all cash receipts of the Area Business from any source, including any periodic or one-time fees paid by unit franchisees, including but not limited to: initial franchise fees; service fees; marketing and sales fees; finder fees; renewal fees; transfer fees; insurance/bond collection fees; monthly billings collected from janitorial customers; promissory note payments; supplies and equipment; etc. Revenue from Area Franchisee royalties are recognized at a point of time upon the cash receipts collected by the Area Franchisees. Total Area Franchisee income totaled $1,778,400 and $1,903,034 the years ended December 31, 2024 and 2023, respectively.

CleanNet affiliates collect royalty fees from unit franchisees which equals 10% of gross billings. These fees are deducted from the total due to the Unit Franchisee each month. Revenue from unit franchisee royalties is recognized at a point of time upon the billing for janitorial services that were performed by Unit Franchisees. Total Unit Franchisee royalty income for all affiliates totaled $3,794,635 and $4,186,087 for the years ended December 31, 2024 and 2023, respectively.

Contract Balances

The Companies record accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability also is recorded. The Companies do not recognize revenue in advance of the right to invoice and therefore have not recorded a contract asset. Accounts receivable, contract assets, and contract liabilities were $6,664,788, $0, and $1,005,887, respectively, as of January 1, 2023.

Fair Value

The estimated fair values of the Companies' short-term financial instruments, including cash, cash equivalents, accounts receivable, and trade accounts payable arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

The fair value of debt is generally based upon observable market prices of similar instruments, including bonds, credit derivatives and debt with similar characteristics. The carrying value of long-term debt approximates its fair value.

Advertising

The Companies expense advertising as incurred. Advertising expense for the years ended December 31, 2024 and 2023 totaled $152,587 and $90,696, respectively.

Income Taxes

The Companies, with the consent of their stockholders, have elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the company's taxable income. However, several companies are subject to state income and other business and franchise taxes.

In certain states the Companies operate in, the tax liability of an S-corporation can be assumed by the Companies; however, the liability for the taxes still resides with the stockholders. In accordance with the Financial Accounting Standards Board (FASB), ASC 740-10-55-228, Attribution of Income Taxes to the Entity or Its Owners, such transactions will be treated as equity transactions (distributions) under GAAP.

The Companies have adopted FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes. The Companies will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Companies continually evaluate expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Companies' evaluation on December 31, 2024 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2021 through 2023 tax years remain subject to examination by the IRS. The Companies do not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Leases

The Companies determine if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Companies also consider whether their service arrangements include the right to control the use of an asset.

The Companies recognize most leases on its balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

The Companies made an accounting policy election not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Companies made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable, they will be incurred.

The Companies have made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Companies, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Note 3. Notes Receivable

The Companies generally finance a portion of each franchise sale by accepting an unsecured note for any unpaid balance of the franchise fee. The notes bear interest at 9% per annum and are generally payable in twenty-four or thirty-six monthly installments. Note payments are deducted from amounts due to franchisees on cleaning contracts. Interest income totaling $54,078 and $56,969 was earned on the notes for the years ended December 31, 2024 and 2023, respectively. The Companies only have one segment of financing receivables in their portfolio, individual franchisees.

During its analysis of collectability, management assesses factors such as existing economic conditions of the borrowers and the borrowers' industries, each borrower's repayment history related to the notes, and other external factors that may impact the repayment of the notes receivable by the borrower. Upon the sale of a franchise, the Companies recognize revenue to the extent of consideration expected to be received based on its analysis of collectability.

The methodology for determining the allowance for doubtful accounts is based on the review of specific facts and circumstances of both the receivables and the respective borrowers, historic experience and other currently available evidence. The allowance for credit losses on notes receivable at December 31, 2024 and 2023 was $3,565,038 and $3,551,318, respectively.

Opening balance of notes receivable was $1,017,175 at January 1, 2023.

As of December 31, 2024 and 2023, the Companies had 1,541 and 1,493 notes outstanding, respectively. Notes receivable, net consisted of the following at December 31, 2024 and 2023:

	2024		
	Current Portion	Noncurrent Portion	Total
Notes receivable, gross	$ 2,220,291	$ 2,251,424	$ 4,471,715
Allowance for credit losses	(1,779,504)	(1,785,534)	(3,565,038)
Notes receivable, net	$ 440,787	$ 465,890	$ 906,677

	2023		
	Current Portion	Noncurrent Portion	Total
Notes receivable, gross	$ 2,258,817	$ 2,236,578	$ 4,495,395
Allowance for credit losses	(1,768,547)	(1,782,771)	(3,551,318)
Notes receivable, net	$ 490,270	$ 453,807	$ 944,077

Credit quality: The Companies have an internal system, based off geographical location and past experience, to assess the standing of the note. The Companies identify notes in the following categories:

Active: Notes identified as active are generally applied an allowance of 24% of the note balance. In some instances, the percentage could be higher based on past collection experience in certain geographic areas. The allowance for active notes totaled $348,167 and $334,370 as of December 31, 2024 and 2023, respectively.

Inactive: Notes identified as inactive, or otherwise indicated by the original note maturity date having expired, are applied an allowance of 100% of the note balance and interest income is no longer accrued. The allowance for inactive notes totaled $3,216,871 and $3,216,948 as of December 31, 2024 and 2023, respectively.

