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DEPT. CORPORATIONS Received MAR 29 2006 SAN FRANCISCO

INTELLIGENT OFFICE®

FRANCHISE OFFERING CIRCULAR

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INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY FEDERAL TRADE COMMISSION

FRANCHISOR:

THE INTELLIGENT OFFICE SYSTEM, LLC
(a Colorado limited liability company)
4450 Arapahoe Avenue
Boulder, Colorado 80303

Telephone: (303) 447-9000
www.intelligentoffice.com

TO PROTECT YOU, WE'VE REQUIRED YOUR FRANCHISOR 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

The Date of Issuance of this Offering Circular is:

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FRANCHISE OFFERING CIRCULAR
FOR PROSPECTIVE FRANCHISEES REQUIRED BY
THE STATE OF CALIFORNIA

Intelligent Office®
Work Anywhere...Professionally

The Intelligent Office System, LLC
(a Colorado limited liability company)
4450 Arapahoe Avenue
Boulder, Colorado 80303
(303) 447-9000
www.intelligentoffice.com

The Intelligent Office System, LLC, a Colorado limited liability company, is offering franchises for the operation of a business providing advanced telecommuting and office support services to individuals and businesses. The initial franchise fee is $48,000. We also offer qualified persons the right to develop multiple INTELLIGENT OFFICE Centers within a specific geographic area under an Area Development Agreement. If you execute an Area Development Agreement, in addition to payment in full of the initial franchise fee for the first franchise, you pay $24,000 towards each additional Center to be developed. This is credited towards the initial franchise fees for additional Centers to be developed, the balances of which are paid at a later date. The total estimated initial investment for a single INTELLIGENT OFFICE franchise, including the initial franchise fee, ranges from $426,250 to $641,050. See Items 5 and 7 of this Offering Circular.

Risk Factors:

1. **THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO SUE US ONLY IN COLORADO. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO SUE US IN COLORADO THAN IN YOUR HOME STATE.**

2. **THE FRANCHISE AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**

3. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Information comparing franchisors is available. Call the state administrators listed in Exhibit A or your public library for sources of information.

Registration of this franchise by a 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 authority listed in Exhibit A.

Effective date: ______________

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EXHIBITS

ITEM 1

THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

The Franchisor, its Predecessors and Affiliates

The name of the franchisor is The Intelligent Office System, LLC. For ease of reference, The Intelligent Office System, LLC will be referred to as "we", "us" or "IOS" in this Offering Circular. We will refer to the person who buys the franchise as "you" throughout this Offering Circular. If the franchisee is a corporation, partnership or limited liability company, certain provisions of the Franchise Agreement will also apply to the owners and will be noted. IOS's principal offices are located at 4450 Arapahoe Avenue, Boulder, Colorado 80303. We presently do business under the name "The Intelligent Office System, LLC." We were formed on March 22, 1999, as a Colorado limited liability company. In January, 1995, ^an INTELLIGENT OFFICE prototype center was established in Boulder, Colorado by our predecessor, The Virtual Office, Inc., a Colorado corporation formed in March, 1994. The Intelligent Office, Inc. ("**TIO**") and The Intelligent Office DTC, Inc. were formed in Colorado on March 15, 1996 and July 30, 1999, respectively. The Virtual Office, Inc. and The Intelligent Office DTC, Inc. were merged into TIO on January 1, 2002. TIO shares our headquarters and currently operates three Centers in Colorado.

The Virtual Office, Inc. and TIO may be considered our predecessors. We have no predecessors or affiliates offering franchises in any line of business or providing products or services to our franchisees. Our agents for service of process are listed on Exhibit A.

Our Business

We currently operate and franchise the operation of variable rent executive suites, referred to in this Offering Circular as "^**INTELLIGENT OFFICE Centers**" or "**Centers**", providing individuals and businesses with advanced telecommuting and office support services. Our Centers offer a wide range of services, customized for each client, to provide the client with integrated, seamless geographically non-specific telecommunications services and with on-site and off-site reception and secretarial services, office technology, non-dedicated conference rooms and dedicated or non-dedicated office space.

Centers operate under our distinctive business format, systems, methods, procedures, designs, layouts and specifications ("**System**"). We franchise the operation of Centers under our service mark "^INTELLIGENT OFFICE" and other logos, trademarks, service marks and commercial symbols as we may develop ("**Marks**").

The Franchise

You will sign a Franchise Agreement ("**Franchise Agreement**"), which is attached as Exhibit B to this Offering Circular, for each franchise you purchase. You will receive the right to use our Marks and System to operate one^ INTELLIGENT OFFICE Center, at a location approved by us ("**Franchised Location**").

A Center is customarily located in approximately ^5,000 to ^7,500 gross square feet of leased office space. Each Center typically contains approximately ^12 to 18 offices for non-dedicated or dedicated use, conference rooms, mail room, reception area and office technology center. Each Center is staffed with a manager and "remote receptionists."

Unlike △traditional "executive suites" or office sharing arrangements,△ INTELLIGENT OFFICE Centers offer "variable rent" executive suites by providing remote receptionist and other telecommunications services which are not dependent on the physical location of the recipient of the service, and therefore reduce office costs while at the same time retaining professionalism, service and responsiveness for both the client and the client's customers. Unlike a landlord-tenant relationship, Centers provide services as well as office space to clients ("**Clients**"). Clients become "members" of △the INTELLIGENT OFFICE network of Centers by signing a membership agreement, allowing them to use Centers at different locations for an extra fee. Clients subscribe on an "a la carte" basis to the services they desire. The Center can serve as the Client's business address, telephone number, voice mail communications and personal locked mailbox that allows the Client to separate "office space" from actual work space. Our Centers are also equipped to allow for "follow-me" communications, whereby a live receptionist seamlessly announces and transfers calls to Clients at any location. Our Centers offer automated versions of "follow-me" communications. Our Centers provide executive suites, professional offices and conference rooms that Clients may rent based upon hourly, weekly or monthly rates. Finally, our Centers offer secretarial services, word processing, facsimile use, desktop publishing, copying, mailing lists and other office-related services that Clients may utilize on an "a la carte" basis.

If you qualify, you may obtain from us the right to develop multiple△ INTELLIGENT OFFICE Centers within a designated geographic area under our Area Development Agreement ("**Area Development Agreement**"), which is attached as Exhibit H to this Offering Circular. The Area Development Agreement designates a "Development Area" reserved for your development of Centers. The Area Development Agreement states the number of Centers and the schedule for your development of those Centers. A separate Franchise Agreement will be executed for each Center developed under the Area Development Agreement. The scope and term of any Area Development Agreement and the number of Centers to be developed is dependent on both your development plans and our determination, in our judgment, of your financial capability and qualifications to develop multiple Centers within the Development Area.

Regulations

There are no regulations specific to the operation of a Center in your state. There are, however, laws of a more general nature affecting the establishment and operation of your Center. You are responsible for complying with any applicable regulations related to the establishment and operation of your Center, as well as with all local, state and federal laws of a general nature which affect the operation of your Center. You are responsible for complying with employment, worker's compensation, insurance, corporate, taxing, licensing and similar laws and regulations.

Market and Competition

△INTELLIGENT OFFICE Centers offer a wide variety of advanced telecommuting, business address and office support services to individuals, group clients and small and large corporations desiring a "virtual" office as a primary, remote, regional or temporary office. Centers typically attract Clients who want to use a Center as a source for some or all of their office needs and for state-of-the-art communications capabilities with clients, in lieu of maintaining and supporting a dedicated business office and their own telecommunications equipment. Home-based businesses utilize a Center as professional meeting space away from the work space at home. Finally, some Clients utilize Centers when they may not otherwise have easy access to office support services that will provide word processing, mailing lists, desktop publishing and printing services.

The market for the services which a Center offers is developing rapidly, changing constantly and becoming increasingly competitive. As a franchisee, your competition will include ^businesses offering executive suites or office space in combination with ^various levels of office services^ and telecommunications services^. As an example, you may compete directly and indirectly with ^businesses offering secretarial services and telephone service centers^.

Our Prior Business Experience

We began offering franchises in April 1999 and have not offered franchises in any other line of business. TIO offered franchises for^ INTELLIGENT OFFICE Centers from April of 1998 through March of 1999, when it transferred its franchise rights to us. TIO has not offered franchises since our inception and currently has no franchisees. TIO has over ^eleven years of experience and know-how in the operation of Centers and currently owns and operates two Centers in Denver, Colorado and one Center at our corporate headquarters in Boulder, Colorado. The Virtual Office, Inc. has never offered franchises. The Virtual Office Inc. operated a Center from January 1995 to January 2002, when it was merged into TIO.

ITEM 2

BUSINESS EXPERIENCE

President and Manager: Ralph S. Gregory

Mr. Gregory has served as our sole President and Manager since our inception. He became President and a Director of TIO, our affiliate, in March of 1996 and continues to hold those positions. Mr. Gregory also served as President and a Director of The Virtual Office, Inc., from its inception until it merged with TIO in January, 2002. For at least five years prior to the date of this Offering Circular, Mr. Gregory has also served as President of numerous companies founded by him: Wolverine Towers, Inc., a Michigan company that owns radio towers (^1992 ^to present); Grand River Equities, Inc., a Michigan co-generation company (1990 to 2005); and Grand River Communications, Inc., an Indiana company owning radio towers in Indiana and Michigan (^1990 ^to 2005). From 1992 to 2002 Mr. Gregory also ^managed a yacht brokerage company, Superbrokers, Inc.^ In 2005, Mr. Gregory became a member of the New York Stock Exchange.

