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**INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE FEDERAL TRADE COMMISSION**

FLICKO'S FRANCHISE CORPORATION., INC.

(A Kentucky Corporation)

2209 Heather Lane

Louisville, Kentucky 40218

(866) 354-2567

This Offering Circular is Effective: _____

TO PROTECT YOU, WE'VE REQUIRED YOUR COMPANY TO GIVE YOU THIS INFORMATION. WE HAVEN'T CHECKED IT, AND DON'T KNOW IF IT'S CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DON'T RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT.

IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FEDERAL TRADE COMMISSION
Washington, D.C. 20580

06/01/06



FRANCHISE OFFERING CIRCULAR

FLICKO'S FRANCHISE CORPORATION, INC.

(A Kentucky Corporation)

2209 Heather Lane

Louisville, Kentucky 40218

(877) 485-5858

FLICKO'S FRANCHISE CORPORATION, INC. offers franchises for the operation of a business that provides video workshop services including video and audio: editing; conversion; duplication; and montages. Producing prints from other media and rental of video equipment are also services offered. You are granted the right and license to use the designations FLICKO'S® and/or FLICKO'S VIDEO WORKSHOPS & DESIGN™ (collectively, the "Marks") only as provided for herein.

The estimated initial investment required for the establishment of a Franchised Business will range from \$71,790 to \$119,150 including a lump sum franchise fee of \$13,800. Additionally, as part of the initial fee, you will be required to purchase from Company Video and Audio Equipment with Fixtures in an amount ranging from \$37,500 to \$63,000, in addition to "Computers and Software" and "Signage" in an aggregate amount ranging from \$2,500 to \$3,500 (collectively defined as the "Video and Audio Equipment and Fixtures; Computers and Software; and Signage").

Company offers start-up franchises. The initial investment estimate is only an estimate and initial fees are described in more detail in Items 5, 6 and 7 of this Offering Circular.

RISK FACTORS:

1. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN KENTUCKY. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH COMPANY IN KENTUCKY THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT KENTUCKY LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. SOME STATE FRANCHISE LAWS PROVIDE THAT CHOICE OF LAW PROVISIONS ARE VOID OR SUPERSEDED. YOU MIGHT WANT TO INVESTIGATE WHETHER YOU ARE PROTECTED BY A STATE FRANCHISE LAW.
3. EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT KENTUCKY LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO THE STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THE OFFERING CIRCULAR FOR DETAILS.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information comparing FLICKO'S FRANCHISE CORPORATION, INC. to other franchisors is available. Call the state administrators listed in Exhibit A or your public library for sources of information.

REGISTRATION OF THIS FRANCHISE WITH THE STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS OFFERING CIRCULAR. IF YOU LEARN THAT ANYTHING IN THIS OFFERING CIRCULAR IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE STATE ADMINISTRATORS LISTED IN EXHIBIT A.

Effective date of this Offering Circular is: _____

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EXHIBITS

- A. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
- B. FRANCHISE AGREEMENT
- C. ELECTRONIC FUNDS TRANSFER AGREEMENT
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- E. FINANCIAL STATEMENTS
- F. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- G. MULTI-STATE ADDENDUM

ITEM 1. THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

Company

To simplify the language in this Offering Circular, “Company”, “our” and “we” means FLICKO’S FRANCHISE CORPORATION, INC., the franchisor of this business. “You” means the person who buys the franchise whether you are an individual, sole proprietorship, corporation, partnership, limited liability company or other entity. Company was incorporated in the State of Kentucky on March 26, 2004. Company’s principal place of business and business address is 2209 Heather Lane, Louisville, Kentucky 40218. Company does business under the name “FLICKO’S FRANCHISE CORPORATION, INC.” and “FLICKO’S,” with the franchises offered by this Offering Circular. Company does not have any predecessors. A list of Company’s agents for service of process in various states is contained in Exhibit A to this Offering Circular.

Company’s Business Activities

Under the terms of our Franchise Agreement which is attached as Exhibit B, Company grants franchises for the establishment, development and operation of a “Franchised Business” offering video workshop services including video and audio: editing; conversion; duplication; and montages. Producing prints from other media and rental of video equipment are also services offered. These services will be offered to the general public and certain professionals through various methods of advertising, and referral sources.

Company offers a franchise grant for a single Franchised Business. Company provides start-up and continuous operational assistance to you as described in Item 11 of this Offering Circular.

Company does not currently operate a business of the type being franchised. However, Company’s business operating experience is derived from its affiliate, AHEAD, Inc., which has been operating such a business since August 4, 2003. See this Item 1 below for information on Company’s affiliates. Company does not engage in any other business activities.

Company’s Affiliates

Company’s affiliate, AHEAD, Inc. (“AHEAD”), a Kentucky corporation, was originally incorporated on October 17, 1950 under the name Otterbach Bros. Company. On April 27, 2004, AHEAD changed its name to its present form. As of the date of this Offering Circular, AHEAD owns approximately 28% of Company’s outstanding stock. AHEAD is located at 2209 Heather Lane, Louisville, Kentucky 40218. AHEAD operates under the name “AHEAD HUMAN RESOURCES,” and “FLICKO’S” and operates 1 business that is similar to the Franchised Business. AHEAD also operates a temporary staffing business; and a human resource outsourcing (PEO) business. AHEAD has never offered franchises in any business.

Company’s other affiliate, ASI, Inc. (“ASI”), a Kentucky corporation, was originally incorporated on July 31, 2001 under the name Ahead Staffing, Inc. On November 20, 2002, ASI changed its name to its present form. All of its

outstanding stock is owned by Company's other affiliate, AHEAD, Inc. ASI is also located at 2209 Heather Lane, Louisville, Kentucky 40218. ASI has never offered franchises in any business.

Another Company's affiliate, AHEAD Human Resources Franchise Corp. ("AHR Franchise"), a Delaware corporation, was incorporated on August 4, 1999. AHR Franchise is located at 2209 Heather Lane, Louisville, Kentucky 40218. As of the date of this Offering Circular, AHR Franchise owns approximately 51% of Company's outstanding stock. AHR Franchise has offered franchises for Staffing and Human Resource Outsourcing (PEO) Businesses since June, 2000, under the trade names AHEAD and AHEAD Human Resources. As of June 30, 2006, AHR Franchise had sold 14 such franchises. AHR Franchise has never offered for sale or operated a video workshop franchise.

The Franchised Business and Businesses to be Offered

The FLICKO'S Franchised Businesses operate under a system ("System"). The distinguishing characteristics of the System include exclusively designed signage and materials; operating procedures and methods; Confidential Operations Manual ("Manual"); sales techniques; other confidential operations procedures; and methods and techniques for cost controls, record keeping and reporting, personnel management, sales promotion, marketing and advertising; all of which Company may change and develop periodically.

The Franchised Business will operate either under the principal Mark "FLICKO'S," plus the design, and associated marks and trademarks that Company designates as part of the System ("Marks").

The Franchised Video Workshop Business targets services to the general public. It will compete with other local businesses, as well as local, regional or national chains offering video editing; conversion; duplication; montage and photo print services. The Franchised Business will be subject to general federal, state or local laws and regulations.

You will be responsible for investigating and complying with all laws related to the operation of the Franchised business. You should examine these laws before purchasing a franchise from Company.

Business History

Company through its Affiliate AHEAD, Inc. has continuously operated a Video Workshop Business similar to the Franchised Business since August 4, 2003. Company has offered franchises for the Video Workshop Business since April 1, 2004. Company has never offered franchises in any other business. See Item 20 of this Offering Circular for the address of the business location operated by this affiliate.

Company's affiliate AHEAD Human Resources Franchise Corp. ("AHR Franchise"), has offered franchises for Staffing and Human Resource Outsourcing (PEO) Businesses since June, 2000, under the trade names AHEAD and AHEAD Human Resources. As of June 30, 2006, AHR Franchise had sold 14 such franchises. AHR Franchise has never offered for sale or operated a video workshop franchise.

ITEM 2. BUSINESS EXPERIENCE

Director, Vice-Chairman, and President: William B. Bellis

Mr. Bellis has served as President, Vice-Chairman, and Director of Company since its inception. He holds the same positions with Affiliate AHR Franchise, having done so since its inception, except for President, which he has been since December, 2002. In addition, Mr. Bellis serves as Chairman of Affiliate AHEAD and has done so since January, 1998. Mr. Bellis was President of the AHR from February, 1995 until January, 1998. Mr. Bellis was President of Bellis, Inc. in Louisville, Kentucky from December, 1974 until February, 1995.

Director, Vice-Chairman and Secretary: Andrea D. Bellis

Ms. Bellis has served as Secretary, Vice-Chairman and as a Director since Company's inception. She holds the same positions with Affiliate AHR Franchise, having done so since its inception. In addition, Ms. Bellis has been employed by Affiliate AHEAD since its inception and has served as its President since January, 1998. Ms. Bellis was Secretary/Treasurer of Bellis, Inc. in Louisville, Kentucky, from September, 1982 until February, 1995.