Aging: The following table represents the status of notes according to credit quality as of December 31, 2024 and 2023. The table presents the principal amount outstanding on the loans that may be past due for principal payments contractually due:

	2024	2023
Inactive	$ 3,216,871	$ 3,216,948
Active	1,254,844	1,278,447
	$ 4,471,715	$ 4,495,395

Allowance for credit losses for notes receivable: The following is a summary of changes in the allowance for credit losses for notes receivable balances as of and for the years ending December 31, 2024 and 2023:

	2024	2023
Beginning balance	$ 3,551,318	$ 3,516,011
Provision charged to operations	13,720	55,533
Less charge-offs	- -	(20,226)
Ending balance	$ 3,565,038	$ 3,551,318

Note 4. Due from Area Franchisees

The Companies have advanced monies and sold product to various unrelated affiliates. Balances due from affiliates totaled $542,139 and $434,636 at December 31, 2024 and 2023, respectively.

Note 5. Property and Equipment - Net

Property and equipment consisted of the following at December 31, 2024 and 2023:

	2024	2023
Transportation equipment	$ 65,328	$ 65,328
Software development	87,441	87,441
Office furniture and equipment	321,149	277,293
	473,918	430,062
Less: accumulated depreciation	429,807	422,736
Property and equipment - net	$ 44,111	$ 7,326

Depreciation expense was $7,071 and $16,604 for the years ended December 31, 2024 and 2023, respectively.

Note 6. Line of Credit

CleanNet USA, Inc. has an unsecured line of credit with a bank for maximum borrowings up to $1,000,000. The credit agreement applicable to 2023, which expired in February 2024, included interest at 3 percentage points over the ICE Benchmark Administration LIBOR Daily Floating Rate. During January 2024, CleanNet USA, Inc. renewed the line of credit, which expires February 2025. The new credit agreement includes interest at Bloomberg Short-Term Bank Yield (BSBY) Daily Floating Rate plus 3.15 percentage points. At December 31, 2024 and 2023, CleanNet USA, Inc. had no outstanding advances on the line of credit.

Note 7. Franchising

The Companies execute franchise or license agreements that set the terms of its arrangement with each franchisee or licensee. The franchise and certain license agreements require the franchisee or licensee to pay an initial, non-refundable fee ranging from $3,000 to $20,000 and continuing fees based upon a percentage of sales. Direct costs of sales and servicing of franchise and license agreements are charged to general and administrative expenses as incurred.

When an individual franchise is sold, the Companies agree to provide certain services to the franchisee, including a minimum sales book, training, systems implementation, and design of a quality control program. The Companies recognize initial fees as revenue when substantially all initial services required by the franchise or license agreement are performed, generally when the Companies have provided the minimum sales book to the franchisee. However, when revenue from initial fees is collectible over a period of time, and collectability is not reasonably assured, the portion estimated to be collectible is recognized as revenue.

Note 8. Employee Benefit Plan

The Companies maintain a 401(k) Plan to provide retirement benefits for their employees. Employees contribute to the plan through payroll deductions. The Plan provides for discretionary matching contributions on pre-tax employee contributions in an amount to be determined by the Companies on an annual basis. Total contributions were $46,229 and $45,508 for the years ended December 31, 2024 and 2023, respectively.

Note 9. Common Stock

Common stock consisted of the following at December 31, 2024 and 2023:

	2024	2023
CleanNet USA, Inc. $0.01 par value, authorized 5,000 shares, issued and outstanding 1,000 shares.	$ 10	$ 10
CleanNet of Baltimore/Washington, Inc. $0.01 par value, authorized 5,000 shares, issued and outstanding 1,000 shares.	10	10
CleanNet of Illinois, Inc. $1 par value, authorized 1,000 shares, issued and outstanding 100 shares.	100	100
CleanNet Systems of Pennsylvania, Inc. $0.01 par value, authorized 1,000 shares, issued and outstanding 100 shares.	1	1
CleanNet of South Florida, Inc. $1 par value, authorized 100 shares, issued and outstanding 100 shares.	100	100
CleanNet of Southern California, Inc. no par value, authorized 1,000 shares, issued and outstanding 1,000 shares.	- -	- -
CleanNet Of Greater Michigan, Inc. $0.01 par value, authorized 1,000 shares, issued and outstanding 100 shares.	1	1
CleanNet of Cleveland, Inc. no par value, authorized 850 shares, issued and outstanding 850 shares.	- -	- -
CleanNet of Charlotte, Inc. no par value, authorized 1,000 shares, issued and outstanding 1,000 shares.	- -	- -
CleanNet of Houston, Inc. no par value, authorized 1,000 shares, issued and outstanding 100 shares.	- -	- -
CleanNet of Central Florida, Inc. no par value, authorized 1,000 shares, issued and outstanding 100 shares.	- -	- -
CleanNet of West Florida, Inc. no par value, authorized 1,000 shares, issued and outstanding -0- shares.	- -	- -
CleanNet of Dallas Fort Worth, Inc. no par value, authorized 100 shares, issued and outstanding 30 shares.	3,000	3,000
	$ 3,222	$ 3,222

Note 10. Operating Leases

The Companies lease office space at locations under agreements that are scheduled to expire from 2025 through 2033 and are classified as operating leases. In addition, some agreements require the Companies to pay operating expenses. Future obligations under currently executed leases are as follows:

Years Ending December 31,	
2025	$ 513,176
2026	397,499
2027	335,350
2028	184,657
2029	104,001
Thereafter	130,350
Total future minimum lease payments	1,665,033
Imputed interest	(141,950)
Present value of minimum lease payments	$ 1,523,083

Office rent expense, including short-term leases, non-lease components, and variable lease payments were $860,224 and $804,672 for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the Companies' weighted average discount rates were 3.99% and 3.74% and the weighted average remaining lease terms were 4.14 years and 4.34 years, respectively.