Broker: Franchise Marketing Associates, Ltd.

President: Dennis A. Ballen, CFE

Mr. Ballen has served as the President of Franchise Marketing Associates, Ltd., a consulting and franchise sales company located in Paramus, New Jersey, since its inception in September 1998. From 1990 through August 1998, Mr. Ballen was the President of Trading Places, Ltd., a consulting and franchise sales company located in New York City. We retained Franchise Marketing Associates, Ltd. in March 1999, to sell franchises for us throughout the United States and foreign countries. Mr. Ballen earned his Certified Franchise Executive status from the International Franchise Association in 2006.

Director of Operations: Greg Brooks

Mr. Brooks has been our Director of Operations since January 2004. From September 2003 to December 2003, he was our Franchise Operations Manager and from June 2003 to August 2003, he was our Office Coordinator. From February 1998 until May 2003, Mr. Brooks was a principal in Redstar Productions, a music event production company located in Santa Barbara, California.

Director of Technology: Micah Turnquist

Mr. Turnquist has been our Director of Technology since July 2003. From August 2002 to June 2003, he was a Remote Receptionist for our affiliate TIO. From March 2001 until June 2002, Mr. Turnquist was Resident Services Manager for Brent Tree Apartments, Inc. in Centreville, Virginia. From June 2000 to February 2001, he was a Receptionist for Centreville Animal Hospital, also located in Centreville, Virginia.

ITEM 3

LITIGATION

No litigation or arbitration 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

Except as described below in this Item, an initial franchise fee of $48,000 is payable to us in full when you sign the Franchise Agreement. △If you decline to develop a site after we have approved it, at our option we may terminate your Franchise Agreement and refund a portion of your initial franchise fee△. Otherwise, the initial franchise fee is nonrefundable under all circumstances.

^^ At the time you sign the Franchise Agreement, you also execute a Technology Systems Installation^, Integration and License Agreement ("**Systems Agreement**"), attached to this Offering Circular as Exhibit C. In addition to the initial franchise fee, you must also pay us $70,000 ("**Technology Charge**") under the Systems Agreement for the telecommunications equipment and computer hardware and software ("**Technology Systems**") and related system installation, configuration, integration and license charges. The amount of the Technology Charge you pay us may increase or decrease by as much as 10% if your INTELLIGENT OFFICE Center is larger or smaller than a typical Center or when other factors cause the amount or type of Technology Systems needed for your Center to vary from a typical Center. One-half of the Technology Charge is paid to us at the earlier of the time of your Technology Systems order or on your first day of attendance at our initial training program, and the remaining one-half is paid just prior to shipment of the Technology Systems to your Center. See also Item 7, Note 7. Out of the Technology Charge, we pay our third party vendors for the Technology Systems that will be installed at your Center by our employees or our other designated technology specialists. The Technology Charge is nonrefundable once paid. We do not now, but reserve the right in the future, to license our own proprietary software for operation of a Center and to charge you a license fee for the same.

Before opening your INTELLIGENT OFFICE Center, you will also incur costs of between $125,000 and $160,000 for carpeting, mailboxes, light fixtures, key padlock, folding wall, furniture and artwork, all of which you may purchase from us as an equipment package. If you purchase these items from us, 50% of this amount is paid when you place the order; the remaining amount is paid promptly upon receipt of an invoice from us, which invoice will be delivered just prior to shipment of the items in the equipment package. See also Item 7, Notes 5 and 6. So long as items otherwise meet our standards and specifications, these items may also be purchased from third-party suppliers that we must first approve before you purchase from them. See Item 8. These costs are nonrefundable once paid.

If you qualify and are approved by us to purchase and operate three or more Centers, you must execute an Area Development Agreement. When you sign the Area Development Agreement, you also sign the Franchise Agreement and pay the full initial franchise fee for the first Center to be developed. At that time, you also pay $24,000 of each $48,000 initial franchise fee for the remaining Centers to be developed under the Area Development Agreement. The balance of the initial franchise fees for the second and subsequent Centers to be developed will be due on the earlier of (1) 180 days prior to the date set forth in the Area Development Agreement which corresponds to the deadline for the development of the Center, or (2) the date you sign a Franchise Agreement and lease (or close on the purchase) for the premises on which the Center will be located. The Systems Agreement is signed and one-half of the Technology Charge is paid at the same time that you pay the balance of the initial franchise fee for the second and subsequent Centers to be developed under an Area Development Agreement. If you desire to extend the development schedule in Section 3.1 of the Area Development Agreement and we consent, you must pay us a $12,000 ^extension fee multiplied by the number of undeveloped Centers referenced in the Area Development Agreement, Section 3.1 (Development ^Obligations) at least 60 days prior to the date of the next Center development deadline referenced in the development schedule. See also Item 6. All fees under the Area Development Agreement are nonrefundable once paid.

As an alternative to developing three or more Centers under an Area Development Agreement, if you plan to develop only two Centers, you may sign both Franchise Agreements at the same time and pay the initial franchise fee for each Center. These fees are nonrefundable. We will extend the development schedule in the Franchise Agreement for the second Center to be developed and the Technology Charge will be deferred until the time as the Technology Systems for the second Center are ordered.

Except as outlined in this Item 5, all franchisees currently acquiring a franchise pay the same initial franchise ^fees and Technology Charge. No fees are collected by or for a third party.

ITEM 6

OTHER FEES

Name of Fee[4]	Amount	Due Date	Remarks
Royalty[1]	5% of Gross Revenues	Payable monthly, on the 10th day of the month based on Gross Revenues of the immediately preceding month	Gross Revenues include all revenue from the Center, such as all dues, fees, rents and rent security deposits paid by clients, whether for cash or credit. Gross Revenues do not include taxes paid and are reduced by the amount of any rent security deposit returned to a client. We reserve the right upon 30 days written notice to you to require payment of the Royalties by electronic ^funds transfer ("EFT") that we initiate and if you delay or otherwise fail to cooperate in the process, we charge you a monthly processing fee of $100 until your payment method is by EFT.
Interest and Late Fees[1]	Lesser of 1.5% per month plus a $150 late fee, or highest rate of interest allowed by law	Late fee automatically assessed; interest on demand	Interest begins to accrue the day after payments and reports are due to us. The late fee is due the day after the payment or report is due to us.
^Creative Fund Contribution[1]	Currently $250 per month; may increase annually based on increases in the Consumer Price Index ("CPI")	Payable monthly, on the 10th day of each month	Used primarily for creation and production of advertising materials for marketing the Centers. See Item 11. Our company-owned Centers contribute the same as franchised Centers. If we develop advertising and promotional materials, in addition to this amount we can also pass any reproduction costs for your orders on to you. We reserve the right upon 30 days written notice to you to require payment of the ^Creative Fund Contribution by ^EFT in the same manner as described for royalties.
Local Advertising Allocation[2]	^Currently $60,000 ^per year^; may increase annually based on increases in the CPI	As incurred. We do not collect this amount; it is retained by you for use in your local area	This is for the placement of local ^media and is in addition to ^your Creative Fund Contribution^. You must report to us each calendar quarter^ your expenditures^. The report is due on or before the 10th day after the end of each calendar quarter. This amount does not include amounts you must spend on required directory listings (e.g., Yellow Pages) for your Center. If we establish a regional ad ^group which includes your Center, all or a portion of your ^Local Advertising Allocation may be reallocated to the ^regional ad group. Franchised and company-owned Centers will each have one vote in these ^regional ad groups. See also Item 11.

Name of Fee[4]	Amount	Due Date	Remarks
Regional Ad Fees[2]	May vary, with recurring contributions up to the greater of $60,000,[5] reduced by any continuing Local Advertising Expenditure	Usually on a monthly basis, based on prior month's Gross Sales, or as directed by the Regional Ad Group	We decide when it is appropriate to form a Regional Ad Group in any particular region. Our Centers in the region will contribute on the same basis as franchised Centers. See Item 11 for more information on Regional Ad Groups. The $60,000 amount is subject to increase annually based on any increase in the Consumer Price Index, but only at our option and on prior reasonable notice.
Advertising Material Fee[1]	Will vary depending on cost of advertising and promotional materials developed, if any	As incurred	If we develop advertising and promotional materials, we may, at our option, pass the cost on to you or charge the △Creative Fund.
Costs of Inspection and Audit[1]	Varies according to your location	15 days after receipt of our notice to you of any underpayment	Payable only if you understate your Gross Revenues by more than 2%, do not submit reports to us or do not cooperate in performance of inspection and audit.
△Technology Systems Maintenance Fee	Based on hourly use; currently charged at $60 per hour during regular business hours, plus expenses	Monthly, by the 10th day of the month, based on use in the previous month	We perform △Technology Systems maintenance services only on your request and only by prior arrangement. You pay an hourly rate plus travel and living expenses if our technicians travel to your Center.
Transfer Fee[1]	The greater of $12,000 or 25% of then current initial franchise fee	Before effectiveness of transfer	Payable when the franchise agreement, interest in the Center or the franchise is transferred by you. The transferee is charged no additional initial franchise fee. If you transfer undeveloped franchise rights under an Area Development Agreement, for each undeveloped franchise right transferred, you pay 50% of the then current Transfer Fee per Center.
Training Program Expenses[2,3]	Traveling and living costs associated with attending mandatory training sessions	As incurred	Initial training is free for up to three people, except for these costs. We may require additional training at other times.
Costs and Attorneys' Fees[1]	Will vary depending on nature of dispute	As incurred	Payable only if you lose a dispute involving us and you; we pay your costs and attorneys' fees if we lose such a dispute.
Indemnification Under Franchise Agreement[1]	Will vary depending on nature of the claim against us	As incurred	You have to reimburse us if we are held liable for claims resulting from you or your Center.
Payments for Items Supplied by Us[1]	Current published prices	As incurred	We charge you for items you purchase through us.
Insurance Premiums[1]	Will vary depending on your location and insurer	As incurred	If you do not pay your insurance premiums, we have the right but not the obligation to pay them for you and you must reimburse us.
Additional Initial Training [1,3]	Then current published tuition	As incurred	We charge tuition for additional initial training.