Director: Kristi K. Hagan

Ms. Hagan serves as Director of Company and has done so since its inception. In addition, Ms. Hagan serves as Vice President of Operations of Affiliates AHEAD (since February 1996), and AHR Franchise (since its inception). She has also been a Director of AHR Franchise since its inception. Previously, from August, 1995 to December, 1995, Ms. Hagan served as Employee Relations Representative for Paramount Foods, LLC in Louisville, Kentucky. From April, 1989 to August, 1995, Ms. Hagan served as Personnel Administrator for Jagers Equipment Company, Inc. also located in Louisville, Kentucky.

Director and Treasurer: Karen L. Jones

Ms. Jones serves as Treasurer and Director of Company and has done so since inception. She has held the same positions with Affiliate AHR Franchise since its inception. In addition, Ms. Jones serves as Chief Financial Officer of Affiliate AHEAD and has done so since February, 1998. From November, 1995 to December, 1998, Ms. Jones served as Director of Finance for Directech Corporation, Louisville, Kentucky. Previously, from July, 1995 until October, 1995, Ms. Jones was a CPA Associate with Arthur J. Wissing CPA, Louisville, Kentucky. Prior to that, from August, 1993 to June, 1995, Ms. Jones was a Staff Accountant with Leslie R. Ellis, CPA.

Vice President of Franchise Development: Douglas Netherton

Mr. Netherton has served as Vice President of Franchise Development for the Company since 2005, and prior to that was the Director of Franchising for the company dating back to its inception. From November, 2003 to March 26, 2004, Mr. Netherton served in operations at Company's Affiliate AHEAD. Previously, from October, 2002 to October, 2003, Mr. Netherton served in a sales and installation capacity for Dampier Distributing in Louisville, Kentucky. Prior to that, from July, 2001 to October, 2002, Mr. Netherton served in a building maintenance capacity for Drury Inn and Suites in Louisville, Kentucky. Prior to that, from August, 1994 to June, 2001, Mr. Netherton served as Maintenance Engineer for First Lutheran Church and School in Fort Smith, Arkansas.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Offering Circular.

ITEM 4 BANKRUPTCY

No person previously identified in Items 1 or 2 of this Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

ITEM 5 INITIAL FRANCHISE FEE

When you sign the Franchise Agreement, you must pay Company an initial lump sum franchise fee as stated below: (Paragraph I.C.)^{*}

- a. The initial lump sum franchise fee for a Franchised Video Workshop Business is \$13,800. Additionally, as part of the Franchise Fee, you will be required to purchase from Company “Video and Audio Equipment and Fixtures” in an amount ranging from \$37,500 to \$63,000, plus “Computers and Software” and “Signage” in an aggregate amount ranging from \$2,500 to \$3,500.
- b. Company participates in the Veterans Transition Franchise Initiative, “VetFran,” and allows qualified veterans to pay the reduced franchise fee of \$12,300.

The initial lump sum franchise fee is fully earned and non-refundable under any circumstances, except as provided below:

a. If no acceptable site is found and approved by the parties within 60 days from the date you sign the Franchise Agreement, either Company or you may terminate the Franchise Agreement and the franchise fee you paid to Company will be returned to you, less expenses Company incurred in providing assistance to you; however, Company’s expenses will not exceed \$1,000. (Paragraph III.D.)

b. If Company determines that you are unable to satisfactorily complete the initial training program, Company may require you to attend additional training, or Company may terminate the Franchise Agreement. If the Franchise Agreement is terminated, Company will return to you the franchise fee you paid to Company, less expenses Company incurred in providing training, however, Company’s expenses will not exceed \$5,000. (Paragraph IV.C.)

Except as stated above, the franchise fee is uniform to all franchisees under this offering.

^{*}All citations of Paragraph numbers throughout this Offering Circular are referenced to the Franchise Agreement, attached to this Offering Circular as Exhibit B, unless designated otherwise.

ITEM 6.**OTHER FEES**

Name of Fee	Amount	Due Date	Remarks
Royalty Fees	5.5 % of Gross Revenues. (\$25 minimum after six months). This fee is reduced to 5.0% for the initial 12 months if you are VetFran eligible.	Payable weekly.	Paid on Gross Revenues for preceding week ending on Sunday. See definition of Gross Revenues and method of Royalty payment ¹ (Paragraph X.)
Marketing Fund	.2 of 1% of Gross Revenues.	Payable at the same time and in the same manner as Royalty Fees	See method of Royalty and Marketing Fund payment ¹ (Paragraph X.)
Insurance Policies ²	Amount of unpaid premiums	Must have the policies within 30 days after signing the Franchise Agreement, or before you acquire an interest in the real property on which you will operate the Franchised Business	Payable only if you fail to maintain required insurance coverage and Company elects to obtain coverage for you. (Paragraph XIV.)
Additional Manager Training	\$300, or the then-current rate as published in the Manual, plus expenses your manager incurs in attending the training	Time of training	You pay for additional manager training if you request it. (Paragraph IV.D.)
Additional Assistance	\$300 per day, plus expenses or the then-current rates as published in the Manual	Time of assistance	Company provides assistance to you during the first quarter of the Franchised Business. Additional assistance is at your cost. (Paragraph IV.B.)
Continuing Education	You must pay your expenses as well as your employees' expenses in attending these programs	Time of program	Attendance is voluntary. (Paragraph IV.E.)
Additional Investment	Up to \$3,000	During the term of the franchise	This additional investment will not be required during the first year of the term; if it has to be made within the last year of the term, you may avoid making the investment by giving notice of nonrenewal. This may be required for system modifications including adoption of new marks, computer programs and systems, new techniques and other system modifications. (Paragraph VIII.)
Audit	Cost of audit plus interest on underpayment	When discrepancy is discovered	Payable only if Company's audit shows that you understated any revenue related

Name of Fee	Amount	Due Date	Remarks
Operation of the Franchised Business in Case of Your Default	\$300 per day, or the then-current rate as published in the Manual, plus expenses	Weekly after time of service and at the same time as Royalty Fees	amount. (Paragraph XI.E.) Company may operate your Franchised Business if you fail to cure a default within 30 days of receipt of written notice to cure. (Paragraph XVI.F.)
Regional Advisory Council	Council assessments	When levied	Company has the right to enforce payments. Amounts may vary. (Paragraph XII.N.)
Operation of the Franchised Business In Case of Your Absence, Incapacity or Death	\$300 per day, plus expenses or the then-current rate as published in the Manual	Time of operation	If you are unable to, Company may operate your Franchised Business to prevent harm to the Franchised Business. (Paragraph XXI.)
Incapacity	Actual cost in making determination	Time of determination	Payable by party against whom made. Payable to physicians or as reimbursement to Company. Determination made by the majority decision of 3 licensed medical physicians. (Paragraph XIX.C.)
Alternate Site Approval Fee	Not to exceed \$1,000.	After site approved.	Payable only if you relocate from your initial location.
Transfer Fee	50% of the then-current initial franchise fee	After Company's approval of transferee and before transfer	This transfer fee does not apply to an assignment of interest to a corporation or limited liability company under Paragraph XVIII.B.2.a. (Paragraph XVIII.B.3.)
Indemnification	All costs, including attorneys' fees	Upon settlement or conclusion of claim or action	You must defend suits at your own cost and hold Company harmless against suits involving damages resulting from your operation of the Franchised Business. (Paragraph XXII.F.)
Cost of Enforcement or Defense	All costs, including attorneys' fees	Upon settlement or conclusion of claim or action	You must reimburse Company for all costs in enforcing Company's obligations under the Franchise Agreement if Company prevails. (Paragraph XXV.A.)
Guarantee	Varies	Upon breach of the Franchise Agreement	You must personally guarantee and comply with all terms of the Franchise Agreement and will be liable for any breach of the Franchise Agreement. (Exhibit A to the Franchise Agreement)

Name of Fee	Amount	Due Date	Remarks
Late Fee	\$25; Plus Interest	Upon Demand	You must pay a \$25 late fee on each Royalty or Marketing Fund payment that is more than 5 days late. In addition, any such late payment will begin to accrue interest at 12% per annum after 30 days from the due date. (Paragraph X.)

All fees are imposed by and are payable to Company, unless otherwise noted.

No other fees or payments are to be paid to Company, nor does Company impose or collect any other fees or payments for any third party. Any fees paid to Company are nonrefundable unless otherwise noted. Fees payable to third parties are refundable based on your arrangements with those third parties.

¹ Gross Revenues and Method of Royalty and Marketing Fund Payment. “Gross Revenues” is all income, whether cash or credit, less any sales or like taxes. All Royalties and Marketing Fund Payments shall be paid to Franchisor from Franchisee’s bank account via electronic funds transfer initiated by Franchisor on Wednesday of each week, and shall be based on the Gross Revenues of the preceding week, ending on Sunday. (Paragraph X.)