Note 11. Contingencies

From time to time and in the ordinary course of business, the Companies may be subject to various claims, charges, and litigation. In some cases, the claimants may seek damages, as well as other relief, which, if granted, could require significant expenditures. The Companies accrue the estimated costs of settlement or damages when a loss is deemed probable and such costs are estimable. Legal costs related to such matters are expensed as incurred.

During the year ended December 31, 2022, CleanNet USA, Inc. and CleanNet of Southern California, Inc. engaged in settlement negotiations with the California Attorney General over the Companies' compliance with the Property Service Worker Protection Act, California Labor Code Section 2810.3 and the Franchise Investment Law. Management is estimating the liability for this claim at $3,000,000, which was escrowed by CleanNet USA, Inc. for purposes of settling this dispute. CleanNet USA, Inc. and CleanNet of Southern California, Inc. entered into a tolling agreement, which ended April 30, 2024, with the Department of Justice, after which time negotiations continued. For the years ended December 31, 2024 and 2023, CleanNet USA, Inc. has decided not to revise the accrued liability for the settlement until a final amount is determined, which it still estimates at less than $3,000,000.

Note 12. Sources and Timing of Revenue

Sources and timing of revenue for the years ended December 31, 2024 and 2023 are as follows:

	2024			
Geographic Markets	Janitorial Services	Franchise Fees	Royalty Fees	Administrative Fees
Mid-Atlantic	$ 16,736,419	$ 121,206	$ 3,861,324	$ 1,674,427
Midwest	14,195,988	78,097	371,316	1,180,934
Southeast	11,525,831	44,996	256,706	830,205
South Central	16,869,375	332,919	981,766	1,472,274
Other	4,154,866	(360)	101,923	512,631
Timing of Revenue Recognition				
Services transferred:				
At a point in time	$ 63,482,479	$ --	$ 5,573,035	$ 5,670,471
Over time	--	576,858	--	--

	2023			
Geographic Markets	Janitorial Services	Franchise Fees	Royalty Fees	Administrative Fees
Mid-Atlantic	$ 20,374,765	$ 115,121	$ 3,236,305	$ 1,959,702
Midwest	16,656,396	166,953	444,519	1,490,593
Southeast	14,702,747	99,019	200,540	942,363
South Central	17,778,014	389,877	982,837	1,480,855
Other	4,682,701	(26,067)	1,224,920	564,027
Timing of Revenue Recognition				
Services transferred:				
At a point in time	$ 74,194,623	$ --	$ 6,089,121	$ 6,437,540
Over time	--	744,903	--	--

Note 13. Business Concentrations

Janitorial services to no customers exceeded neither 10% of the Companies' janitorial services nor total revenue for the years ended December 31, 2024 and 2023. Accounts receivable for one customer consisted of approximately 14% and 18% of the Companies' gross receivables at December 31, 2024 and 2023, respectively.

Note 14. Related Parties

One of the stockholders of the Companies is a majority owner of one area franchisee. The area franchisee pays royalty fees to the Companies in the same manner and rate as the other area franchisees. The total amount of royalties received from the related area franchisee was $403,731 and $458,138 for the years ended December 31, 2024 and 2023, respectively. The amounts due from the related area franchisee was $31,298 and $29,720 as of December 31, 2024 and 2023, respectively.

Note 15. Subsequent Events

Cleannet of Baltimore/Washington, Inc. entered into an agreement to lease property located at 5904 Richmond Highway, Alexandria, Virginia. The lease is for a term of 5 years commencing on February 1, 2025 and expiring on January 31, 2030. The lease requires monthly payments of $2,600 subject to annual increases.

Management has evaluated subsequent events through February 28, 2025, the date which the financial statements were available to be issued. No additional significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

CLEANNET USA, INC.
AND AFFILIATES

Columbia, Maryland

COMBINED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CleanNet USA, Inc. and Affiliates
Columbia, Maryland

Opinion

We have audited the accompanying combined financial statements of CleanNet USA, Inc. (a Virginia corporation) and Affiliates, which comprise the combined balance sheets as of December 31, 2023 and 2022, the related combined statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 CleanNet USA, Inc. and Affiliates 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 these 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 CleanNet USA, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Yount, Hyde & Barbour, P.C.