Name of Fee[4]	Amount	Due Date	Remarks
Development Schedule Extension Fee[1]	$^12,000, multiplied by the number of undeveloped Centers	60 days prior to next Center development deadline referenced in development schedule	Under the Area Development Agreement, extends the development schedule for each Center not yet developed an additional six months. ^
Site Evaluation and Lease Review Fee[1]	$^5,000 per trip to your Territory, paid in advance, plus our out-of-pocket expenses	$5,000 prior to Franchised Location approval, out-of-pocket expenses as incurred	Payable if you use other than our current approved supplier of site evaluation and lease review services. See Items 7 and 8.

1 Fees which we charge and must be paid to us. We may increase our fees for some of these items. We do not refund these fees.

2 Fees which are not paid to us but are not refundable.

3 Expenses associated with travel, meals and lodging while attending the initial training sessions. All of these expenses are payable to third parties. These expenses will vary according to where you stay, where you eat and how far you have to travel. We will train three people and even more if there is space available at the training session you wish to attend.

4 With the exception of the Development Schedule Extension Fee, these fees apply to each Center developed under an Area Development Agreement.

5 Franchises purchased prior to the date of this Offering Circular may be capped at a lower amount. Therefore, if your Center is located in a market with Franchisees who purchased franchises in past years, the maximum regularly recurring contribution to a Regional Ad Group may be capped at a lower amount.

ITEM 7

INITIAL INVESTMENT

Expenditures	High	Low	When Due	Method of Payment	Whether Refundable	To Whom Payment Is To Be Made
Initial Franchise Fee (See Note 1)	$48,000	$48,000	At signing of Franchise Agreement	Lump Sum	No, except at our option if you decline to develop an approved site	IOS or a portion directly to the supplier of design services
Space Design and Plan; Other Architectural Services (See Note 2)	^20,000	^15,000	Before Opening	As incurred	No	Designated Designer, Architect & Engineers; Other Suppliers
Site Evaluation and Lease Review (See Note 3)	10,000	0	Before opening	^In ^advance	No	IOS
Leasehold Improvements (See Note 4)	^120,000	^40,000	Before Opening	As incurred	No	Other Suppliers
Fixture Purchases (See Note 5)	60,000	45,000	Before Opening	As incurred	No	IOS or Other Suppliers
Furniture and Artwork (See Note 6)	100,000	80,000	Before Opening	^50% at time of order; 50% prior to shipment	No	IOS or Other Suppliers
Telecommunications and Computer Equipment (See Note 7)	^70,000	^70,000	Before Opening	^50% prior to training; 50% prior to shipment	No	IOS
Office Equipment, Supplies and Plants (See Note 8)	19,050	6,750	Before Opening	^50% at time of order; 50% prior to shipment	No	Other Suppliers
Security Deposits, Utility Deposits and Business Licenses (See Note 9)	30,000	15,000	Around Opening	As incurred	Deposits are refundable; Business licenses are not	Other Suppliers
Initial Ad Campaign	10,000	5,000	After Opening	As incurred	No	IOS and Other Suppliers
Initial Training, Travel and Living Expenses (See Note 10)	4,000	1,500	Before Opening	As incurred	No	IOS and Other Suppliers
Additional Funds (See Note 11)	150,000	100,000	As incurred	As incurred	No	Other Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (See Note 12)	^$641,050	^$426,250				

^Explanatory Notes

Note 1: Initial Franchise Fee. If you qualify and elect to sign an Area Development Agreement, when you sign the Area Development Agreement, you must initially pay the entire initial franchise fee for the first Center, plus $24,000 of the initial franchise fee for each additional Center to be developed under the Area Development Agreement. The remaining half of the initial franchise fee for subsequent Centers is due later. This item includes payment for space planning and design services. See Item 5.

Note 2: Space Design and Plan; Other Architectural Services. ^This estimate includes $10,000, which you must pay to Farrell & Associates, the architectural design firm that we have chosen to provide space design and plans for every Center. Their work includes an interior analysis of your proposed Center, layout design and a space plan for up to 8,500 square feet. The additional amount in the chart is an estimate of what you must pay a local architect and engineer for construction drawings, local approvals and construction oversight^, including costs to have blueprints and design specifications approved for your locale^. Farrell & Associates must pre-approve in writing all design changes^ by your local architect, and their charges may increase if, in their determination, significant changes to final drawings are required beyond what is customary. See also Item 8.

Note 3: Site Evaluation and Lease Review. If you use other than our current approved supplier of site evaluation and lease review services, you must pay us $^5,000 per visit to your Territory, plus our out-of-pocket expenses, to assist you and your selected supplier of these services in connection with site evaluation and lease approval. See Items 6 and 8.

Note 4: Leasehold Improvements. If you do not already own or lease a suitable location for the Center, then you will need to purchase or lease suitable facilities. We estimate that you will require approximately ^5,000 to ^7,500 square feet of office space for the operation of a Center, however, other sizes may be acceptable. ^The estimate in the chart assumes that your landlord is giving you a tenant finish allowance of $30 to $40 per square foot and only includes your costs over and above the tenant finish allowance for leasehold improvements. We do not recommend, and may not approve, a Franchised Location proposed for lease if the tenant finish allowance is less than $20 per square foot. The low end estimate in the above chart applies to a "build-to-suit" lease under which the landlord pays most of the leasehold improvement costs. Typically Centers contain approximately ^15 private offices. If the number of private offices exceeds or is less than ^15, the combined estimates in the chart for Leasehold Improvements, Fixture Purchases, and Furniture and Artwork will increase or decrease, as the case may be, by approximately $^6,000 per office. The cost per square foot of office space varies considerably depending on the location and market conditions affecting commercial property. ^ The leasehold improvements typically necessary include interior remodeling, painting, wall covering, HVAC, plumbing, data wiring and other electrical, interior blinds, signboard, fixture installation and various other improvements. Many of these improvements are made by the landlord under a tenant finish allowance or are factored into your lease. ^Your continuing rental rate will be based in part on the leasehold improvement costs paid by the landlord. See Notes 8 and 10 below for information regarding lease deposit and monthly rent expenses.

If you elect to purchase the property for your Center, we are unable to estimate the cost per square foot of commercial space due to significant variances based on location and market conditions. Therefore, property purchase is not included in the above chart.

_____Note 5: **Fixtures**. Fixtures for the Center include carpeting, mailboxes, folding wall, lighting fixtures, key padlock and printer, and a key box. All of these fixtures are available in our equipment package. See Item 5. The low range estimate for fixture purchases in the chart reflects what you pay for fixtures if you purchase them as a part of our equipment package. Fixture installation and any other fixtures needed for your particular Center are included in the above estimate for leasehold improvements.

Note 6: Furniture and Artwork. Your Center must be furnished and decorated based on our décor standards and specifications. Furniture will include reception area furniture, reception desk, office desks, chairs, conference room tables, artwork and miscellaneous other furniture. If you purchase the furniture and artwork as a part of the equipment package available through us, you will pay approximately the amount listed as the low range estimate in the above chart. See Item 5 for more information on the equipment package.

Note 7: Telecommunications and Computer Equipment. This ^amount is paid to us and covers equipment ^costs and ordering, installation, integration, configuration and licensing of the Technology Systems for your Center, including PBX, phones, voice mail, computer hardware, an uninterrupted power supply system, tape backup, hub, firewall, routers, equipment rack, modem and software. See Item 5 and Item 11 for more information.

Note 8: Office Equipment, Supplies and Plants. A Center must be equipped with the necessary office equipment, paper goods, office supplies, decorative plants and other supplies necessary to operate your Center consistent with our standards and specifications. The estimates in the above chart include costs for a copier ($4,750 (used) to $15,000) a plain paper fax machine ($500 to $1,000) and a leased postage meter. Plants will cost between $1,500 and $3,000.

Note 9: Security Deposits, Utility Deposits and Business Licenses. Security deposits range from nothing to one months' rent; utility deposits range from a nominal amount to approximately $1,000 and business licenses range from approximately $100 to $1,000, depending on your location.

Note 10: Initial Training (Travel and Living Expenses). Your travel and living expenses when you attend our initial training program vary depending on the length of your instruction, the distance you must travel and the standard of living you desire while you attend the program. See Items 6 and 11. You or a designated employee ("**Principal Operator**") must successfully complete the initial training program. See Item 11.

Note 11: Additional Funds. This estimates your other pre-operational expenses, which we have not listed above, as well as working capital necessary for the first three months of your business operations. This does not include an estimate of any additional funds necessary for working capital beyond this period. These figures are estimates and IOS cannot guarantee that you will not have additional expenses starting the business. Your costs depend on factors such as: how well you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during this initial period. This item includes a variety of expenses and working capital items during your start-up phase such as legal and accounting fees, advertising, insurance, rent (^assuming a Center between ^5,000 to ^7,500 square feet and a rate of $^20 to $^40 per square foot, your monthly rent will vary between $^8,500 and $^21,000 per month). If you locate your Center in a large metropolitan area, or your landlord gives you a tenant finish allowance which is built into your monthly rental rate, the rental rate may exceed $^40 per square foot and result in a monthly rental payment in excess of the above estimate. You should investigate the rental rates in the area where you propose to locate your Center.), equipment lease payments, equipment warranty costs, employee salaries, and other miscellaneous costs. However, this item excludes your salary.