² Insurance Policies. The following is a list of the required coverage with their respective minimum limits of coverage: (Paragraph XIV.B.)

1. All “Risks” personal property coverage insurance on the Franchised Business and all fixtures, equipment, supplies and other property used in the operation of the Franchised Business (which coverage may include flood and/or earthquake coverage, where there are known exposures to either peril, and theft insurance) for full repair as well as replacement value coverage;

2. Workers’ Compensation and Employer’s Liability insurance for your staff, as well as any other insurance as may be required by statute or rule of the state or county in which the Franchised Business is located and operated;

3. Commercial General Liability insurance and product liability insurance including a per premises aggregate, if more than one premises, with the following coverages: broad form contractual liability; personal and advertising injury; products/completed operations; medical payments and fire damage liability; insuring Company and you against all claims, suits, obligations, liabilities and damages, including attorneys’ fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise regarding your property, your actions and the actions of your agents, employees or representatives including General Aggregate coverage in the following limits:

<u>Recommended Coverage</u>	<u>Minimum Limits of Coverage</u>
-----------------------------	---------------------------------------

General Aggregate.....	\$1,000,000
Products/Completed Operations Aggregate.....	\$1,000,000
Personal and Advertising Injury.....	\$1,000,000
Each Occurrence.....	\$1,000,000
Fire Damage (any one fire).....	\$50,000
Medical Expense (any one person)	\$5,000

Company may periodically modify the amounts required to reflect inflation or future experience with claims.

4. Automobile liability insurance, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least \$1,000,000; and

5. The insurance and types of coverage as may be required by the terms of any lease for the Franchised Business, or as Company may require periodically.

If you fail to procure and maintain the insurance coverage, Company has the right and authority to procure the insurance coverage and to charge you, which charges, together with a reasonable fee for Company's expenses incurred in this procurement, you will pay immediately upon notice. (Paragraph XIV.D.)

ITEM 7.

INITIAL INVESTMENT

Names of Expenditures	Your Actual or Estimated Amounts	Method Of Payment	When Due	To Whom Payment Is Made
Initial Franchise Fee ¹	- \$13,800	Lump Sum	Upon Signing Franchise Agreement	Company
Real Estate Rent Deposit ²	1440 - 2800	As Arranged	Upon Signing Lease	Landlord
Utility Deposits ³	0 - 500	As Arranged	As Arranged	Utility Companies
Furniture, Fixtures And Equipment ⁴	300 - 1500	As Arranged	As Arranged	Landlord, Approved Suppliers
Insurance ⁵	900 - 3600	As Arranged	As Arranged	Insurance Carrier
Training ⁶	2,250 - 3,750	As Incurred	As Incurred	Transportation Lines, Hotels and Restaurants
Grand Opening Advertising ⁷	3,000 - 6,000	As Arranged	Initial Month of Operation	Approved Suppliers
Video and Audio Equipment and Fixtures; Computers and Software; & Signage ⁸	- 40,000 66,500	As Arranged	As Arranged	Company
Leasehold Improvements ¹¹	0 - 2,500	As Arranged	As Arranged	Landlord, Approved Suppliers
Permits ¹²	100 - 200	As Incurred	As Incurred	Local and/or State Government Agency
Additional Funds ¹³	10,000 - 18,000	As Arranged	As Arranged	Employees, Suppliers, Utilities, Etc.
Total	\$71,790 - \$119,150			

NOTES

¹ Initial Franchise Fee. See Item 5 for additional information on the franchise fee including reductions and for the conditions when this fee is partially refundable.

² Initial Rent Deposit. You will typically be required to pay 2 months' rent as a security deposit. The high end of the initial investment represents the lease rate of \$14.00 per square foot for 1,200 square feet of space. The low end represents a lease rate of \$9.60 per square foot for a 900 square foot space.

³ Utility Deposits. A utility deposit will only be required if you are a new customer of the utility company.

⁴ Furniture, Fixtures & Equipment. The range of costs covers the expense associated with acquiring chairs, and office equipment.

⁵ Insurance. A 25% down payment of the annual premium for general liability insurance, workers' compensation and property insurance costs is included in the low-end estimate, and the expense of the full annual premium is included in the high estimate. The insurance requirements are specified in Item 6 of this Offering Circular.

⁶ Training. The low estimate represents you're approximate expenses in attending the initial training program at Company's headquarters and complete the training program in 2 weeks. The high estimate represents your approximate expenses, including air travel and a rental car. Food and lodging are included in both estimates.

⁷ Grand Opening. Franchisees will be required to spend a minimum of \$3,000 on grand opening advertising/promotion during the first month of operation.

⁸ Video and Audio Equipment, Fixtures and Supplies. There is a range of expenses that you will incur when purchasing or leasing video and audio equipment fixtures and related supplies. Both the low-end and the high-end numbers represent a straight purchase of all supplies and equipment.

⁹ Signage. The range of costs represents the expenses of acquiring all signage on the franchised locations.

¹⁰ Computer and Software. You are required to purchase certain computer hardware and software. Specifications for the equipment are set forth in the Manual and in Item 11.

¹¹ Leasehold Improvements. The low end of the range in the initial outlay assumes that the landlord provides a partial build-out allowance. The high end of the range reflects a cash outlay without the build-out allowance.

¹² Permits. You may be required to secure a local license to operate this business. Company estimates the low figure and high figure based on its Affiliate's experience in operating a business similar to the Franchised Business.

¹³ Additional Funds. The low number given represents estimated expenses to maintain minimal operations with minimal sales for 3 months. These figures are estimates and Company cannot guarantee that you will not have

additional expenses starting the business. Your costs will depend on factors such as: how much you follow Company's methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our services; and competition.

Company has relied on its Affiliate's business operation experience to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Company and Approved Suppliers

You must purchase from Company, the initial required Audio and Video Equipment and Fixtures; Computers and Software; and Signage to operate the Franchised Business. Company will derive revenue from such purchase and/or lease. Subsequent purchases and/or leases of such approved Audio and Video Equipment and Fixtures; Computers and Software; and Signage, *if any*, must be from "**Approved Suppliers**", including Company. All such purchases of specialized Audio and Video Equipment and Fixtures; Computers and Software; and Signage shall be at market competitive pricing. Company shall derive revenue from financing any such leases and/or purchases with respect to the Audio and Video Equipment and Fixtures; Computers and Software.

Company will give you a list of the Audio and Video Equipment and Fixtures; Computers and Software; and Signage that must be initially purchased from the Company for use in the Franchised Business plus, in addition, and a list of approved other equipment, products, fixtures, furniture, signs, stationery, supplies and other items or services necessary to operate the Franchised Business (collectively, the "**Approved Supplies List**") that may be purchased from the Company and/or from other third parties (collectively, the "**Approved Suppliers List**"). You are not required to purchase any such items from Approved Suppliers; however, Company recommends that you do so (it being clearly understood, again, that you must purchase the specialized Audio and Video Equipment and Fixtures; Computers and Software; and Signage from the Company). Company, or an Affiliate, shall derive revenue from the purchase and/or lease of these items. If you do not purchase these items from an Approved Supplier, Company must approve the quality of said items prior to your purchase. If you would like to sell or use any product, material or supply or purchase any products from a supplier not on either of these lists, you must notify Company and may need to submit samples and other information to Company so that Company can make an informed decision as to whether the product or supplier meets Company's standards. You may be charged an amount not to exceed \$50 or the current rate as published in the Manual for the costs of Company's decision. The Company's approval process is typically completed in 30 days.

Company applies the following general criteria in approving a proposed supplier:

1. Quality;

2. Service;
3. Availability; and
4. Pricing.

Company will revoke approval of suppliers based upon the lack of the above items.

Company's specifications and standards for purchasing are in the Manual, and are modified periodically. The Company formulates said specifications and standards through its operating experience derived from its Affiliate, AHEAD.

For the most recent fiscal year ending June 30, 2006, Company received \$26,144 in revenue from the lease and/or purchase of Audio and Video Equipment and Fixtures; Computers and Software; and Signage by its franchisees. Company's Affiliate, AHEAD, received \$7,100 from the lease and/or purchase of Audio and Video Equipment and Fixtures; Computers and Software; and Signage by Company's franchisees. Company has not negotiated any purchase arrangements with suppliers to benefit franchisees. Company does not withhold or provide material benefits based upon your purchase of goods or services from approved or designated suppliers.

Company estimates that approximately 90% of your expenditures for leases and purchases in establishing your franchised business and 50% on an ongoing basis will be for goods and services which are subject to sourcing restrictions (that is, for which supplier Company approves, or which must meet Company's standards and specifications).

You will pay to Company (or any Related Entity) promptly and when due the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected, or paid by Company on the account of services or goods furnished by Company to you through sale, lease or otherwise, or on account of collection by Company of the initial franchise fee, all Royalty Fees, Marketing Fund contributions, amounts due for your purchases from Company, and other amounts which you owe to Company as called for by the Franchise Agreement. (Paragraph X.C.)