Owings Mills, Maryland
February 28, 2024

CLEANNET USA, INC. AND AFFILIATES

Combined Balance Sheets
December 31, 2023 and 2022

Assets	2023	2022
Current Assets		
Cash and cash equivalents	$ 15,762,430	$ 11,060,016
Accounts receivable - net	7,015,773	6,664,788
Notes receivable - current portion - net	490,270	532,015
Due from area franchisees	434,636	687,881
Other current assets	122,796	106,046
Total current assets	23,825,905	19,050,746
Property and Equipment - Net	7,326	16,796
Other Assets		
Note receivable - long-term portion - net	453,807	485,160
Right of use asset - operating leases	1,587,038	761,916
Refundable deposits	75,604	74,192
Total other assets	2,116,449	1,321,268
Total assets	$ 25,949,680	$ 20,388,810
Liabilities and Stockholders' Equity		
Current Liabilities		
Trade accounts payable and accrued expenses	$ 1,008,384	$ 991,737
Operating lease liabilities - current portion	438,948	453,847
Unearned franchise fees	884,572	1,005,887
Total current liabilities	2,331,904	2,451,471
Long-Term Liabilities, operating lease liabilities, net of current portion	1,162,667	319,587
Stockholder's Equity	22,455,109	17,617,752
Total liabilities and stockholders' equity	$ 25,949,680	$ 20,388,810

See Notes to Combined Financial Statements.

CLEANNET USA, INC. AND AFFILIATES

Combined Statements of Operations
For the Years Ended December 31, 2023 and 2022

	2023		2022	
	Amount	% of Net Revenues	Amount	% of Net Revenues
Net Revenues				
Janitorial services	$ 74,194,623	84.8	$ 82,099,267	85.1
Franchise fees	744,903	0.9	605,597	0.6
Royalty fees	6,089,121	7.0	6,787,439	7.0
Administrative fees	6,437,540	7.3	6,957,180	7.3
Total net revenues	87,466,187	100.0	96,449,483	100.0
Costs and Expenses				
Franchisees and subcontractors	69,334,044	79.3	75,739,496	78.5
Janitorial supplies	369,876	0.3	343,174	0.4
General and administrative	10,021,082	11.5	13,521,238	14.0
Depreciation	16,604	--	6,708	--
Total cost and expenses	79,741,606	91.1	89,610,616	92.9
Operating income	7,724,581	8.9	6,838,867	7.1
Other Income (Expense)				
Interest income	190,852	0.2	80,460	0.1
Miscellaneous income	3,371	--	1	--
Interest expense	--	--	(1,183)	--
Total other income	194,223	0.2	79,278	0.1
Income Before Provision for Income Taxes	7,918,804	9.1	6,918,145	7.2
Provision for Income Taxes	14,063	--	32,337	--
Net income	$ 7,904,741	9.1	$ 6,885,808	7.2

See Notes to Combined Financial Statements.

CLEANNET USA, INC. AND AFFILIATES

Combined Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2023 and 2022

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total
Balance – December 31, 2021	$ 222	$ 1,071,888	$ 15,988,413	$ 17,060,523
Acquisition of TGK, Inc.	3,000	--	430,251	433,251
Net income	--	--	6,885,808	6,885,808
Contributions	--	3,000,000	--	3,000,000
Distributions	--	--	(9,761,830)	(9,761,830)
Balance – December 31, 2022	3,222	4,071,888	13,542,642	17,617,752
Net income	--	--	7,904,741	7,904,741
Distributions	--	--	(3,067,384)	(3,067,384)
Balance – December 31, 2023	$ 3,222	$ 4,071,888	$ 18,379,999	$ 22,455,109

See Notes to Combined Financial Statements.

CLEANNET USA, INC. AND AFFILIATES

Combined Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Net income	$ 7,904,741	$ 6,885,808
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	16,604	6,708
Amortization of right-of-use asset - operating leases	543,195	573,748
(Increase) decrease in assets:		
Accounts receivable - net	(350,985)	(894,385)
Notes receivable - net	73,098	272,911
Due from area franchisees	253,245	(171,559)
Other current assets	(16,750)	221,528
Refundable deposits	(1,412)	(3,435)
Increase (decrease) in liabilities:		
Trade accounts payable and accrued expenses	16,647	(56,112)
State taxes payable	--	(301,795)
Operating lease liabilities	(540,136)	(562,230)
Unearned franchise fees	(121,315)	(85,819)
Net cash provided by operating activities	7,776,932	5,885,368
Cash Flows from Investing Activities,		
Payments for the purchase of furniture	(7,134)	--
Cash Flows from Financing Activities		
Contributions received	--	3,000,000
Distributions paid	(3,067,384)	(9,761,830)
Net cash (used in) financing activities	(3,067,384)	(6,761,830)
Net increase (decrease) in cash	4,702,414	(876,462)
Cash and Cash Equivalents - Beginning of year	11,060,016	11,936,478
Cash and Cash Equivalents - End of year	$ 15,762,430	$ 11,060,016

See Notes to Combined Financial Statements.

CLEANNET USA, INC. AND AFFILIATES

Combined Statements of Cash Flows (Continued)
For the Years Ended December 31, 2023 and 2022

	2023	2022
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Income taxes	$ 14,603	$ 334,132
Interest	$ --	$ 1,183
Supplemental Schedules of Non-Cash Operating, Investing, and Financing Transactions		
Right-of-use asset and operating lease liability recognized in accordance with ASC 842, Leases	$ 1,368,317	$ 1,335,664
Purchase of TGK, Inc.		
Notes receivable	$ --	$ 596,638
Deferred revenue	--	(163,387)
	$ --	$ 433,251

See Notes to Combined Financial Statements.