Note 12: Basis For Estimates; Financing. We relied on our over △11 years experience operating Centers when preparing these figures. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. We do not offer financing of the initial franchise fee or any other fees you incur in connection with your franchise. The availability and terms of financing from independent third parties depends on factors such as the availability of financing generally, your credit worthiness, other security and collateral you may have and policies of lenders.

If you sign an Area Development Agreement, you will incur the costs described in the chart for every△ INTELLIGENT OFFICE Center developed.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Operations.

Your Center must be established and operated in compliance with your Franchise Agreement. It is mandatory that you comply with the standards and specifications contained in an operations manual we provide to you, in the form of one or more manuals, technical bulletins or other written materials (“**Operations Manual**”), which we may modify. We provide you with our standards and specifications for almost all of the services offered at or through your Center and for the Franchised Location, equipment, computer software, furniture, fixtures, décor, supplies, forms, advertising material and other items used at your Center.

Center Lease, Design and Build-Out.

We must approve your lease or sublease (“**Lease**”) for the Franchised Location of your Center before you sign the Lease. You will deliver a copy of the signed Lease to us within 15 days after you sign it. We require that you collaterally assign the Lease to us as security for your timely performance of all obligations under the Franchise Agreement and obtain the lessor’s consent to the collateral assignment. A copy of our standard form Collateral Assignment of Lease is attached to this Offering Circular as Exhibit D. See Item 7.

The primary lease must contain certain provisions granting us certain rights, as your franchisor, including:

- (i) The initial term of the lease, or the initial term together with any renewal terms (for which rent must be specified in the lease) must be for at least 20 years;
- (ii) The lease must give the landlord's consent to your use of the Marks and signage which we initially prescribe for the Center;
- (iii) We must have the right to enter the premises to make any modification necessary to protect the Marks and the System;
- (iv) We or our designee, without the landlord's approval, must have the option to assume your occupancy rights under the existing lease terms and have the right to assign the lease or sublet the premises, for the remainder of the lease term, if you are in default under the lease or the Franchise Agreement or if the lease or Franchise Agreement is terminated;
- (v) Your lessor must agree to provide us with a notice of default and an opportunity to cure any default; and
- (vi) The lease must contain a use provision which is acceptable to us.

^As noted above, the designated architectural design firm for space design, planning and layout for the Center is Farrell & Associates, of Garden City, New York^. You must engage Farrell & Associates, and pay them directly, for your initial design and space planning drawings. All changes to your Center design and layout proposed by ^your chosen local architect, must be approved in writing by ^Farrell & Associates prior to implementation. The $10,000 design fee paid to Ferrell & Associates includes two hours of design consultation with you. You will pay Farrell & Associates $125 per hour or the then current rate for additional consultation regarding design changes or other matters. See ^also Item 7.

Our currently approved national tenant broker is Diversified Investment of Adventura, Florida. Diversified Investment assists you in site evaluation and lease review. If you choose to use a ^tenant broker other than Diversified Investment, or you decline to use any tenant broker, we charge you a fee per visit to your Territory plus our out-of-pocket expenses^, to perform or assist in site evaluation and lease review. See Items 6 and 7.

Telecommunications and Computer Equipment.

Each of our franchisees ^must purchase from us and must use the Technology Systems that we install, integrate and configure for you at your Center, through our employees or other designated technology specialists. The Technology Systems include PBX, phones, voice mail, computer hardware, an uninterrupted power supply system, tape backup, hub, firewall, routers, equipment rack, modem and software that we have purchased through third party vendors not affiliated with us. We are the only approved ^source for these items and services. We derive revenue from the sale of the ^Technology Systems and from the related installation, configuration and integration services^. You must provide us with 24/7 electronic, remote access to the Technology Systems and the information contained in the Technology Systems, including all servers, the PBX and accounting systems. You will sign our ^Technology Systems Installation^, Integration and License Agreement, attached to this Offering Circular as Exhibit C, ^and pay the Technology Charge, prior to our ordering, installation, integration and configuration support. Technology Systems maintenance can be performed by your own technical support persons, if they are certified by us, or by other sources approved by us. See also Items ^5, 6, 7 and ^11. We estimate that the cost for the Technology Systems and the related installation, configuration and integration service ranges from approximately 10% to 20% of your total cost of establishing your Center and approximately 1% or less of your total cost of operating your Center after that time.

Other Purchases From Designated or Approved Sources.

We also require that you purchase or lease the rest of your equipment, furniture, fixtures, products, supplies and services used or leased through your Center only from suppliers approved by us in advance. You may purchase or lease equipment, furniture, fixtures, supplies and services meeting our standards and specifications from us or any source approved by us. We will sell you our equipment package, including fixtures, furniture, artwork, telecommunications equipment, computer hardware and software needed to operate your Center. See Items 5, 7 and 11. After you pay your initial franchise fee, we make available to you our equipment package, as well as a list of our approved suppliers, the standards and specifications for services to be provided by you through your Center, and our criteria for approving a supplier. ^Currently, we are not affiliated with any of our approved third-party suppliers. In the fiscal year ended December 31, ^2005, we received revenue from the sale or lease of products and services directly from us to franchisees ^(inclusive of the Technology Systems discussed above) of $1,949,494 or 69% of our total revenues of $^2,826,531. We estimate that the costs of your total purchases from designated or approved sources, or according to our standards and specifications (including the Technology Systems and related costs described in the preceding paragraph), may range from 65% to 85% of the total cost of establishing your Center and less than 5% of the total cost of operating your Center after that time.

△

If you want to purchase or lease any equipment, furniture, fixtures, supplies or services that we have not approved, you will need to notify us and obtain our approval in advance. The notification should include sufficient specifications, photographs, drawings, other information or samples to determine whether those items or those suppliers meet our specifications. We have 60 days to approve or disapprove of an item or a supplier. In the event we do not respond to your notification requesting approval, such failure to respond shall be deemed a disapproval of your request for approval. We will not unreasonably withhold our approval of an item or a supplier of your choosing, if the item or supplier meets our published standards and specifications. We reserve the right to change the published standards regarding any approved supplier or any equipment, furniture, fixtures, products, supplies or services used, offered for sale or leased by franchisees upon 30 days written notice to all franchisees and all approved suppliers.

We have no purchasing or distribution cooperatives. Periodically, we negotiate purchase arrangements with suppliers for the benefit of our franchisees. During our fiscal year ended December 31, △2005, we received no payments from suppliers on account of their dealings with you or other franchisees, but we reserve the right to receive payment in the future. We may, in our discretion, either retain the credit of any volume discounts or rebates received, contribute them to the△ Creative Fund or forward them to you.

We do not provide material benefits, such as renewal advantages or granting additional franchises, to franchisees based on their use of designated or approved sources or suppliers.

Advertising and Marketing.

All marketing and promotion of your INTELLIGENT OFFICE Center must conform to our standards and specifications. You must submit to us samples of all advertising and promotional materials that have not been prepared or previously approved by us. Your Center must participate in promotions we institute from time to time for all INTELLIGENT OFFICE Centers, or all Centers within your particular market area. We retain the right to develop and control all advertising using our Marks on the Internet and any use of a domain name for the business conducted by or through your Center. We reserve the right, upon 30 days prior written notice to you, to require that you participate in electronic advertising by creating, customizing or providing access to a linked web page or otherwise. The only website or webpage you can maintain for your Center and for the business conducted by and through the Center is by link to our website at www.intelligentoffice.com. We also reserve the right to charge you a fee for access to certain electronic or other communication services we provide or make available to you which may include a reasonable profit to us for these services.

Insurance.

You must maintain certain types and amounts of insurance coverage described in the Franchise Agreement, attached as Exhibit B, or as may be described in the Operations Manual. If you fail to purchase this insurance, we may obtain insurance for you and you must reimburse us for the cost of the insurance. Upon reasonable notice to you, we may change the types and amounts of insurance you must maintain based on what is reasonable and customary in similar businesses. All insurance policies must name us as an additional insured and give us at least 30 days prior written notice of cancellation or amendment. You also must provide us with certificates of insurance evidencing your insurance coverage before the opening of your Center. You must furnish us with copies of all required insurance policies or other evidence of insurance coverage and payment of premiums as we request from time to time.