There are no purchasing or distribution cooperatives in existence. Company does not negotiate purchase arrangements with suppliers for the benefit of franchisees.

Insurance

You must procure, at your expense, and maintain in full force and effect during the term of the Franchise Agreement, an insurance policy or policies protecting you, Company and their respective officers, directors, members,

partners and employees against any loss, liability, personal injury, death or property damage or expense stemming from or occurring upon or concerning the Franchised Business as Company may reasonably require for its own and your protection. Company must be named an Additional Named Insured in each policy or policies. (Paragraph XIV.A.)

Within 30 days of signing the Franchise Agreement, or no later than the date on which you acquire an interest in the real property from which you will operate the Franchised Business, you must furnish Company with a Certificate of Insurance showing compliance with its insurance requirements for approval. The certificate must state that the policy or policies will not be cancelled or materially altered without at least 30 days advance written notice to Company. The certificate must reflect proof of payment of premiums. Maintenance of the insurance and your performance of the obligations under the insurance provisions of the Franchise Agreement will not relieve you of liability under the Franchise Agreement's indemnity provisions. Company may modify the minimum insurance requirements and notify you of the changes in writing. (Paragraph XIV.C.)

Computers and Software

You must use the Computers and Software meeting the specifications Company sets forth in the Manual. You must purchase your Computers and Software from the Company, which meets the specifications as set forth in the Manual. You will be responsible for paying the annual Computer and Software costs directly to the Company and/or to an approved third party supplier. You will be responsible for the costs of all reasonable upgrades to the Computers and Software. (Paragraph XII.Q.)

Company may in the future introduce software, hardware, and equipment into the System, requiring you to lease or purchase such software, as well as compatible hardware and network peripherals, the specifications of which will be set forth in the Manual. The amount of any such additional investment in software or computer equipment required of you is limited, as provided in Paragraph VIII. of the Franchise Agreement.

Signage

You must use Signage meeting the specifications Company sets forth in the Manual. You must purchase your Signage from the Company, which meets the specifications as set forth in the Manual. You will be responsible for the costs of all reasonable upgrades and repairs to the Signage. (Paragraph XII.H.).

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 THE OFFERING CIRCULAR. UNLESS SPECIFIED OTHERWISE, THE FOLLOWING APPLIES TO THE FRANCHISE AGREEMENT.

Obligation	Paragraph In The Franchise Agreement	Item In The Offering Circular
a. Site selection and acquisition/ lease	Paragraph III.	Items 11, 12
b. Pre-opening purchases/leases	Paragraphs III., IV., XII.	Items 6, 7, 8
c. Site development and other pre-opening requirements	Paragraphs III., IV.	Items 8, 11
d. Initial and ongoing training	Paragraph IV.	Items 6, 7, 11
e. Opening	Paragraphs IV., IX., XII.B.	Item 11
f. Fees	Paragraphs I., III., IV., VIII., IX., X., XI., XII., XVI., XVIII., XXI., XXV.	Items 5, 6, 7
g. Compliance with standards and policies/Operating Manual	Paragraphs IV., V., VI., VII., XII., XXII.	Items 8, 11, 13, 14, 16, 17
h. Trademarks and proprietary information	Paragraphs V., VI., VII.	Items 13, 14
i. Restrictions on products/services offered	Paragraph XII.	Items 8, 16
j. Warranty and client service requirements	Paragraph XII.F.	Items 6, 8
k. Territory	Paragraph I.	Item 12
l. Ongoing product/service purchases	Paragraphs XII., XIII.	Item 8
m. Maintenance, appearance and	Paragraphs III., VIII., XII., XVI.	Items 6, 8

Obligation	Paragraph In The Franchise Agreement	Item In The Offering Circular
remodeling requirements		
n. Insurance	Paragraph XIV.	Items 6, 8
o. Advertising	Paragraph IX.	Items 6, 11
p. Indemnification	Paragraph XXII.	Item 6
q. Owner's participation/ management/staffing	Paragraphs XII., XV., XXII.	Item 15
r. Records and reports	Paragraphs X., XI.	Items 8, 11
s. Inspections and audits	Paragraphs V., XI.	Items 6, 11, 13
t. Transfer	Paragraphs XVIII., XIX., XX.	Items 6, 17
u. Renewal	Paragraph II.	Item 17
v. Post-termination obligations	Paragraph XVII.	Item 17
w. Non-competition covenants	Paragraph XV.	Item 17
x. Dispute resolution	Paragraphs XVIII., XXIX.	Item 17

ITEM 10. FINANCING

Company's Affiliate, AHEAD, offers financing in the form of a lease and/or purchase to franchisees who qualify and desire to obtain the initial required Audio and Video Equipment and Fixtures; Computers and Software; and Signage through a lease and/or purchase as disclosed in the Offering Circular. Such financing covers only the cost of such equipment, and financing is not available for any other purposes. A summary of the terms of such lease and/or purchase is set forth below:

Item Financed (Source)	Amount Financed	Down Payment	Term (Yrs)	APR %	Weekly Payment
Initial Equipment (Lease and/or Purchase through AHEAD)	100% of cost, up to \$66,500	4.75% of amount financed	Up to 5	11.4%	Variable based on amount financed

Affiliate, AHEAD, will maintain a security interest in the Audio and Video Equipment and Fixtures; Computers and Software; and Signage until the lease and/or purchase is paid in full. Affiliate, AHEAD, also requires the joint and several personal guarantees of the lease and/or purchase by you and your spouse (if applicable), plus the personal guarantees of all other equity owners in your entity (and their respective spouses, if applicable). A copy of the equipment lease and/or purchase for the Audio and Video Equipment and Fixtures; Computers and Software; and Signage is attached as Exhibit H, and is also an attachment to Exhibit B.

The lease and/or purchase may be prepaid without penalty. The weekly lease and/or purchase payment will be paid in the same manner as the Royalty payments, as described in Item 6. If you default, Affiliate, AHEAD, can sue you for all past due and future payments due under the lease and/or purchase, and/or repossess the Audio and Video Equipment and Fixtures; Computers and Software; and Signage. You must pay AHEAD's legal and other reasonable collection costs if a collection action is necessary. The Company also has the right to terminate your franchise if you default on the lease and/or purchase. If any payment is not received on time, AHEAD may charge you a late fee of \$25, or 15% of the amount that is late, whichever is greater. You waive your rights to notice of demand and default before a collection action may be started against you.

Except as disclosed above, neither Company, or its Affiliate, AHEAD, offer financing that requires you to confess judgment or waive a defense. Company does not arrange financing from any other source or receive direct or indirect payments to place financing. Commercial paper from franchisees has not been sold and is not sold or assigned to anyone, and neither Company, or its Affiliate AHEAD, have plans to do so. Company does not guarantee your obligations to third parties.

ITEM 11. FRANCHISOR'S OBLIGATIONS

Except as listed below, Company need not provide any assistance to you.

A. Company's Obligations Before the Franchised Business Opens:

1. Company will use reasonable efforts to help analyze your market area, to help determine site

feasibility and to assist in the designation of the location; however, Company will not conduct site selection activities on your behalf. Company does not guarantee the success or the availability of any location. It is your sole responsibility to select a site and secure the location for your Franchised Business. (Paragraph III.A.) Prior to the acquisition by lease or purchase of any site for the Premises, you shall submit a description of the proposed site to Company, together with a letter of intent or other evidence satisfactory to Company which confirms your favorable prospects for obtaining the proposed site. Company shall provide you written notice of approval or disapproval of the proposed site within fifteen (15) business days after receiving your written proposal (Paragraph III.A., B.) Company's approval will be based on whether in its opinion the site will provide suitable traffic for the franchised business, and whether the site is conducive to the operation of the business. If you are unable to find an acceptable site that is approved by the parties within sixty (60) days from the date of the Franchise Agreement, then and in that event, upon written application from either party, the Franchise Agreement shall be terminated and the Franchise Fee you paid to Company shall be returned to you, less expenses Company incurred in providing site selection approval to you, however, Company's expenses shall not exceed ONE THOUSAND DOLLARS (\$1,000.00) (Paragraph III D.).

2. Beginning 30 days after you sign the Franchise Agreement, Company will train you at the initial training program before beginning operation of the Franchised Business for approximately 2 weeks as described in this Item 11 below. You are required to attend and successfully complete, to Company's satisfaction, the initial training program. (Paragraph IV.A.)

Company does not charge for this training or service, however, You will incur expenses in attending the program, including travel costs, and room and board expenses. All training occurs at Company's headquarters or other location as Company designates. (Paragraph IV.A.)