Note 1. Description of Business

These combined financial statements include the accounts of CleanNet USA, Inc., CleanNet of Baltimore/Washington, Inc., CleanNet of Illinois, Inc., CleanNet Systems of Pennsylvania, Inc., CleanNet of South Florida, Inc., CleanNet of Southern California, Inc., CleanNet of Greater Michigan, Inc., CleanNet of Cleveland, Inc., CleanNet of Charlotte, Inc., CleanNet of Houston, Inc., CleanNet of Central Florida, Inc., CleanNet of West Florida, Inc. and TGK, Inc. dba CleanNet of Dallas Fort Worth. These entities (collectively referred to as "the Companies") are affiliated by virtue of common ownership.

All material intercompany accounts and transactions between the companies have been eliminated.

The Companies are franchisors of janitorial contracts in Maryland, Virginia, Washington D.C., Illinois, Pennsylvania, Florida, Southern California, Michigan, Ohio, North Carolina, and Texas. The franchises are for the operation of industrial and commercial cleaning services under the "CleanNet" registered serviced trademark. Under the terms of the franchise agreement, the Companies agree to provide the franchisee janitorial contracts representing a specified amount of monthly billings. The Companies perform billing, collection and other administrative services for the franchisees on an ongoing basis and receive a monthly administrative fee for those services. In addition, the Companies sell "Area Operator" franchises throughout the United States. Currently, there are Master (Area) Franchisees operating in Pennsylvania, Georgia, New Jersey, California, Oregon, Arizona, and Alberta, Canada.

On January 1, 2022, the common owners of the Companies purchased one of their master franchisees, CleanNet of Dallas Fort Worth, Inc. The balances of the acquired entity on the date of purchase have been carried over to these combined financial statements.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The combined financial statements are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Companies consider all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

At times during the year, the Companies maintain cash balances at financial institutions which exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes the risk in these situations to be minimal.

Accounts Receivable

The Companies grant trade credit to their customers. All customers are subject to credit review, which determines future credit policies. In the ordinary course of business, the Companies provide credit to customers under standard terms without collateral. A receivable is considered past due if payments have not been received within the agreed upon invoice terms. The Companies' policy is to generally not charge interest on trade receivables after the invoice becomes past due.

Receivables are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Companies' historical collection experience. The allowance for doubtful accounts at December 31, 2023 and 2022 was $416,320 and $414,075, respectively. The following is an analysis of the allowance for accounts receivable balance as of and for the year ending December 31, 2023:

Beginning balance, prior to adoption of ASC 326	$	414,075
Impact of adoption of ASC 326		- -
Provision charged to operations		110,543
Less charge offs		(108,298)
Ending balance	$	416,320

Depreciation

Property and equipment are stated at historical cost, less accumulated depreciation. Depreciation is computed over the estimated useful lives of the depreciable assets using the straight-line and accelerated methods for financial reporting purposes.

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the results of operations. Repairs and maintenance charges, which do not increase the useful lives of the assets, are charged to expense as incurred.

Revenue Recognition

The Companies have adopted the guidance issued in Accounting Standards Codification 606, "Revenue Recognition – Revenue from Contracts with Customers."

Contracts with Customers – Janitorial Services

The Companies recognize janitorial services revenue when the related performance obligation is satisfied, which is the point at which control of the promised services are transferred to its customers in an amount that reflects the consideration the Companies expect to receive in exchange for those services.

For the majority of the Companies' customers arrangements, control transfers to customers at a point-in-time when services have been performed and rewards of the services transfer to the customer. The timing of satisfaction of the performance obligation is not subject to significant judgment. While certain additional services may be identified in the contract, management has concluded that those services are individually immaterial in the context of the contract with the customer, and, therefore, not assessed as performance obligations.

All billings to customers on janitorial service contracts are included in janitorial services revenue in the combined statements of operations. The billings, which are paid over to the franchisees/subcontractors after certain deductions are made, are reflected in the combined statements of operations. Accounts receivable consists primarily of billings to customers which are collected on behalf of the franchisees.

Sales tax collected from customers is not included in revenue, but rather recorded as a liability due to the respective taxing authorities.

Contracts with Franchisees – Franchise And Administrative Fees

Revenue from franchise sales is recognized over-time based upon the percentage of monthly customer billings provided by the Companies, which is its performance obligation, to the unit franchisees in accordance with the franchise agreement in exchange of providing customer billings. The Companies have 120 days from the execution of the franchise agreement to fulfill their obligation of securing customers for the unit franchisee. If the Companies fail to meet their obligation, unearned franchise fees are refunded. The unearned portion of franchise fees is reflected in the combined balance sheets as deferred revenue and represent a contract liability.

The Companies extend credit to the unit franchisees purchasing a franchise. Notes receivable consists primarily of sales to unit franchisees to which the Companies have extended credit. Revenue from franchise sales have been recognized to the extent that the Companies expect to receive consideration for the sale of franchises.

Administrative fees are a percent of janitorial service billings due from each respective unit franchisee or subcontractor that performed services to customers. The Companies receive the fees in exchange for administrative services and a group insurance policy provided to the unit franchisees. Revenue is recognized at a point-in-time when services have been performed.

See Notes 3 and 7 for information regarding the Companies' notes receivable and franchising arrangements of unit franchises.