ITEM 9

FRANCHISEE'S OBLIGATIONS

THESE TABLES LIST YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT AND OTHER AGREEMENTS. THEY WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

Obligation	Section in Agreement	Item in Offering Circular
(a) Site selection and acquisition/lease	Sections 5.1 and 5.2 of Franchise Agreement; Sections △3.4 and 3.5 of Area Development Agreement	Items 7, 8, 11 and Exhibit E
(b) Pre-opening purchases/leases	Sections 5.2, 5.3, 5.4, 5.5 and 5.6 of Franchise Agreement	Items 5, 6, 7 and 8
(c) Site development and other pre-opening requirements	Sections 5.3, 5.4, 5.5 and 5.6 of Franchise Agreement	Items 7, 8 and 11
(d) Initial and ongoing training	Article 6 of Franchise Agreement	Items 6, 7 and 11
(e) Opening	Section 5.7 of Franchise Agreement	Item 11
(f) Fees	Sections 4.1, 5.2, 5.3, 5.5, 12.2, △12.3, 12.4 and Article 11 of Franchise Agreement; Article 2 and △Sections 3.1 and 3.2 of Area Development Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies/Operations Manual	Articles 8 and 13 of Franchise Agreement	Items 8, 11 and 14
(h) Trademarks and proprietary information	Article 14 of Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Sections 13.3, 13.4 and 13.5 of Franchise Agreement	Items 8, 11 and 16
(j) Warranty and customer service requirements	None	None
(k) Territorial development and sales quotas	None - Franchise Agreement; Sections △1.1 and 3.1 of Area Development Agreement	Item 12
(l) On-going product/service purchases	Sections 10.1, 13.3, 13.4 and 13.5 of Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Section 10.1 of Franchise Agreement	Item 11
(n) Insurance	Article 21 of Franchise Agreement	Items 7 and 8
(o) Advertising	Article 12 of Franchise Agreement	Items 6, 7 and 11
(p) Indemnification	Section 19.3 of Franchise Agreement; Section 7.2 of Area Development Agreement	Item 6

Obligation	Section in Agreement	Item in Offering Circular
(q) Owner's participation/management/staffing	Section 10.1 of Franchise Agreement	Items 11 and 15
(r) Records and reports	Article 15 of Franchise Agreement	Items 6 and 8
(s) Inspections/audits	Sections ^13.2 and 15.3 of Franchise Agreement	Item 6
(t) Transfer	Article 16 of Franchise Agreement; Article 5 of Area Development Agreement	Item 17
(u) Renewal	Article 17 of Franchise Agreement	Item 17
(v) Post-termination obligations	Sections 18.4, 20.2 and 20.3 of Franchise Agreement; Section 4.4 of Area Development Agreement	Item 17
(w) Non-competition covenants	Article 20 of Franchise Agreement; Article 6 of Area Development Agreement	Item 17
(x) Dispute resolution	Section 22.1 of Franchise Agreement; ^Section 8.1 ^of Area Development Agreement	Item 17

ITEM 10

FINANCING

You are eligible for expedited and streamlined Small Business Administration ("**SBA**") loan processing through the SBA's Franchise Registration Program. See www.franchiseregistry.com.

Except as set forth above, neither we nor any agent or affiliate currently offer, directly or indirectly, any financing arrangements to you, nor do we guarantee any lease or other obligations for you. We may in the future, however, recommend a third party lender to you. We do not receive any benefit, monetary or otherwise, from any recommended lender. We cannot estimate whether you will be able to obtain financing for any part or all of your investment and, if so, the terms of the financing, which will depend on your creditworthiness and other factors. We do not have any past or present practice or intention to sell, assign or discount to any third party, in whole or in part, any note, contract or other instrument signed by you.

ITEM 11

FRANCHISOR'S OBLIGATIONS

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

Pre-Opening Assistance

Before you open your Center, we will:

1. Designate your Protected Territory (Section 3.2 and Exhibit I to Franchise Agreement); Designate your Development Area (Section 1.1 of Area Development Agreement).

2. Assist you in locating the site for your Center by providing you with written criteria for an acceptable site. Unless otherwise agreed in writing, we require that you locate and obtain our approval of an office space for the Franchised Location within 180 days of signing the Franchise Agreement and that you open your Center for business within nine months of signing the Franchise Agreement. We must approve of the location. No contractual limit exists on the time it takes us to approve or disapprove your proposed location. However, we typically take no more than 15 days to approve or disapprove your location, and we will extend your development deadlines when circumstances beyond your reasonable control delay the site selection and approval process. If you refuse to develop your Center on a site after we have approved it, we may terminate your Franchise Agreement and refund a portion of your initial franchise fee, at our option. See Item 5. (Sections 5.1 and 7.1.b. of Franchise Agreement).

3. Provide you with our standards and specifications for the leasehold improvements, layout, design, decoration, color schemes, signs, furniture, office equipment, telecommunications equipment and computer hardware and software for the Center. You must purchase through us the Program and related systems installation, configuration and integration services. We must approve of the Lease before you enter into it and of your construction plans and specifications before construction begins. In addition to the portion of your nonrefundable initial franchise fee that we pay to our architectural design firm, Farrell & Associates, you are responsible for the cost of any architectural designs and drawings that you obtain and for the costs related to modifying any plans that our designated designer may provide to you, and for the costs of construction of leasehold improvements. (Sections 5.2, 5.3, 5.4, 7.1.c. and 7.2 of Franchise Agreement).

4. Provide you with advice regarding the selection of suppliers of furniture, equipment, items and materials used and services offered for sale in connection with your Center. We will provide you with the opportunity to purchase our equipment package, described in Items 5, 7 and 8, and with a list of approved third-party suppliers, if any, of such furniture, equipment, items and materials, and, if available, a description of any regional or central purchase and supply agreements offered by such approved suppliers for the benefit of ^INTELLIGENT OFFICE franchisees. (Sections 7.1.d. and 13.4 of Franchise Agreement).

5. Before your Center opens, we furnish an initial training program. (Article 6 of Franchise Agreement).

6. Loan you one copy of our confidential and proprietary Operations Manual, covering^ INTELLIGENT OFFICE specifications, standards and operating procedures and Client relationships and information about your obligations in this regard. (Section 8.1 of Franchise Agreement).

7. Assist you in determining your initial marketing plans and advertising campaign. (Section 12.2 of Franchise Agreement).

Continuing Assistance

During the operation of your Center, we:

1. Upon your reasonable request, consult by telephone, facsimile or electronic mail regarding the continued operation and management of your Center and advise you regarding telecommunications equipment and services, office needs, Client relations, billing and collections and supplier relations issues and similar advice. (Section 9.1.a. of Franchise Agreement).

2. Provide you with access to advertising and promotional materials that we may, but are not required, to develop. We may, at our option, pass the cost of the advertising and promotional materials on to △the△ Creative Fund, which we administer in our sole discretion, and the cost of reproducing any of the materials for your orders on to you. (Article 9.1.b. of Franchise Agreement).

3. Provide additional training courses, as often as we determine, on new methods, equipment, services and office products. (Section 9.1.c. of Franchise Agreement).

4. Provide you with on-going updates of information and programs regarding the Centers, △the INTELLIGENT OFFICE concept and the System, as often as we determine, including information about special or new services or office equipment products which we may develop and make available to franchisees. (Section 9.1.d. of Franchise Agreement).

5. Maintain a telephone number and an electronic mail address for your technical support questions, Technology Systems maintenance, repair and trouble-shooting issues and related questions. We charge you an hourly rate for use. (Section 9.1.e of Franchise Agreement).

6. Train replacement or additional Principal Operators during the term of the Franchise Agreement. You are responsible for all travel and living expenses incurred by your personnel during the training program. We will only offer training to replacement or additional Principal Operators if space is available during regularly scheduled training programs. (Section 9.2 of Franchise Agreement).

△Advertising

△Local Advertising. In addition to the monies spent upon the initial advertising and promotional campaign described in Item 7 above, you must spend, at a minimum, during △each year after your Center opened for business,△ $60,000 ($15,000 per quarter) △on local advertising. We reserve the right to obtain from you an accounting of your local advertising expenditures△, within 10 days after the end of each calendar quarter, showing how you spent the applicable percentage of your Gross Revenues or the applicable flat amount, averaged over that calendar quarter. You may create your own advertising and promotion materials; however, all advertising and promotion by you must be in such media and of such type and format as we may approve, must be conducted in a dignified manner and must conform to the standards and requirements as we may specify. You may not use any advertising or promotional plans or materials, including electronic or Internet advertising, unless and until you have received written approval from us. You must purchase local advertising separately through local marketing and media sources within a geographical area. Local advertising is your responsibility. We reserve the right to advertise on the Internet and to require your assistance in the development of Internet advertising, including use of your street address and pictures of your Center.

△Creative Fund Contribution. Your△ Creative Fund Contribution of $250 each month is payable to us with the payment of the Royalty, within 10 days following the end of each calendar month. We deposit the △Creative Fund Contributions from all Centers in a bank account separated from our operating account ("△**Creative Fund**"). All company-owned Centers pay into the △Creative Fund on an equal basis with all franchised Centers. If you request it, we will send you an annual, unaudited financial statement for the △Creative Fund which indicates how the △Creative Fund has been spent during the previous calendar year. Because we do not have the △Creative Fund audited, audited financial statements for the △Creative Fund are not available to franchisees. However, you may review the books for the △Creative Fund upon your reasonable request.

We administer the △Creative Fund in our sole discretion. We may use the △Creative Fund for the creation and production of advertising materials, market research, public relations, website development and updating, Internet advertising, related costs paid to third parties, and other advertising and marketing activities, including soliciting large accounts from organized groups whose members are potential Clients of △INTELLIGENT OFFICE Centers, such as a seller of home-based business opportunities. We do not spend the △Creative Fund's money on soliciting franchisees or media placement.

We may reimburse ourselves from the △Creative Fund for administrative costs, salaries, and overhead expenses related to administering the △Creative Fund. In any fiscal year we may spend an amount greater or less than the aggregate contribution of all Centers to the △Creative Fund in that year. The△ Creative Fund may borrow from us or other lenders to cover deficits or cause the △Creative Fund to invest any surplus for future use. Any amounts remaining in the △Creative Fund at the end of each year accrue and we apply them toward the next year's expenses. We do not guarantee that advertising expenditures from the △Creative Fund will benefit you or any other franchisee directly or on a pro rata basis. The △Creative Fund is not a trust fund, and we do not owe a fiduciary duty to you with respect to the maintenance, direction, or administration of the △Creative Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to any advertising account or for maintaining, directing or administering any advertising account. We reserve the right to terminate the △Creative Fund upon 30 days prior written notice to all franchisees and any remaining monies shall be distributed pro rata based on all Centers' contributions within the preceding 12 months.