Training:

Company will train you before beginning operation of the Franchised Business at Company's headquarters or other Company designated location, for approximately 2 weeks, as described below:

<u>SUBJECT</u>	<u>TIME BEGIN</u>	<u>INSTRUCTIONAL MATERIAL</u>	<u>HOURS OF TRAINING (CLASSROOM)</u>	<u>HOURS OF TRAINING (ON THE JOB)</u>	<u>INSTRUCTOR</u>
Front Office Practices	Days 1 -2	Operations Manual Instruction, Handouts	16		Bill Bellis, (unless noted)
Operations and Marketing	Days 3-10	"	10	54	
		"			
		"			
		"			
		"			
		"			
		"			
		"			

SUBJECT	TIME BEGUN	INSTRUCTIONAL MATERIAL	HOURS OF TRAINING (CLASSROOM)	HOURS OF TRAINING (ON THE JOB)	INSTRUCTOR
		"			
		"			
		"			
		"			
		"			
		"			
		"			

Company will maintain a training staff including the individuals listed in Item 2.

Company will offer you and your managers and/or employees refresher training programs or seminars at a location Company designates. Attendance at refresher training programs or seminars will be at your sole expense. (Paragraph IV.E.)

If you designate new or additional managers after the initial training program, Company will provide training to these managers at Company's then-current rate as published in the Manual. All expenses your managers incur in attending this training program are your responsibility. (Paragraph IV.D.)

3. Company will loan you 1 or more copies of the Manual which contains reasonable, mandatory and suggested specifications, standards, operating procedures and rules. Company may modify the Manual, but the modification will not alter your status and rights under the Franchise Agreement. The Manual is confidential and remains the property of Company. (Paragraph VI.) The Table of Contents of the Manual is attached to this Offering Circular as Exhibit D.

4. Company will deliver all of the specifications, Approved Suppliers Lists, Approved Supplies List and the Manual at the initial training program. (Paragraph XIII.E.)

B. Company's Obligations During the Operation of the Franchised Business:

1. During the first quarter of operation of the Franchised Business, Company or one of Company's representatives will provide unlimited telephone support to you at Company's expense, to assist you in the

commencement of operation of the Franchised Business. Additionally, during this period, the Company will assist you in establishing and standardizing procedures and techniques essential to the operation of a FLICKO'S Franchised Business. (Paragraph IV.B.)

2. You will submit to Company or its designated agency, for its advance approval, all promotional materials you will use, including newspapers, radio scripts, mailers, press releases, television advertising, specialty and novelty items and signs. Newspaper classified recruiting advertising is excluded from this requirement. If Company does not disapprove in writing any advertising or promotional item within 30 days of receipt, the particular materials will be considered approved. (Paragraph IX.A.)

3. Company will establish and provide guidelines for the Grand Opening Advertising. (Paragraph IX.C.)

4. Company has a nationwide FLICKO'S Marketing and Development Fund ("Marketing Fund") to which Franchisees must contribute two-tenths (.2) of one (1) percent (.2%) of their Gross Revenue. Your payments to the Marketing Fund will be made at the same time and in the same manner as your Royalty Fee. This payment will be made in addition to and exclusive of any sums that you spend on local advertising and promotion. Company agrees to contribute an equal or greater amount as you to the Marketing Fund. Company or its designee will maintain and administer the Marketing Fund. Company will direct all advertising programs with sole discretion over the creative concepts, materials and media used in the programs and the placement and allocation. The media utilized in the advertising programs will principally be print, with some use of radio ads. The source of the advertising will be from the Company's in-house advertising department. You acknowledge that the Marketing Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System and that Company and its designee undertake no obligation in administering the Marketing Fund to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly *pro rata* from the placement of advertising. Company acknowledges that no advertising expenditures from the Marketing Fund will be used for the sale of new franchises. Each FLICKO'S business offering products and services similar to the Franchised Business which Company or its Affiliate operate will make contributions to the Marketing Fund equivalent to the contribution required of Franchised Businesses within the System. The Marketing Fund money may be used to meet the costs of maintaining, administering, directing, producing and preparing mass media advertising (including the cost of conducting public relations activities, conducting advertising and producing promotional brochures and other marketing materials to franchisees in the system). All sums you pay to the Marketing Fund will be maintained in a separate account from Company's other monies and will not be used to defray any of Company's general operating expenses, except for reasonable administrative costs and overhead, if any, as Company may reasonably incur in activities concerning the administration or direction of the Marketing Fund and advertising programs including conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Marketing Fund. It is anticipated that all contributions to the Marketing Fund will be expended for advertising and promotional purposes during Company's fiscal year within which contributions are made. If, however, excess amounts remain in the Marketing Fund at the end of the fiscal year, all expenditures in the following fiscal year(s) will be made first out of any current interest or other earnings of the Marketing Fund, next out of any accumulated earnings and finally from principal. During the last fiscal year ended June 30, 2006, the Fund did not make any expenditures, and neither Company or any Affiliate received any payment from the Fund. Although Company intends the Marketing Fund to be of

perpetual duration, Company maintains the right to terminate the Marketing Fund. The Marketing Fund will not be terminated, however, until all monies in the Marketing Fund have been expended for advertising purposes or distributed back to franchisees. An accounting of the operation of the Marketing Fund will be prepared annually and will be made available to you upon request. Company will have the right to require that the annual accounting include an audit of the operation of the Marketing Fund prepared by an independent certified public accountant Company selects and prepared at the expense of the Marketing Fund. (Paragraph IX.B.) There are no advertising councils presently in place.

5. Company may form a FLICKO'S Regional Advisory Council ("Council") when more than 1 Franchised Business operates in any given region (the boundaries of each region will be determined in Company's complete discretion). You will participate in all Council programs Company approves for your particular Council. The purposes of the Council(s) include exchanging ideas and problem-solving methods, advising Company on expenditures for regional advertising and coordinating System franchisee efforts. You will pay all fees levied by the Council and Company has the right to enforce this obligation. Amounts and expenditures may vary due to variations in Council participation and costs as determined by a particular Council and as Company approves. (Paragraph XII.N.)

6. Company may periodically update the Approved Supplies List and Approved Suppliers List. (Paragraph XII.I.)

7. Company may change or modify the System including the adoption and use of new or modified Marks or copyrighted materials, new computer programs and systems, new products, new services, new equipment or new techniques. (Paragraph VIII.)

8. Company will: (Paragraph XIII.B.)

a. If applicable, provide you with the Approved Suppliers List and Approved Supplies List; however, Company makes no representation or warranty that any particular approved supplier will be willing or able to sell to all franchisees;

b. Regulate quality standards in conformance with the System specifications throughout the network of Franchised Businesses;

c. Provide continuous support for unit operations and maintenance, client service techniques and administrative procedures; and

d. Coordinate development of marketing materials and strategies for the benefit of all members of the franchise network.

9. Company will furnish you with assistance in the operation of the Franchised Business as Company reasonably determines to be necessary periodically. Operations assistance may consist of advice and guidance with respect to: (Paragraph XIII.C.)

- a. Proper utilization of procedures by the Franchised Business regarding the services and products to be offered from the Franchised Business as Company approves;
- b. The institution of proper administrative, supervisory and general operating procedures for the effective operation of the Franchised Business;
- c. Additional products and services authorized for sale from FLICKO'S Franchised Businesses;
- d. Advertising and promotional programs; and
- e. Ongoing research and development of new procedures, new techniques, new products, new services, new materials and other enhancements to the System.

10. Company or Company's representative may make periodic visits to the Franchised Business to consult and assist you in all aspects of the operation of the Franchised Business. Company will prepare written reports concerning these visits outlining any suggested changes in the operation of the Franchised Business and detailing any defaults in your operations which become evident as a result of any visit. Company will provide you with a copy of the written report. Company will advise you of problems arising out of the operation of the Franchised Business as disclosed by reports you submit to Company or by inspections Company conducts of the Franchised Business. (Paragraph XIII.D.)

11. Company will periodically advise or offer guidance to you relative to prices for services and products offered for sale by the Franchised Business that in Company's judgment constitute good business practice. You do not have to accept this advice or guidance and will have the sole right to determine the prices charged by the Franchised Business. (Paragraph XIII.A.)

C. Methods Used to Select the Location of the Franchised Business:

You are responsible for purchasing or leasing a suitable site for the Franchised Business. (Paragraph III.A.) If you cannot find an acceptable site, the Franchise Agreement may be terminated. (Paragraph III.D.)

Company will consider the following in approving a location for your Franchised Business: cleanliness; attractiveness; and whether it is in a central location, near a recognized landmark.

D. Typical Length of Time Before Operation:

The typical length of time between the signing of the Franchise Agreement and the opening of your Franchised Business is approximately 3 months after signing the Franchise Agreement. The factors that affect this time are the ability to obtain a lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, and delayed installation of equipment, fixtures, and signs.

You must open your Franchised Business within 90 days of signing the Franchise Agreement unless Company otherwise agrees in writing. (Paragraph XII.B.)