Royalty Fees

CleanNet USA, Inc. collects royalty fees from Area Franchisees. The initial area franchise fees can exceed $100,000 to purchase a sales territory depending on size of territory. The monthly royalty fee is calculated as a percentage of all gross cash revenues. Gross cash revenue is defined as all cash receipts of the Area Business from any source, including any periodic or one-time fees paid by unit franchisees, including but not limited to: initial franchise fees; service fees; marketing and sales fees; finder fees; renewal fees; transfer fees; insurance/bond collection fees; monthly billings collected from janitorial customers; promissory note payments; supplies and equipment; etc. Revenue from Area Franchisee royalties are recognized at a point of time upon the cash receipts collected by the Area Franchisees. Total Area Franchisee income totaled $1,903,034 and $2,176,152 for the years ended December 31, 2023 and 2022, respectively.

CleanNet affiliates collect royalty fees from unit franchisees which equals 10% of gross billings. These fees are deducted from the total due to the Unit Franchisee each month. Revenue from unit franchisee royalties is recognized at a point of time upon the billing for janitorial services that were performed by Unit Franchisees. Total Unit Franchisee royalty income for all affiliates totaled $4,186,087 and $4,611,287 for the years ended December 31, 2023 and 2022, respectively.

Accounts receivable, contract assets, and contract liabilities were $5,770,403, $0, and $928,319, respectively, as of January 1, 2022.

Fair Value

The estimated fair values of the Companies' short-term financial instruments, including cash, cash equivalents, accounts receivable, and trade accounts payable arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

The fair value of debt is generally based upon observable market prices of similar instruments, including bonds, credit derivatives and debt with similar characteristics. The carrying value of long-term debt approximates its fair value.

Advertising

The Companies expense advertising as incurred. Advertising expense for the years ended December 31, 2023 and 2022 totaled $90,696 and $72,332, respectively.

Income Taxes

The Companies, with the consent of their shareholders, have elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the company's taxable income. However, several companies are subject to state income and other business and franchise taxes.

In certain states the Companies operate in, the tax liability of an S-corporation can be assumed by the Companies; however, the liability for the taxes still resides with the members. In accordance with the Financial Accounting Standards Board (FASB), ASC 740-10-55-228, Attribution of Income Taxes to the Entity or Its Owners, such transactions will be treated as equity transactions (distributions) under GAAP.

The Companies have adopted FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes. The Companies will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Companies continually evaluate expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Companies' evaluation on December 31, 2023 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2020 through 2022 tax years remain subject to examination by the IRS. The Companies do not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Leases

The Companies determine if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Companies also consider whether their service arrangements include the right to control the use of an asset.

The Companies recognize most leases on its balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

The Companies made an accounting policy election not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Companies made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable, they will be incurred.

The Companies have made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Companies, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Recently Adopted Accounting Pronouncement

The Companies adopted ASC 326, Financial Instruments–Credit Losses, as of January 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss ("CECL") methodology is applicable to financial assets measured at amortized cost, which include trade receivables, notes receivables and non-current receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. The allowance for credit losses as of December 31, 2023, and change in the allowance for credit losses during the year ended December 31, 2023, was not material to the financial statements.

Note 3. Notes Receivable

The Companies generally finance a portion of each franchise sale by accepting an unsecured note for any unpaid balance of the franchise fee. The notes bear interest at 9% per annum and are generally payable in twenty-four or thirty-six monthly installments. Note payments are deducted from amounts due to franchisees on cleaning contracts. Interest income totaling $190,852 and $80,460 was earned on the notes for the years ended December 31, 2023 and 2022, respectively. The Companies only have one segment of financing receivables in their portfolio, individual franchisees.

During its analysis of collectability, management assesses factors such as existing economic conditions of the borrowers and the borrowers' industries, each borrower's repayment history related to the notes, and other external factors that may impact the repayment of the notes receivable by the borrower. Upon the sale of a franchise, the Companies recognize revenue to the extent of consideration expected to be received based on its analysis of collectability.

The methodology for determining the allowance for doubtful accounts is based on the review of specific facts and circumstances of both the receivables and the respective borrowers, historic experience and other currently available evidence. The allowance for doubtful accounts or notes receivable at December 31, 2023 and 2022 was $3,551,318 and $3,516,011, respectively.

As of December 31, 2023 and 2022, the Companies had 1,493 and 1,490 notes outstanding, respectively. Notes receivable, net consisted of the following at December 31, 2023 and 2022:

	2023		
	Current Portion	Noncurrent Portion	Total
Notes receivable, gross	$ 2,258,817	$ 2,236,578	$ 4,495,395
Allowance for doubtful accounts	(1,768,547)	(1,782,771)	(3,551,318)
Notes receivable, net	$ 490,270	$ 453,807	$ 944,077

	2022		
	Current Portion	Noncurrent Portion	Total
Notes receivable, gross	$ 2,295,722	$ 2,237,464	$ 4,533,186
Allowance for doubtful accounts	(1,763,707)	(1,752,304)	(3,516,011)
Notes receivable, net	$ 532,015	$ 485,160	$ 1,017,175

Credit quality: The Companies have an internal system, based off geographical location and past experience, to assess the standing of the note. The Companies identify notes in the following categories:

Active: Notes identified as active are generally applied an allowance of 24% of the note balance. In some instances, the percentage could be higher based on past collection experience in certain geographic areas.

Inactive: Notes identified as inactive, or otherwise indicated by the original note maturity date having expired, are applied an allowance of 100% of the note balance.