We plan to use outside advertising agencies and personnel and in-house personnel to create advertising, including ad slicks, radio and television spots and other marketing pieces and programs. We may, in our sole discretion, elicit input on advertising from all or a group of franchisees.
△

During our most recent fiscal year, we spent 100% of the Fund's proceeds on production and related items.

Regional Advertising Association. We may, upon 30 days written notice to you, create a franchisee regional advertising association ("△**Regional Ad Group**") in the market area where you are located, at which time you must become a member of the △Regional Ad Group. If we form a △Regional Ad Group that includes your market area, you will be bound by the decisions of the majority of the members of the △Regional Ad Group regarding expenditures, assessments and dues, to the extent we approve them. If you fail to participate in the △Regional Ad Group or pay any △Regional Ad Group contributions or dues, this constitutes a material breach under the Franchise Agreement.

Each △Regional Ad Group will have the right, by majority vote, to require its members to make contributions to the △Regional Ad Group on a regular or intermittent basis of up to △$60,000 annually. The $60,000 amount is subject to increase annually based on any increase in the Consumer Price Index, but only at our option and on prior reasonable notice. We have the right to cast the deciding vote in the case of a vote that ends in a deadlock. You receive credit for all contributions and dues paid to a △Regional Ad Group toward your Local Advertising Allocation requirement. See Item 6. We must approve all advertising materials before they are used by a △Regional Ad Group or furnished to its members. Each △Regional Ad Group must prepare unaudited annual financial statements and send them to you if you request them. We have the right to determine the scope of the geographical areas included in each △Regional Ad Group. We have the right to seek reimbursement from the △Regional Ad Group for reasonable administrative costs, salaries and overhead that we may incur in implementing and administering the △Regional Ad Group and its marketing programs. We can change and dissolve the △Regional Ad Group. The △Regional Ad Group must operate under a written document which franchisees can view. Either we or the △Regional Ad Group may create the △Regional Ad Group's advertising, but advertising created by the △Regional Ad Group must have our written approval before use.

See Item 6 of this Offering Circular for more discussion of advertising.

Operations Manual

Attached to this Offering Circular as Exhibit L is the table of contents of our Operations Manual, showing its contents and the number of pages in each section.

Technology Systems

As described in Items ^5, 7 and 8 above, you must ^purchase from us and use at your Center the Technology Systems that conform to our standards and specifications. ^The continuing maintenance of the Technology Systems must also ^meet our standards and specifications. ^The Technology Systems include: (1) telecommunications equipment consisting of a PBX, phones, call accounting, T-1 line and back-up IFB line connectivity to the local phone company, CSU, UPS (uninterrupted power supply), voice mail system and wiring; and (2) computer hardware consisting of two IBM compatible workstations with a Pentium processor, printers and CTI. The PBX is the phone "brain" system that identifies the telephone lines to the computer systems. When a call comes into the Center for a particular client, a display screen immediately shows relevant information for that client to the receptionist. The screen displays the client's name, whereabouts, telephone number for the receptionist to locate the client, which calls the client wants screened, announced and connected and any messages for an incoming caller. The ^related software consists of a Microsoft NT operating system, screen pop software, client management system and accounting systems. The ^software is comprised of off-the-shelf software which is custom integrated and configured by us. You must license the ^proprietary aspects of the Technology System and purchase the related installation, integration and configuration services from us^. The manner in which the Technology Systems are installed and integrated together and otherwise configured is also our proprietary information and is a trade secret. In connection with the purchase of the Technology Systems and our provision of the related services, you sign the Technology Systems Installation, Integration and License Agreement, attached to this Offering Circular as Exhibit C^, and pay the Technology Charge. See also Items 5, 7 and 8.

You must provide us with 24/7 access to the information contained in and produced by the Technology Systems through on-line communication contact with your Technology Systems. We require that you install a modem in your Technology Systems. We require you to join and pay for an electronic network connection service to facilitate communication between you and us and among all ^INTELLIGENT OFFICE franchisees.

We may require you to purchase, install and implement updates and revisions to the ^Technology Systems. We may require you to upgrade or update your ^Technology Systems as necessary to effectively comply with our standards and specifications. No contractual limitation exists on the frequency and cost of this obligation.

Site Selection Assistance

Unless otherwise agreed in writing, you will select and acquire the location for your Center within 180 days of the date you sign the Franchise Agreement. We have a designated national tenant broker that assists you with site evaluation and lease review. See Item 8. If you do not use our designated broker, we charge you a fee per visit to your Territory plus our out-of-pocket expenses, to perform or assist in site evaluation and lease review. See also Items 6 and 7. When you have selected a location for your Center you will need to submit information to us regarding the location so that we may accept or reject the proposed location. Our assistance with the selection and approval of a location consists of providing you with criteria for a satisfactory Center location and, later, assessing whether the location fulfills the requisite criteria. We may, but are not obligated to, send our representative to your proposed location for on-site assessment. If we disapprove of any proposed site, we will grant you an additional reasonable time to obtain approval for a site. Our acceptance of a location does not infer or guarantee the success or profitability of a Center.

Schedule For Opening

We estimate that the typical length of time between the date you sign the Franchise Agreement and the date your Center opens will be approximately 180 to 270 days. The factors which may affect this time period are your ability to locate a site, secure financing and obtain a lease, as well as the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, and completing your training. On or before the date that is 90 days prior to the date you are required to commence operations of the Center, you must either: (1) execute the lease for the premises where your Center will be located; or (2) obtain title for the premises where your Center will be located. Unless a longer period is agreed to in writing, you must open your Center within nine months after you sign the Franchise Agreement. If you are developing more than one Center under an Area Development Agreement, the length of time between the date you sign the Franchise Agreement for the second and subsequent Centers and the date your second and subsequent Centers open will be approximately 120 to 210 days. Additionally, if you are developing Centers under an Area Development Agreement, you will have the ability to extend the time in which you must commence operation of the remaining undeveloped Centers upon payment of the Development Schedule Extension Fee (see Items 5 and 6) and the satisfaction of other terms and conditions of the Area Development Agreement.

Training Program

Before the opening of your Center, you are required to attend and you or your Principal Operator are required to attend and complete to our satisfaction the initial training program. We do not charge you for training up to three people (two people completing the full initial training program, plus one Office Coordinator attending the on-the-job portion of the initial training program), although you are responsible for all travel, living expenses and wages for you and your employees who attend the training session. Training program participants do not receive any compensation from us while attending the training. The training material consists of verbal, written, video, audiotaped or CD-ROM and practice in operating ^an INTELLIGENT OFFICE Center. We conduct all training in Boulder or Denver, Colorado, except for certain technology training which we provide remotely. During our most recent fiscal year, we provided the following initial classroom and hands-on training to franchisees:

Subject[1]	Hours of Classroom Training[2]	Hours of Hands-On Training[2]	Instructor Name[3]
Philosophy and Context of Franchising	1	N/A	Ralph Gregory
Planning Your Center's Growth	1	N/A	Ralph Gregory
Marketing, Advertising, Sales and Promotion	9	3	^Greg ^Brooks
Center Opening Overview	1	N/A	Ralph Gregory
Software Maintenance	1	1	^Micah ^Turnquist
Financial Planning/Goal Setting	1	N/A	Ralph Gregory
Accounting	3	N/A	TIO Staff
Telephone System	5	2.5	^Micah ^Turnquist
Voice Mail System	5	1	^Micah ^Turnquist
Personnel	2	N/A	Ralph Gregory
Client Billing and Collection	1	N/A	TIO Staff
Client Services	1	N/A	^Greg ^Brooks
Mail Services	.5	N/A	TIO Staff
Telephone Answering Procedures	N/A	4	TIO Staff
Additional Technology Systems Training	See above subjects related to Technology Systems	2	TIO Technical Staff
TOTAL	**31.5**	**13.5**	

1 We hold training classes as and when needed.

2 We provide approximately five days of classroom and hands-on training at a location designated by us, and approximately five days of on-the-job training at your Center at or around the time you open your Center for business. Hands-on training includes programming the Technology Systems which will be used at your Center. On-the-job training at your Center includes training an Office Coordinator. In addition to emphasizing Technology Systems training and use, the on-the-job training will expose you to most aspects of day-to-day Center operations.

3 Ralph Gregory, our President, is in charge of the training staff. See Item 2 ^the business experience of Messrs. Gregory, Turnquist and Brooks.

ITEM 12

TERRITORY

You may operate your Center and use the Marks and the System only at the Franchised Location. We base our approval of your proposed Franchised Location on a variety of factors, including the viability and access of the location, the demographics in the area of the proposed Franchised Location, and proximity to other Centers. If, as of the date of execution of your Franchise Agreement, you do not have a Franchised Location chosen and approved by us, we will designate, by addendum to the Franchise Agreement, an "**Assigned Area**" within which to find a Franchised Location. The designation of the Assigned Area does not in any manner grant you any continuing territorial rights in or to such Assigned Area.