ITEM 12. TERRITORY

You will receive a protected or exclusive territory. That Territory will be the larger of a four (4) square mile area, or area with a population of 250,000 persons, determined from the site which will be your approved location. You must operate from a single location. You do not receive the right to obtain additional franchises in your territory. If the lease for the site of the Franchised Business expires or terminates through no fault of your own, or if the site is destroyed, condemned or otherwise becomes unusable, or you and Company otherwise agree in writing, you may relocate the Franchised Business to another site within the territory, provided such relocation does not infringe upon the territory of another Franchisee. Any relocation will be at your expense and Company will have the right to charge you for all reasonable costs Company incurs in approving the new site, however, those costs will not exceed \$1,000. (Paragraphs I.A.,B.; III.F.)

Company will not, so long as the Franchise Agreement is in force and effect and you are not in default under any of the terms of the Franchise Agreement, license or establish another like FLICKO'S business to conduct business within your territory, or solicit or accept orders inside your territory. You may not conduct business outside of your territory. Conducting business outside of your territory will be considered a default under the Franchise Agreement. (Paragraph I.B.)

Company reserves the right to grant other franchises outside of the territory as Company, in its sole and exclusive discretion, deems appropriate. Company will notify you prior to granting a franchise which would have a territory contiguous with yours. Additionally, subject to another franchisee's superior right of refusal, Company will refrain from issuing a franchise or license for any territory contiguous with yours until Company has offered to issue such franchise or license for that territory to you, and you have been given 5 business days to accept or reject it.

Within the territory, Company and its Affiliates reserve the right to grant franchises that are distinct from the franchise offered in the Franchise Agreement which will not use the "FLICKO'S" Mark. Company and its Affiliates further reserve the right, both within and outside of the territory, to sell at both wholesale and retail all products and services that do not comprise a part of the System. (Paragraph I.B.1.)

Company and its Affiliates reserve the right, both within and outside of the Territory, to offer and sell under or using any marks, including the Marks, through any other distribution system, products and services that comprise, or may in the future comprise, a part of the System, which products and services may be resold through any other distribution channel to the general public by those entities (Paragraph I.B.2.)

In consideration of Company's agreement, you at all times will use your best efforts to promote and increase the sales and service of the Franchised Business and to effect the widest and best possible penetration throughout the territory by soliciting and servicing all potential customers for FLICKO'S products and services. However, your exclusive territory is not dependent upon any minimum requirements.

ITEM 13. TRADEMARKS

Company grants you the right to operate a Franchised Business under the service mark "FLICKO'S" (the "Principal Mark") and other Marks Company may authorize you to use.

Affiliate, ASI, Inc. registered the Principal Mark with the United States Patent and Trademark Office on the Principal Register as follows:

Service Mark:	"FLICKO'S"
Registration Date:	8/17/04
Registration No.:	2875716
Services:	"tape and digital video editing and duplication; rental of equipment for making video recordings, namely, video cameras, video tape recorders, digital video recorders, tripods, lighting, and microphones"

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

There are no infringing or prior superior uses actually known to Company that could materially affect the use of the Principal Marks in this state or any other state in which the Franchised Business is to be located.

Affiliate, ASI, Inc. has licensed Company the right to use its Marks and to sublicense its franchisees to use the Marks in the operation of the Franchised Business. The License Agreement is perpetual but may be terminated if Company has failed to correct, within 30 days after written notice has been given to Company, any of the following terms: (i) violation of any terms of the License Agreement; (ii) improper use of the Marks that could adversely affect the validity or protectability of the Marks, as determined by Affiliate; or (iii) bankruptcy, insolvency or the appointment of a receiver for Company. Affiliate ASI, Inc. has entered into a similar agreement with affiliate AHEAD to allow it to use the Mark in the operation of its single business location.

Other than the above, there are no other agreements currently in effect which significantly limit the rights of Company to use or license the use of the Principal Mark in any manner material to the franchise.

Your usage of the Marks and any goodwill established from their use will exclusively benefit Company. You do not receive any interest in the Marks. You may not at any time contest the validity or ownership of the Marks or assist any other person in contesting the validity or ownership of the Marks including any Marks Company authorizes you to use after you sign the Franchise Agreement. (Paragraph V.A.)

You must notify Company immediately when you learn about an infringement of or challenge to your use of Company's Marks. Company will take action that is appropriate. Company will defend you in a claim involving your use of the Marks. (Paragraph V.C.)

You must modify or discontinue using any Mark upon direction to do so from Company within a reasonable time after receiving notice from Company. (Paragraph V.D.)

You must not use any Mark or any portion of the Marks as part of any corporate or trade name, or in any modified form, or in any manner Company has not authorized in writing. (Paragraph V.B.)

Company and its agents will have the right to enter and inspect your Franchised Business to make sure you are complying with Company's standards. (Paragraph V.E.)

You must not establish a Web site on the Internet using any domain name containing any of the Marks or any variation without Company's written consent. Company and/or Affiliate retain the sole right to advertise on the Internet and create a Web site using the Marks in a domain name. You acknowledge that Company and/or Affiliate is the owner of all right, title and interest in and to the domain names as Company will designate in the Manual. Company retains the right to pre-approve your use of linking and framing between your Web pages and all other Web sites. If Company requests, you will, within five (5) days, dismantle any frames and links between your Web pages and any other Web sites. (Paragraph V.F.)

You will not advertise or use in advertising or any other form of promotion, Company's copyrighted materials, trademarks, service marks or commercial symbols without the appropriate notices which may be required by applicable laws or as Company may periodically direct, including ©, ®, or other copyright or trademark registration notices or the designations TM or SM where applicable or an indication that the name "FLICKO'S," and the Marks are Company's trade names, trademarks, and service marks. (Paragraph IX.E.)

You must refrain from any advertising or promotional practice which is unethical or may be injurious to Company's business and/or other Franchised Businesses or to the goodwill associated with the Marks. (Paragraph XII.J.)

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

On March 25, 2004, William B. Bellis, the Company's President, filed utility patent application number 10/808,906, for a Film-to-Video Image Transfer Device that you will be required to purchase and use in the Franchised Business. This device is used in the franchised business to transfer film to videotape or DVD.

Company owns, and may in the future own, copyrights in the Manual, any marketing material, software, other writings, artwork and other copyrightable items, "Copyrighted Works," Company may permit or require you to use in connection with the Franchised Business. Although Company has not filed an application for copyright registration of the Manual, or other copyrightable items, Company claims common law copyrights to these items. Company intends that all works of authorship concerning the System which are created in the future will be owned by it or its Affiliates. (Paragraph VII.D.)

1. Company authorizes you to use the Copyrighted Works;
2. The Copyrighted Works are the valuable property of Company or its licensors;
3. Your rights to use the Copyrighted Works are granted solely on the condition that you comply with the terms of Paragraph VII. of the Franchise Agreement; and
4. You will use the Copyrighted Works only as Company designates.

There are currently no effective material determinations of the United States Patent and Trademark Office, Copyright Office (Library of Congress) or any court regarding the patent application or copyrighted works. There are no proceedings pending in the Patent and Trademark Office or the Court of Appeals for the Federal Circuit. Counsel has not consented to releasing any opinion about patent or copyright issues discussed in this Item.

You will receive proprietary, confidential and trade secret information of Company. You must maintain the confidentiality of this information unless Company authorizes disclosure of any such confidential information in writing. (Paragraph VII.A.)

You may divulge confidential information only to your employees who must know it to operate the Franchised Business. All information you receive from Company will be considered confidential unless you can prove you learned the information before receiving it from Company; or that, at the time of Company's disclosure to you, the information had lawfully become a part of the public domain; or that, after Company's disclosure to you, the information lawfully became a part of the public domain. (Paragraph VII.B.)

Your employees having access to Company's confidential information must sign confidentiality and trade secret agreements in a form acceptable to Company. Company will be entitled to seek equitable remedies, including restraining orders and injunctive relief, in order to protect its confidential information, Manual and Marks. (Paragraph VII.C.)

You must promptly notify Company if you learn of an infringement or challenge to our use of the Copyrighted Works, or Patent Application. Company does not have to take any action, but will respond to this information as

Company deems appropriate. You must also agree not to contest Company's interest in these or our other trade secrets. (Paragraph VII.E.)

Company will defend you in any action brought by a third party concerning your use of any of the items or processes covered by a Copyright or Patent that Company authorizes you to use. Company has the right to control such litigation (Paragraph VII.E.)

If you make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes ("Improvements") in the operation of the Franchised Business, you will, unless otherwise agreed to by Company, grant-back exclusive rights in these Improvements to Company in consideration of the grant of the franchise and without the payment of additional consideration. Company will include any Improvements Company made or acquired in the FLICKO'S FRANCHISE CORP. technology, including any and all intellectual property rights of Company and its Affiliates or products and services of the Franchised Business ("Technology"), in the Manual and the System for use by all FLICKO'S FRANCHISE CORP. franchisees, Company or its Affiliates. If Company seeks patent protection or copyright registration for any Improvements, it will do so at its own expense. You will sign or have the creator sign all documents necessary to enable Company to apply for intellectual property rights protection and to secure all rights to these Improvements. You will have each of your employees sign an agreement requiring employee cooperation with the foregoing requirements. You agree that this does not constitute Company's consent to your modification of any FLICKO'S FRANCHISE CORP. Technology or the creation of any derivative work based on any FLICKO'S FRANCHISE CORP. copyright and you must obtain Company's express written consent before making the modification or derivative work. If Company decides to add, modify, or discontinue the use of an item or process covered by a Copyright or Patent, you must also do so. In such event, Company's sole obligation is to reimburse you for the tangible cost of complying with this obligation. (Paragraph VII.F.)