Aging: The following table represents the status of notes according to credit quality as of December 31, 2023. The table presents the principal amount outstanding on the loans that may be past due for principal payments contractually due:

Inactive	$ 3,216,948
Active	1,278,447
	$ 4,495,395

Allowance for notes receivable: The following is an analysis of the allowance for notes receivable balance as of and for the year ending December 31, 2023:

Beginning balance, prior to adoption of ASC 326	$ 3,516,011
Impact of adoption of ASC 326	- -
Provision charged to operations	55,533
Less charge offs	(20,226)
Ending balance	$ 3,551,318

Note 4. Due from Area Franchisees

The Companies have advanced monies and sold product to various unrelated affiliates. Balances due from affiliates totaled $434,636 and $687,881 at December 31, 2023 and 2022, respectively.

Note 5. Property and Equipment - Net

Property and equipment consisted of the following at December 31, 2023 and 2022:

	2023	2022
Transportation equipment	$ 65,328	$ 65,328
Software development	87,441	87,441
Office furniture and equipment	277,293	270,159
	430,062	422,928
Less: accumulated depreciation	422,736	406,132
Property and equipment - net	$ 7,326	$ 16,796

Depreciation expense was $16,604 and $6,708 for the years ended December 31, 2023 and 2022, respectively.

Note 6. Line of Credit

CleanNet USA, Inc. has an unsecured line of credit with a bank for maximum borrowings up to $1,000,000. The credit agreement applicable to 2023, which expires February 2024, includes interest at 3 percentage points over the ICE Benchmark Administration LIBOR Daily Floating Rate. During January 2024, CleanNet USA, Inc. renewed the line of credit, which expires February 2025. The new credit agreement includes interest at Bloomberg Short-Term Bank Yield (BSBY) Daily Floating Rate plus 3.15 percentage points. At December 31, 2023 and 2022, CleanNet USA, Inc. had no outstanding advances on the line of credit.

Note 7. Franchising

The Companies execute franchise or license agreements that set the terms of its arrangement with each franchisee or licensee. The franchise and certain license agreements require the franchisee or licensee to pay an initial, non-refundable fee ranging from $3,000 to $20,000 and continuing fees based upon a percentage of sales. Direct costs of sales and servicing of franchise and license agreements are charged to general and administrative expenses as incurred.

When an individual franchise is sold, the Companies agree to provide certain services to the franchisee, including a minimum sales book, training, systems implementation, and design of a quality control program. The Companies recognize initial fees as revenue when substantially all initial services required by the franchise or license agreement are performed, generally when the Companies have provided the minimum sales book to the franchisee. However, when revenue from initial fees is collectible over a period of time, and collectability is not reasonably assured, the portion estimated to be collectible is recognized as revenue.

Note 8. Employee Benefit Plan

The Companies maintain a 401(k) Plan to provide retirement benefits for their employees. Employees contribute to the plan through payroll deductions. The Plan provides for discretionary matching contributions on pre-tax employee contributions in an amount to be determined by the Companies on an annual basis. Total contributions were $45,508 and $40,688 for the years ended December 31, 2023 and 2022, respectively.

Note 9. Common Stock

Common stock consisted of the following at December 31, 2023 and 2022:

	2023	2022
CleanNet USA, Inc. $0.01 par value, authorized 5,000 shares, issued and outstanding 1,000 shares.	$ 10	$ 10
CleanNet of Baltimore/Washington, Inc. $0.01 par value, authorized 5,000 shares, issued and outstanding 1,000 shares.	10	10
CleanNet of Illinois, Inc. $1 par value, authorized 1,000 shares, issued and outstanding 100 shares.	100	100
CleanNet Systems of Pennsylvania, Inc. $0.01 par value, authorized 1,000 shares, issued and outstanding 100 shares.	1	1
CleanNet of South Florida, Inc. $1 par value, authorized 100 shares, issued and outstanding 100 shares.	100	100
CleanNet of Southern California, Inc. no par value, authorized 1,000 shares, issued and outstanding 1,000 shares.	--	--
CleanNet Of Greater Michigan, Inc. $0.01 par value, authorized 1,000 shares, issued and outstanding 100 shares.	1	1
CleanNet of Cleveland, Inc. no par value, authorized 850 shares, issued and outstanding 850 shares.	--	--
CleanNet of Charlotte, Inc. no par value, authorized 1,000 shares, issued and outstanding 1,000 shares.	--	--
CleanNet of Houston, Inc. no par value, authorized 1,000 shares, issued and outstanding 100 shares.	--	--
CleanNet of Central Florida, Inc. no par value, authorized 1,000 shares, issued and outstanding 100 shares.	--	--
CleanNet of West Florida, Inc. no par value, authorized 1,000 shares, issued and outstanding -0- shares.	--	--
CleanNet of Dallas Fort Worth, Inc. no par value, authorized 100 shares, issued and outstanding 30 shares.	3,000	3,000
	$ 3,222	$ 3,222

Note 10. Operating Leases

The Companies lease office space at locations under agreements that are scheduled to expire from 2024 through 2029 and are classified as operating leases. In addition, some agreements require the Companies to pay operating expenses. Future obligations under currently executed leases are as follows:

Years Ending December 31,	
2024	$ 491,415
2025	434,795
2026	316,768
2027	273,054
2028	149,932
Thereafter	68,235
Total future minimum lease payments	1,734,199
Imputed interest	(132,584)
Present value of minimum lease payments	$ 1,601,615

Office rent expense, including short-term leases, non-lease components, and variable lease payments were $804,672 and $773,114 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Companies' weighted average discount rates were 3.74% and 3.52% and the weighted average remaining lease terms were 4.34 and 1.96 years, respectively.