We may not operate or grant any franchises for the placement of other Centers within a specified area (typically identified by the designation of street boundaries or radius from the Franchised Location) encompassing your Center ("**Protected Territory**"). An exhibit to your Franchise Agreement specifies your Protected Territory. Your Protected Territory will most likely consist of a △five mile radius from your Center if it is located in a suburb, or a one-half to one mile radius from your Center in an urban △area, depending on the demographics of the area near your Center. You may advertise your Center within or outside of your Protected Territory, and you may serve all persons who choose to become Clients of your Center. Continuation of your Protected Territory does not depend on the achievement of any specified sales volume, market penetration or other contingency. You may not change the location of your Franchised Location or the boundaries of your Protected Territory without our written consent before making the change. You have no option, right of first refusal or similar contractual right to acquire additional △INTELLIGENT OFFICE franchises within your Protected Territory or market area unless you execute an Area Development Agreement, discussed below.

Under the terms of the Area Development Agreement, we grant to you the right to establish, according to a schedule, a minimum number of Centers within a larger geographical territory (the "**Development Area**"). You must open each Center in accordance with the schedule described in the Area Development Agreement. With our prior written consent, which may be withheld in our sole discretion, you may extend the Center development schedule by six months upon payment to us of the Development Schedule Extension Fee. See Items 5 and 6. A Development Area is usually defined by city, county or street boundaries. The number of Centers to be developed may be adjusted depending on demographics and other characteristics of a Development Area, including population density, income and other characteristics of the surrounding area, natural boundaries, extent of competition and whether the proposed Development Area is urban, suburban or rural in nature.

We may not establish or franchise any other person or entity to establish Centers using the Marks and System within your Development Area for so long as your Area Development Agreement is in effect. The continuation of your right to your Development Area during the term of the Area Development Agreement, however, is dependent on meeting the Development Schedule set forth in the Area Development Agreement.

We retain the rights, among others: (1) to use, and to license others to use, the Marks and System in connection with the operation of a Center, at any location other than in the Protected Territory (and, if applicable and if you have met your development obligations, in your Development Area); (2) to use the Marks to identify and sell any type of service or product, promotional and marketing efforts or related items, which may be the same as or similar to those which you will sell, △which we may choose to make available through alternative channels of distribution (other than Centers), at any location; and (3) to use and license the use of △different proprietary marks △and methods in connection with the sale of products and services similar to those which you will sell, whether in alternative channels of distribution or in connection with the operation of a business providing advanced telecommuting and office support services at any location, which businesses are the same as, or similar to, or different from Centers (for example, if we acquire another system which provides telecommuting or office support services which uses a different name or trademark), on any terms and conditions as we determine. However, we have no present plans to establish other related franchises or company-owned businesses selling similar products or services under a different name or trademark.

ITEM 13

TRADEMARKS

We license you the right to use the Marks, including the service mark "INTELLIGENT OFFICE" and other trademarks, service marks and commercial symbols that we may authorize, in the operation of your Center.

On September 14, 1999, we obtained a registration of the INTELLIGENT OFFICE Mark on the Principal Register of the United States Patent & Trademark Office ("**USPTO**"), Registration No. 2,277,055. We have filed all required affidavits of use. On September 23, 2004, we filed an application with the USPTO for the "I INTELLIGENT OFFICE" and Design mark, Serial No. 78/488384. The mark was published for opposition on December 27, 2005 and the period for opposition has run, so we anticipate a registration of the mark in due course. As long as we do not have a federal registration of this second mark, we do not have certain presumptive rights granted by a federal registration.

The Marks are used as the sole identification of the INTELLIGENT OFFICE Center. We require that you identify yourself as the independent owner of the Center, however, in the manner we require. You may not use any of the Marks as part of any corporate or trade name, as part of an electronic mail address or on any sites on the Internet or World Wide Web, or with any prefix, suffix or other modified words, terms, designs or symbols (other than the logo licensed to you), or in any modified form, nor may you use any of the Marks to identify unauthorized products or services or in any manner not expressly authorized in writing by us. You may not use or register the Marks as Internet domain names. You must modify or discontinue your use of the Marks if we require modification or discontinuance, at your own expense.

There are no presently effective determinations of the USPTO, the trademark administrator of any state or any court, any pending interference, opposition or cancellation proceedings or material litigation involving the Marks. Except as described above, no agreements limit our right to use or license the use of the Marks.

We are not contractually obligated by the Franchise Agreement to protect you against claims of infringement or unfair competition with respect to your use of the Marks, but it is our policy to do so when, in the opinion of our legal counsel, your right to use the Marks requires protection. In such a case, we will pay all costs, including attorneys' fees and court costs, associated with any litigation required to defend or protect your authorized use of the Marks. You must cooperate with us in any such litigation.

We do not know of any infringing uses that could materially affect your use of the Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We own no registered patents that are material to the franchise. Although we have not obtained a copyright registration, we own the copyright in our Operations Manual and related materials, advertising materials and other works we license you to use. We consider our Operations Manual and related materials, our System△, our know-how△, the fully integrated Technology Systems and the manner in which the various components of Technology Systems are installed, configured and integrated, however, as our proprietary and confidential property. They may be used by you only as described in the Franchise Agreement. We require that you maintain the confidentiality of our proprietary information and adopt reasonable procedures to prevent unauthorized disclosure of our trade secrets and proprietary information.

△ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are not required to participate personally in the direct operation of your Center. If you (or your managing partner or shareholder) do not participate in the day-to-day operation of the Center, you must designate a Principal Operator to be responsible for the direct on-premises supervision of your Center at all times during its hours of operation. If you are a corporation, limited liability company or partnership, we do not require that your Principal Operator own an equity interest in the entity. You or, if applicable, the Principal Operator, must successfully complete our mandatory initial training program for a Center. See Items 6 and 11.

You and your sales coordinators and managers, including your Principal Operator, and any employee who will have access to the Operations Manual, must enter into △confidentiality and noncompetition △agreements with us (Exhibit E to this Offering Circular). We also recommend that franchisees also enter into confidentiality agreements with their employees. We make no recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

If you are a corporation, limited liability company, partnership or other entity, we may require that each of your officers, directors, shareholders, partners or members △sign an agreement (Exhibit II to Franchise Agreement) personally guaranteeing and agreeing to perform all obligations of the △Franchisee under the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may provide only those services and related products through your Center that have been approved by us and may not use your Center or the Franchised Location for any purposes other than the provision of approved services and products. You are obligated to offer the services that we designate, but you may offer additional services and related products, at your option, so long as you obtain our prior written approval. We have the right to change or supplement the types of authorized services and products, and there are no limits on our right to do so. Except with our prior written consent, you may not transship or reship products or sell services or products to other △INTELLIGENT OFFICE franchisees.

You must have your Clients execute a membership agreement in a form that has been approved by us. In addition, you must provide certain Client services to visiting Clients of other ^INTELLIGENT OFFICE Centers, and you will then bill and be paid by the Client's home Center for providing these services. In turn, you must pay other Centers when your Clients utilize other Centers. Other than the above, there are no restrictions on goods or services offered by you or on the customers to whom you may sell.

^ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

FRANCHISE AGREEMENT: This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Offering Circular.

Provision	Section in Franchise Agreement	Summary
a. Term of the franchise	Section 17.1	20 years
b. Renewal or extension of the term	Sections 17.3 and 17.4	Option to renew for an additional term
c. Requirements for you to renew or extend	Section 17.3	Substantial compliance with terms of Franchise Agreement, remodel, sign new agreement and release.
d. Termination by you	None	N/A
e. Termination by us without cause	None	N/A
f. Termination by us with cause	Sections 18.1 and 18.2	We can terminate only if you commit any one of several listed violations.
g. "Cause" defined-defaults which you can cure	Sections 18.1 and 18.2	30 days for operational defaults, 10 days for monetary defaults.
h. "Cause" defined-defaults which you cannot cure	Section 18.1	Conviction of a crime, abandonment, unapproved transfers, bankruptcy[1], assignment for benefit of creditors, unsatisfied judgments, levy, foreclosure, repeated violations, misuse of Marks.
i. Your obligations on termination/ nonrenewal	Section 18.4	Pay outstanding amounts, de-identification of Center, return of confidential information, transfer Clients' phone numbers, covenant not to compete (see also r).
j. Assignment of contract by us	Section 16.6	No restriction on our right to assign.
k. "Transfer" by you - definition	Section 16.1	Includes transfer of Franchise Agreement or Center or 40% or more change in ownership of franchisee entity.
l. Our approval of transfer by you	Section 16.3	We have the right to approve all transfers, we may not unreasonably withhold our consent.

[1] This provision may not be enforceable under federal bankruptcy law.

Provision	Section in Franchise Agreement	Summary
m. Conditions for our approval of transfer	Section 16.2	Transferee qualifies, all amounts due are paid in full, transferee completes training, transfer fee paid, then current contract signed, franchisee signs general release and non-competition covenant.
n. Our right of first refusal to acquire your business	Section 16.4	We may match any offer, less any applicable broker fees.
o. Our option to purchase your business	Section 16.4	We may buy your Center upon termination or expiration of the Franchise Agreement at fair market value.
p. Your death or disability	Section 16.7	Franchise must be assigned to approved third party within 120 days.
q. Non-competition covenants during the term of the franchise	Section 20.1	No involvement in Competing Business and no diversion of Clients or employees.
r. Non-competition covenants after the franchise is terminated or expires	Section 20.2	No Competing Business for two years within 25 miles of your Center or any other Center.
s. Modification of the agreement	Section 22.2	No modifications generally but Operations Manual subject to change.
t. Integration/merger clause	Section 22.3	Only terms of franchise agreement are binding (subject to state law).
u. Dispute resolution by arbitration or mediation	None	Except for certain claims, all disputes must be litigated in Denver, Colorado (subject to state law).
v. Choice of forum	Section 22.1	Litigation in Colorado (subject to state law).
w. Choice of law	Section 22.1	Colorado law applies (subject to state law).