The Manual belongs to Company and you must return it to Company upon the expiration or termination of the Franchise Agreement. (Paragraph VI.B.)

You must keep the Manual updated and at the Franchised Business. If there is a dispute with the contents of the Manual, the terms of Company's master copy will control. (Paragraph VI.C.)

You will not advertise or use in advertising or any other form of promotion, Company's copyrighted materials, trademarks, service marks or commercial symbols without the appropriate notices which may be required by applicable laws or as Company may periodically direct, including [©], [®], or other copyright or trademark registration notices or the designations [™] or SM where applicable or an indication that the name "FLICKO'S," and the Marks are Company's trade names, trademarks, and service marks. (Paragraph IX.E.)

Additional information regarding confidentiality and covenants against competition can be found in Item 17.

Company's right to use or license this patent, and copyrighted information is not materially limited by any agreement or known infringing use.

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

You (if you are a sole proprietorship), a general partner (if you are a partnership or general partnership), a shareholder owning 25% or more of the outstanding shares of stock (if you are a corporation), or a manager, member or governor owning 25% or more of the membership interests (if you are a limited liability company) must own and operate the business. You must participate in the day-to-day activities of the Franchised Business. The Franchised Business must at all times be under your direct, on-premises supervision as owner/operator. You must keep Company informed at all times of the identity of any employee(s) acting as manager(s) of the Franchised Business. You must, at all times, faithfully, honestly and diligently perform your obligations and you must not engage in any business or other activities that will conflict with your obligations. (Paragraph XII.L.)

You, any shareholder who owns 25% or more of the securities of you if you are a corporation, any general partner if you are a partnership, any member, manager or governor owning 25% or more of the membership interests if you are a limited liability company, must devote full-time energy and best efforts to the management and operation of the Franchised Business. (Paragraph XV.B.)

You will not be Company's agent, legal representative, joint venturer, partner, employee or servant for any purpose. You will not be authorized to make any contract, agreement, warranty or representation or to create any obligation, express or implied, on Company's behalf. (Paragraph XXII.A.)

You are an independent contractor and must control the manner and means of operation of the Franchised Business and 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 the Franchised Business and all of your employees. You and your agents and employees will not: (i) be considered or held out to be agents or employees of Company; or (ii) negotiate or enter any agreement or incur any liability in the name of or on behalf of, or that purports to bind, Company. No action your agents or employees take will be actions obligating Company. You acknowledge that nothing will create a fiduciary relationship with Company. (Paragraph XXII.B.)

You must identify yourself and your premises and vehicles as independently owned and operated as a FLICKO'S Franchised Business of Company and not as an agent of Company. (Paragraph XXII.D.)

You must notify Company in writing within 5 days of the start of any investigation, action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Franchised Business. (Paragraph XII.M.)

Your employees having access to Company's confidential information must sign confidentiality and trade secret agreements in a form acceptable to Company. Your employees will also be required to execute no competition agreements (Paragraph VII.C. ; Paragraph XV. G.)

ITEM 16. RESTRICTIONS ON WHAT YOU MAY SELL

You must offer for sale, use, sell and provide through the Franchised Business the services and products that Company periodically authorizes and will not, without Company's advance written approval, offer for sale, use, sell or provide through the Franchised Business or the premises which it occupies any other category of products or services, or use the premises or the Franchised Business for any purpose other than the operation of the Franchised Business in full compliance with the Franchise Agreement. (Paragraph XII.E.)

All products, materials and other items used in the Franchised Business which are not specifically required to be purchased in accordance with the Approved Suppliers List and Approved Supplies List will conform to Company's established quality standards and specifications. (Paragraph XII.I.)

You must use only displays, labels, forms and other products and documentation imprinted with the Marks and colors. (Paragraph XII.K.)

You must comply with all the requirements listed in the Franchise Agreement, the Manual and any other written policy Company provides to you. You must comply with the entire System. (Paragraph XII.A.)

Company has the right to add additional authorized products and services that you must offer. There are no limits on Company's right to do so except that the investment required of a Franchisee will not exceed \$3,000 during the initial term of the Franchise Agreement (Paragraph VIII.)

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Offering Circular. Unless specified otherwise, the following applies to the Franchise Agreement.

This is a general overview of the Franchise Agreement terms. The terms of the Franchise Agreement supersede any terms presented in this Offering Circular. Refer to the Franchise Agreement for the complete information. **You should refer to any state-specific addenda attached to this Offering Circular for exceptions to this Item 17.**

Provision	Paragraph In The Franchise Agreement	Summary
a. Term of the franchise	Paragraph II.A.	The term of the franchise is 5 years from the date the Franchise Agreement is signed.
b. Renewal or extension of the term	Paragraphs II.B.,C, D.	If you have complied with all of the provisions in the Franchise Agreement, you can renew for additional successive terms of 5 years each.

Provision	Paragraph In The Franchise Agreement	Summary
c. Requirements for you to renew or extend	Paragraphs II.B., C.	Company will give you written notice of its decision not to renew the Franchise Agreement at least 4 months before it expires. You may renew the Franchise Agreement if you have complied with all of the Franchise Agreement provisions; you maintain possession of the premises; you have brought the Franchised Business into compliance with Company's current standards; you have given notice of renewal to Company; you have satisfied all monetary obligations; you have signed a new franchise agreement; you have met current qualifications and training requirements; and you have signed a general release. You must meet Company's current requirements for image, appearance, decoration, furnishing and equipping of the Franchised Business. You must give Company written notice of your intent to renew between 6 to 12 months before the Franchise Agreement expires.
d. Termination by you	Paragraph XVI.A.	You may terminate the Franchise Agreement only by written notice of cancellation to Company prior to Company's execution of the Agreement, or upon written consent to termination by Company, subject to the terms and conditions set forth therein.
e. Termination by Company without cause	None	N/A
f. Termination by Company with cause	Paragraphs XVI.B., C.	Company may terminate the Franchise Agreement if you default under the terms of the Franchise Agreement.
g. "Cause" defined-defaults which can be cured	Paragraphs XVI.C., D.	The following events constitute curable defaults: you fail or refuse to make payments due Company; you fail to meet performance standards; you fail on

Provision	Paragraph In The Franchise Agreement	Summary
h. "Cause" defined-defaults which cannot be cured	Paragraph XVI.B.	1 or 2 or more separate occasions within any period of 12 consecutive months to submit reports or monies owed to Company; you operate the Franchised Business in violation of any health or safety law or regulation; or you fail to comply with mandatory specifications in the Franchise Agreement or Manual, and do not cure within 30 days.
i. Your obligations on termination/nonrenewal	Paragraph XVII.	The following events constitute non-curable defaults: you fail to satisfactorily complete training; you fail to promptly begin the design, construction, equipping and opening of the Franchised Business with due diligence; make a material misrepresentation or omission in application; are convicted or plead no contest to a felony; misuse the Manual and confidential information; abandon the business for 5 business days in any 12 month period; surrender or transfer control of business; submit reports which understate the Royalty Fee owed to Company; you are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; you misuse the Marks; you default under an Equipment Lease or other contract with an Affiliate of Company.
		Your obligations include: stop operations of the Franchised Business; assign any lease for the premises to Company; stop using the Marks; assign any assumed names to Company; stop advertising as a Franchised Business; de-identify the premises; pay all sums owed to Company; pay all damages and costs Company incurs in enforcing provisions of the Franchise Agreement; turn over all manuals and other property of Company; turn over all signs to Company; sell to Company, at its option, any advertising materials and all items bearing the

Provision	Paragraph In The Franchise Agreement	Summary
		Marks; assignment of your telephone and facsimile numbers, electronic mail addresses, domain names and Internet addresses to Company; comply with the covenants not to compete; and sell to Company, at its option, the premises at the appraised value of the assets.
j. Assignment of contract by Company	Paragraph XVIII.A.	There are no restrictions on Company's right to assign except that the assignee must be financially responsible and economically capable of performing Company's obligations under the Franchise Agreement and assignee must expressly assume and perform these obligations.
k. "Transfer" by you-definition	Paragraph XVIII.B.	Transfer of franchise, Franchise Agreement, assets used in the Franchised Business or any ownership interest in franchisee entity.
l. Company's approval of transfer by you	Paragraph XVIII.B.	Company has the right to approve all of your transfers and the right of first refusal.
m. Conditions for Company approval of transfer	Paragraphs XVIII.B., C., D.	You must have fully paid all of your obligations to Company, and you or the transferee will have fully paid to Company a transfer fee. You must give Company notice of sale or offer to purchase the Franchised Business. You must not advertise that the Franchised Business or rights under the Franchise Agreement are for sale.
n. Company's right of first refusal to acquire your business	Paragraph XX.	Company has the right of first refusal to purchase a Franchised Business which is for sale and for which you have received a good faith offer to purchase. Company has 20 days from notice of the offer to purchase the Franchised Business or its assets at the same terms as those contained in the offer.
o. Company's option to purchase your business	Paragraphs XVII.J., XX.	Company may purchase your Franchised Business for 20 days from the date of delivery to you of a