Note 11. Contingencies

From time to time and in the ordinary course of business, the Companies may be subject to various claims, charges, and litigation. In some cases, the claimants may seek damages, as well as other relief, which, if granted, could require significant expenditures. The Companies accrue the estimated costs of settlement or damages when a loss is deemed probable and such costs are estimable. Legal costs related to such matters are expensed as incurred.

During the year ended December 31, 2022, CleanNet USA, Inc. and CleanNet of Southern California, Inc. engaged in settlement negotiations with the California Attorney General over the Companies' compliance with the Property Service Worker Protection Act, California Labor Code Section 2810.3 and the Franchise Investment Law. Management is estimating the liability for this claim at $3,000,000, which was escrowed by CleanNet USA, Inc. for purposes of settling this dispute and has been included in general and administrative expenses on the combined statements of operations, for the year ended December 31, 2022. CleanNet USA, Inc. and CleanNet of Southern California, Inc. have entered into a tolling agreement ending April 30, 2024 with the Department of Justice, during which time negotiations will continue. For the year ended December 31, 2023, CleanNet USA, Inc. has decided not to revise the accrued liability for the settlement until a final amount is determined, which it still estimates at less than $3,000,000.

Note 12. Sources and Timing of Revenue

Sources and timing of revenue for the years ended December 31, 2023 and 2022 are as follows:

	2023			
Geographic Markets	**Janitorial Services**	**Franchise Fees**	**Royalty Fees**	**Administrative Fees**
Mid-Atlantic	$ 20,374,765	$ 115,121	$ 3,236,305	$ 1,959,702
Midwest	16,656,396	166,953	444,519	1,490,593
Southeast	14,702,747	99,019	200,540	942,363
South Central	17,778,014	389,877	982,837	1,480,855
Other	4,682,701	(26,067)	1,224,920	564,027
Timing of Revenue Recognition				
Services transferred:				
At a point in time	$ 74,194,623	$ --	$ 6,089,121	$ 6,437,540
Over time	--	744,903	--	--

	2022			
Geographic Markets	**Janitorial Services**	**Franchise Fees**	**Royalty Fees**	**Administrative Fees**
Mid-Atlantic	$ 23,830,747	$ 84,567	$ 3,493,864	$ 2,282,138
Midwest	19,340,696	84,275	612,238	1,759,806
Southeast	16,012,071	60,344	179,777	849,683
South Central	17,886,600	345,166	1,071,234	1,455,931
Other	5,029,153	31,245	1,430,326	609,622
Timing of Revenue Recognition				
Services transferred:				
At a point in time	$ 82,099,267	$ --	$ 6,787,439	$ 6,957,180
Over time	--	605,597	--	--

Note 13. Business Concentrations

Janitorial services to no customers exceeded neither 10% of the Companies' janitorial services nor total revenue for the year ended December 31, 2023. For the year ended December 31, 2022, janitorial services to two customers consisted of approximately 19% of the Companies' total revenue. Accounts receivable for one customer consisted of approximately 18% and 20% of the Companies' gross receivables at December 31, 2023 and 2022, respectively.

Note 14. Related Parties

One of the shareholders of the Companies is a majority owner of one area franchisee. The area franchisee pays royalty fees to the Companies in the same manner and rate as the other area franchisees. The total amount of royalties received from the related area franchisee was $458,138 and $506,725 for the years ended December 31, 2023 and 2022, respectively. The amounts due from the related area franchisee was $29,720 and $36,329 as of December 31, 2023 and 2022, respectively.

Note 15. Subsequent Events

Management has evaluated subsequent events through February 28, 2024, the date which the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

EXHIBIT L

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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
Illinois	
Indiana	

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

EXHIBIT M

RECEIPTS

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

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

The name, principal business address and telephone number of each franchise seller offering the franchise: Robert Erikson, 1 East Oakhill Drive, Suite 300, Westmont, Illinois 60559; (630) 990-0990; Christan Erdal, 1 East Oakhill Drive, Suite 300, Westmont, Illinois 60559; (630) 990-0990 and _____.

Date of Issuance: April 21, 2025

See **Exhibit A** for our registered agents authorized to receive service of process. I have received a disclosure document dated April 21, 2025.

A	Agencies/Agents For Service Of Process
B	Franchise Agreement
	Attachment A – Promissory Note
	Attachment B – Equipment Purchase Agreement
C	Recommended Equipment Lists
D	Sample General Release
E	Package Modification Addendum
F	Assignment of Franchise Agreement
G	Table of Contents to the Manuals
H	Our Current Franchisees
I	Our Former Franchisees
J	State Addenda
K	Financial Statements
L	State Effective Dates
M	Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name

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_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO US ADDRESSED AS FOLLOWS: Christan Erdal, 1 East Oakhill Drive, Suite 300, Westmont, Illinois 60559; (630) 990-0990.

All principals must receive a copy of the FDD and sign this Receipt.