AREA DEVELOPMENT AGREEMENT: The table below lists certain important provisions of the Area Development Agreement. You should read these provisions in the Area Development Agreement attached to this Offering Circular.

Provision	Section in Area Development Agreement	Summary
a. Term of the franchise	Section 4.1	Negotiable
b. Renewal or extension of the term	None	N/A
c. Requirements for you to renew or extend	None	N/A
d. Termination by you	Section 4.2	You may terminate for any reason upon 60 days notice.
e. Termination by us without cause	None	N/A

Provision	Section in Area Development Agreement	Summary
f. Termination by us with cause	Sections 3.2 and 4.3	We can terminate if you fail to execute Franchise Agreements for additional Centers, default on the Area Development Agreement or any of your Franchise Agreements.
g. "Cause" defined-defaults which you can cure	Section 4.3	30 days notice of breach of Area Development Agreement or Franchise Agreement.
h. "Cause" defined-defaults which you cannot cure	Section 4.3	See h. of Franchise Agreement chart.
i. Your obligations on termination/ nonrenewal	Section 4.4	You remain bound to all Franchise Agreements (see also r.).
j. Assignment of contract by us	Section 5.1	No restriction on our right to assign, provided we have fulfilled our obligations under Area Development Agreement.
k. "Transfer" by you - definition	Section 5.2	Includes transfer of Area Development Agreement or franchisee entity.
l. Our approval of transfer by you	Section 5.2	We have the right to approve all transfers.
m. Conditions for our approval of transfer	Section 5.2	Notice, transferee qualifies.
n. Our right of first refusal to acquire your business	Section 5.4	We may match any offer.
o. Our option to purchase your business	None	N/A
p. Your death or disability	None	See p. of Franchise Agreement chart.
q. Non-competition covenants during the term of the franchise	Section 6.1	You are bound to same restrictive covenants in the Franchise Agreements.
r. Non-competition covenants after the franchise is terminated or expires	Section 6.1	You are bound to same restrictive covenants in the Franchise Agreements.
s. Modification of the agreement	Section 8.6	No modifications except on execution of a written agreement.
t. Integration/merger clause	Section 8.7	Only terms of Area Development Agreement, and to the extent not inconsistent, terms of the Franchise Agreement.
u. Dispute resolution by litigation or mediation	Section 8.1	Except for certain claims, all disputes must be litigated in Denver, Colorado (subject to state law).
v. Choice of forum	Section 8.1	Litigation in Colorado (subject to state law).
w. Choice of law	Section 8.3	Colorado law applies (subject to state law).

These states have statutes which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Sections 4-72-201 to 4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Ch. 739, Sections 42-133e to 42-133h], DELAWARE [Title 6, Ch. 25, Code Sections 2551-2556], HAWAII [Title 26, Rev. Stat. Section 482E-6], ILLINOIS [ILCS, Ch. 815, Sections 705/1-705/44], INDIANA [Code Section 23-2-2.7-1 to 7], IOWA [Title XX, Code Sections 523H.1-523H.17], MARYLAND [MD. CODE ANN., BUS. REG. Sections 14-201 to 14-233 (2004 Repl. Vol.)], MICHIGAN [1979 Comp. Laws, Section 445.1527], MINNESOTA [1996 Stat. Section 80C.14], MISSISSIPPI [Code Sections 75-24-51 to 75-24-63], MISSOURI [Rev. Stat. Sections 407.400-407.410, 407.413, 407.420], NEBRASKA [Rev. Stat. Sections 87-401 to 87-410], NEW JERSEY [Rev. Stat. Sections 56:10-1 to 56:10-12], SOUTH DAKOTA [Codif. L. Section 37-5A-51], VIRGINIA [Code Sections 13.1-557-574], WASHINGTON [Rev. Code Sections 19.100.180, 19.100.190], WISCONSIN [Stat. Sections 135.01-135.07], DISTRICT OF COLUMBIA [Code Sections 29-1201 to 29-1208], PUERTO RICO [Ann. Laws, Title 10, Ch. 14, Sections 278-278d], VIRGIN ISLANDS [Code Ann., Title 12A, Ch. 2, Subch. III, Sections 130-139]. These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

SEE ATTACHED ADDENDUM IMMEDIATELY FOLLOWING ITEM 22 OF THIS OFFERING CIRCULAR FOR INFORMATION REGARDING CALIFORNIA LAW.

ITEM 18

PUBLIC FIGURES

There is no compensation or other benefit given or promised to any public figure arising from either the use of the public figure in the name or symbol of the franchise or the endorsement or recommendation of the franchise by the public figure in advertisements. There are no public figures involved in our management.

The Franchise Agreement does not prohibit you from using the name of a public figure or celebrity in your promotional efforts or advertising; however, all advertising requires our approval.

ITEM 19

EARNINGS CLAIMS

We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of an INTELLIGENT OFFICE franchise. Actual results vary from Center to Center and we cannot estimate the results of any particular franchise.

ITEM 20

FRANCHISED
BUSINESS STATUS SUMMARY
FOR FISCAL △YEARS 2005/2004/2003△[(1)(2)]△

State	Transfers	Cancelled or Terminated by Franchisor	Not Renewed by Franchisor	Reacquired by Franchisor	Left the System/ Other	Total from Left Columns	Franchisees Operating as of March △2006
Arizona	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/△1
California	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/△1/0
Florida	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	△7/6/6
Georgia	0/0/△0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/△0	2/2/2
Illinois	△1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	△1/0/0	△2/1/1
Indiana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Maryland	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/△1
Michigan	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/△2
△Nevada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	△1/0/0
New △Jersey	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	△2/△2/1
△New York	0/△0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/△0/0	1/1/1
△Ohio	0/0/△1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/△1	1/1/1
Texas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	3/1/1
Virginia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/0/0
Washington D.C.	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Canada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
TOTALS	**1/0/1△**	**0/0/0**	**0/0/0**	**0/0/0**	**0/0/0**	**1/0/1△**	**29/19/18△**

(1) We began selling franchises in April of 1999. Unless noted, all numbers presented above △include calendar year 2005 through March 31, 2006.

(2) The numbers in the "Total" column may exceed the number of Centers affected because several events may have affected the same Center.

△

STATUS OF COMPANY-OWNED CENTERS[1] FOR FISCAL YEARS 2005/2004/2003^

STATE	CENTERS CLOSED OR REFRANCHISED DURING YEAR	CENTERS OPENED DURING YEAR	TOTAL CENTERS OPERATING AT YEAR END
Colorado	0/0/0	0/0/0	3/3/3
New York	0/0/1^(2)	0/0/0	0/0/^0
TOTALS	**0/0/1^**	**0/0/0**	**3/3/^3**

(1) TIO owns and operates two Centers in Denver, Colorado and one Center in Boulder, Colorado
(2) This Center was refranchised.

^PROJECTED OPENINGS OF ^INTELLIGENT OFFICE CENTERS AS OF ^MARCH, 2006

STATE	FRANCHISE AGREEMENTS SIGNED BUT CENTER NOT OPENED AS OF MARCH^, 2006[1]	PROJECTED FRANCHISED CENTERS OPEN IN FISCAL YEAR ^2006	PROJECTED COMPANY OWNED OPENINGS IN FISCAL YEAR ^2006
California	0	^1	0
Florida	^2	1	0
Illinois	^0	^1	0
Maryland	^4	1	0
Massachusetts	0	1	0
Nevada	0	1	0
New Jersey	^2	2	0
New York	1	2	0
Pennsylvania	2	1	0
Rhode Island	0	^0	0
Texas	^3	^1	0
^Canada	^2	^2	0
Virginia	2	^1	0
Washington, DC	^0	0	0
Totals	**^18**	**^15**	**0**

(1) Includes rights to open Centers under an Area Development Agreement, which provides that Franchise Agreements are signed and Centers are opened pursuant to a schedule.

A list of names of all franchisees and the addresses and telephone numbers of their Centers are listed as Exhibit I to this Offering Circular. A list of the name and last known home address and telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during fiscal year ^2005 or who has not communicated with us within 10 weeks of the date of this Offering Circular is listed on Exhibit J to this Offering Circular.

^ITEM 21
FINANCIAL STATEMENTS

Attached to this Offering Circular as Exhibit K are our audited financial statements for ^2003, 2004 and ^2005.

ITEM 22

CONTRACTS

Attached to this Offering Circular are the following franchise-related contracts:

Exhibit B	Franchise Agreement
Exhibit C	^Technology Systems Installation^, Integration and License Agreement
Exhibit D	Collateral Assignment of Lease
Exhibit E	Confidentiality and Noncompetition Agreement
Exhibit G	Bank Authorization Agreement
Exhibit H	Area Development Agreement

ADDENDUM TO
THE INTELLIGENT OFFICE SYSTEM, LLC
OFFERING CIRCULAR FOR
THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

OUR WEBSITE (www.intelligentoffice.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

The following paragraphs are added to the end of Item 17:

The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the Franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of the State of Colorado. This provision may not be enforceable under California law.

This language has been included in this Offering Circular as a condition to registration. The Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.

Section 31125 of the California Corporation Code requires us to give you a disclosure document, in a form and containing information as the Commissioner may by rule or otherwise require, prior to a solicitation of a proposed material modification of an existing franchise.

Neither the Franchisor, nor any person or franchise broker in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.