Provision	Paragraph In The Franchise Agreement	Summary
p. Your death or disability	Paragraphs XIX.A., B.	<p>written offer by a third party. Within 30 days after expiration or termination of the Franchise Agreement, Company may purchase any of the assets of the Franchised Business at fair market value.</p> <p>Your heirs, beneficiaries, devisees or legal representatives can apply to Company to continue operation of the Franchised Business, or sell or otherwise transfer your interest in the Franchised Business within 180 days of your death or incapacity. If they fail to do so, the Franchise Agreement will terminate and Company will have the option to buy the Franchised Business assets and purchase the premises.</p>
q. Non-competition covenants during the term of the franchise	Paragraph XV.C.	<p>You must not divert or attempt to divert any business or client to a competitor; perform any act which may harm the goodwill associated with the Marks and the System; employ or seek to employ any person Company employs or another franchisee of Company employs or otherwise cause that person to leave his or her employment; or, except as otherwise approved in writing by Company, own or otherwise have any interest in any business (including a business you currently operate) specializing, wholly or partially, in providing video workshop services, or offering, selling or providing services the same as or similar to that offered, sold or provided through the System.</p>
r. Non-competition covenants after the franchise is terminated or expires	Paragraph XV.D.	<p>You must not own, operate or engage in any business specializing, wholly or partially, in providing video workshop services, or offering, selling or providing services the same as or similar to those offered, sold or provided through the System for 2 years after your Franchise Agreement</p>

Provision	Paragraph In The Franchise Agreement	Summary
		terminates or expires within the Standard Metropolitan Statistical Area (as defined by the U.S. Census Bureau) where the Franchised Business is located or within a 50 mile radius of the Franchised Business or any other FLICKO'S business.
s. Modification of the agreement	Paragraphs VIII., XXVI.	The Franchise Agreement can be modified only by written agreement between you and Company. Company can modify or change the System.
t. Integration/merger clause	Paragraph XXVII.	Only the terms of the Franchise Agreement are binding (subject to state law) and may only be modified to the extent required by an appropriate court to make the Franchise Agreement enforceable.
u. Dispute resolution by arbitration or mediation	Paragraph XXIX.	Except for certain claims concerning the confidential information, copyright works or the Marks, all disputes must be arbitrated in Jefferson County, Kentucky. Parties retain the right to seek injunctive relief.
v. Choice of forum	Paragraph XXVIII.B.	Any action will be brought in the appropriate state or federal court in Jefferson County, Kentucky subject to state law.
w. Choice of law	Paragraph XXVIII.A.	Kentucky law applies (subject to state law), except that disputes regarding the Mark will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1057 et seq.).

These states have statutes which may supersede the Franchise Agreement concerning your relationship with Company, including the areas of termination and renewal of the franchise: ARKANSAS (Ark. Code Ann. Sections 4-72-201 to 4-72-210); CALIFORNIA (Cal. Bus. & Prof. Code Sections 20000 to 20043); CONNECTICUT (Conn. Gen. Stat. Ann. Sections 42-133e to 42-133h); DELAWARE (Del. Code Ann. Tit. 6 Sections 2551 to 2556); DISTRICT OF COLUMBIA (D.C. Code Ann. Sections 29-1201 to 29-1208); FLORIDA (Stat., Section 542.335); HAWAII (Haw.

Rev. Stat. Sections 482E-1 to 482E-12); ILLINOIS (815 ILCS 705/44); INDIANA (Ind. Code Ann. Sections 23-2-2.7-1 to 23-2-2.7-7); IOWA (Iowa Code, Ch. 523H, Sections 523H.1 to 523H.17); LOUISIANA (La. Rev. Stat. Ann. Tit. 23, Sections 921[E] and Tit. 12, Section 1042); MARYLAND (Title 11, Sections 11-1301 through 11-1307, Title 14, Sections 14-20 through 14-23), MICHIGAN (Mich. Comp. Laws, Sections 445.1527 & 445.1535); MINNESOTA (Minn. Stat. Section 80C.14 and Minnesota Rules, Department of Commerce, Section 2860.4400); MISSISSIPPI (Miss. Code Ann. Sections 75-24-51 to 75-24-63); MISSOURI (Mo. Rev. Stat. Sections 407.400 to 407.420); NEBRASKA (Neb. Rev. Stat. Sections 87-401 to 87-410); NEW JERSEY (N.J. Rev. Stat. Sections 56:10-1 through 56:10-12); NORTH CAROLINA (Chpt. 22B, Sec. 3); PUERTO RICO (Ann., Sections 278 to 278d); SOUTH DAKOTA (S.D. Codified Laws, Section 37-5A-51); VIRGIN ISLANDS (Code, Sections 130-139); VIRGINIA (Va. Code Ann. Sections 13.1-557 through 13.1-574); WASHINGTON (Wash. Rev. Code Sections 19.100.180 to 19.100.190); WISCONSIN (Wis. Stat. Sections 135.01 to 135.07). These and other states may have court decisions which may supersede the Franchise Agreement concerning your relationship with Company, including the areas of termination and renewal of the franchise.

ITEM 18. PUBLIC FIGURES

Company does not use any public figure to promote its franchise.

ITEM 19. EARNINGS CLAIM

Company does not furnish or authorize its salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of an FLICKO'S business. Actual results vary from unit to unit and Company cannot estimate results of any particular franchise.

ITEM 20. LIST OF OUTLETS

**FRANCHISED
BUSINESS STATUS SUMMARY
FOR YEARS ENDED June 31, 2006/2005/2004**

State	Transfers	Cancelled	Not Renewed	Reacquired	Left the	Total From Left Columns	Franchises
		Or Terminated		By Company	System Other		Operating At Year End
Arizona	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
N. Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0

Georgia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
Minnesota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
Oklahoma	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Total	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	5/2/0

STATUS OF AFFILIATE, AHEAD, INC., OWNED BUSINESSES
FOR YEARS ENDED June 31, 2006/2005/2004

<u>STATE</u>	<u>BUSINESSES CLOSED DURING YEAR</u>	<u>BUSINESSES OPENED DURING YEAR</u>	<u>TOTAL BUSINESSES OPERATING AT YEAR END</u>
Kentucky	0/0/0	0/0/1	1/1/1
Total	0/0/0	0/0/1	1/1/1

Affiliate, AHEAD, owns a business operating at the following location:

2211-B Heather Lane

Louisville, Kentucky

Began operations: August, 2003

PROJECTED OPENINGS
AS OF June 31, 2006

<u>STATE</u>	FRANCHISE AGREEMENTS SIGNED BUT BUSINESS <u>NOT OPEN</u>	PROJECTED FRANCHISED NEW BUSINESSES IN <u>NEXT FISCAL YEAR</u>	PROJECTED COMPANY OWNED OPENINGS IN <u>NEXT FISCAL YEAR</u>
Florida	0	1	0
Indiana	0	1	0
Ohio	0	1	0
Utah	0	1	0
Total	0	4	0

LIST OF FRANCHISEES AS OF JUNE 31, 2006

Michael and Kimberly Morell
2549 Battlefield Parkway
Fort Oglethorpe, GA
(706) 861-1025

Jeff Przybilla
3417 Third Street North
St. Cloud, MN
(320) 251-4050

Gary Chvatal
1779 N. Maynard Rd.
Cary, NC
(919) 461-3975

Mark Bateman/Kim Santilli
7315 N. Oracle Rd., Suite 240
Tucson, AZ
(520) 742-3153

Rick and Novalyn Greff
9036 S. Sooner Rd.
Oklahoma City, OK 73165
(405) 737-3545

The name and last known home address and telephone number of every franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with the Franchisor within 10 weeks of the application date are as follows:

None

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit E are Affiliate AHEAD Human Resources Franchise Corp.'s audited financial statements for its fiscal year ended June 30, 2006. This Affiliate has absolutely and unconditionally guaranteed to assume the duties and obligations of the Company under the Franchise Agreement. Also attached are unaudited financial statements as of August 31, 2006. THE AUGUST, 2006 FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Company's fiscal year end is June 30.

ITEM 22. CONTRACTS

The "FLICKO'S" Franchise Agreement (with exhibits) is attached to this Offering Circular as Exhibit B.

An Electronic Funds Transfer Agreement is attached as Exhibit C. An Equipment Lease is attached as Exhibit H. Company provides no other contracts or agreements for your signature.