

FRANCHISE DISCLOSURE DOCUMENT

The Intelligent Office System, LLC

(a Colorado limited liability company)

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The total investment necessary to begin operation of an INTELLIGENT OFFICE franchise ranges from ~~\$314,500~~318,430 to ~~\$524,250~~528,180. This includes the \$30,000 initial franchise fee, the \$29,000 marketing and training fee, and the \$119,700~~121,000~~ to ~~\$151,010~~271,500 that must be paid to the franchisor or its affiliate.

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

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

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

There may also be laws on franchising in your state. Ask your state agencies about them.
THE DATE OF ISSUANCE OF THIS DISCLOSURE DOCUMENT IS: March 20, 2015,
as amended July 31, 2015.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

- 1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN COLORADO. OUT OF STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR ARBITRATE WITH 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 PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
- 3. SOME STATE FRANCHISE LAWS PROVIDE THAT CONSENT TO JURISDICTION AND CHOICE OF LAW PROVISIONS ARE VOID OR SUPERSEDED. YOU MIGHT WANT TO INVESTIGATE WHETHER YOU ARE PROTECTED BY A STATE FRANCHISE LAW. YOU SHOULD REVIEW ANY ADDENDA OR RIDERS ATTACHED TO THIS DISCLOSURE DOCUMENT FOR DISCLOSURES REGARDING STATE FRANCHISE LAWS.**
- 4. FOR CALIFORNIA ONLY: OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www.dbo.ca.gov.**
- 5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

We do not currently use the services of a franchise broker or referral sources to assist us in selling our franchise, but we may do so in the future.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

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 Disclosure Document. We will refer to the person who buys the franchise as “you” throughout this Disclosure Document. 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. Our principal business address and that of our affiliate and predecessor company, The Intelligent Office, Inc., is 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. Our agents for service of process are listed on Exhibit A.

Parents, Predecessors and Affiliates

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 currently operates four Centers in Colorado. The Virtual Office, Inc. and TIO may be considered our predecessors. The Virtual Office Inc. operated a Center from January 1995 to January 2002, when it was merged into TIO. Preferential Offices, Inc., a Colorado corporation, was formed March 2008 and has operated a Center in Irving, Texas since its formation. Preferential Offices, Inc. may be considered our affiliate. We have no parent and no other predecessors or affiliates.

Our Business

We franchise the operation of next-generation virtual officing and communications solutions businesses, referred to in this Disclosure Document as “**INTELLIGENT OFFICE Centers**” or “**Centers**”, providing individuals and businesses with telecommunications, office space and office support services. Centers offer a wide range of services, customized for each client, to provide the client with integrated, geographically non-specific telecommunications services and with on-site and off-site reception and secretarial services, office technology, non-dedicated conference rooms, dedicated or non-dedicated office space and other business support services.

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 Disclosure Document, 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 3,500 to 4,000 gross square feet of leased office space. Each Center typically contains approximately 9 to 15 offices for non-dedicated or dedicated use,

conference rooms, mail room, reception area and office technology center. Each Center is staffed with a manager (“**Coordinator**”) and a receptionist (“**Intelligent Assistant**®”).

Unlike traditional “executive suites” or office sharing arrangements, INTELLIGENT OFFICE Centers offer dedicated and non-dedicated office space, and “virtual” officing that provides an Intelligent Assistant® 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 focus on business services for clients using the Centers (“**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 Intelligent Assistant® or automation can seamlessly announce and transfer calls to Clients at any location. Centers provide executive suites, professional offices and conference rooms that Clients may rent based upon hourly, weekly or monthly rates. Finally, Centers offer secretarial services such as scheduling; FAQ’s and other customer interactions via phone, internet or text; 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 G to this Disclosure Document. 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, although depending on how you package the services offered to Clients, your Center may fall within the Commercial Mail Receiving Agency (CMRA) regulations in order to accept delivery of mail for Clients. CMRA procedures are described in the United States Postal Service Domestic Mail Manual. In addition, a few states have prohibitions on certain uses of rented mailboxes that should be observed. There are 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, privacy, worker’s compensation, insurance, corporate, taxing, licensing and similar laws and regulations.

Market and Competition

INTELLIGENT OFFICE Centers offer a wide variety of advanced telecommunications and business address services, including live reception and staff assistance services. Centers offer these to individuals, group Clients and small and large corporations desiring an alternative to the traditional office, which may be used as a primary, remote, regional or temporary office. Centers typically attract Clients who want to work remotely and use a Center as a source for some or all of their office needs and for state-

of-the-art communications capabilities with their customers, in lieu of maintaining and supporting a dedicated business office, staff and their own telecommunications equipment. Each Center has fully furnished offices and conference rooms available by the hour 24/7 to serve as professional meeting space as needed. Finally, some Clients use Centers for administrative, secretarial or other functions traditionally done by full time employees.

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 answering services.

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 and related rights to us. TIO has not offered franchises since our inception, currently has no franchisees and has not offered franchises in any other line of business. The Virtual Office, Inc. has never offered franchises.

TIO has over seventeen years of experience and know-how in the operation of Centers, inclusive of the experience of its predecessor, The Virtual Office, Inc. We provide further experience of TIO in our description of it above, under the heading "Parents, Predecessors and Affiliates." Since our business focus is franchising, we do not now, nor have we ever, directly operated an INTELLIGENT OFFICE Center.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer, Chief Operating Officer and Manager: Ralph S. Gregory

Mr. Gregory has served as our Chief Executive Officer and Manager since our inception. Since July 30, 2015 he has served as our Chief Operating Officer. 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. Mr. Gregory is also President of Preferential Offices, Inc., which, since March 2008, has operated an INTELLIGENT OFFICE Center located in Irving, Texas.

Chief Operating Officer: Thomas J. Camplese

~~Mr. Camplese joined us as Chief Operating Officer in December 2007. From January 2006 through November 2007, he served as President of Preferred Development, Inc., a franchise consulting company located in Parker, Colorado. Mr. Camplese was a Principal and Executive Vice President of Velocity Sports Performance, LLC, an advanced sports performance training franchise company headquartered in Alpharetta, Georgia, from October 2002 through November 2005. Prior to that (from July 2000 to March 2002), Mr. Camplese was President of OneSource Franchise Systems, Inc., a company located in Atlanta, Georgia providing outsourced facility management services to the commercial real estate market. From January 1994 through June 2000, Mr. Camplese was Vice President of Global Development for AlphaGraphics, Inc., a franchisor of AlphaGraphics business centers that is currently headquartered in Salt Lake City, Utah.~~

Executive Vice President: Louis J. Beaupre

Mr. Beaupre has served as our Executive Vice President since October, 2009. From January 2006, though September 2009, he served as the President of Beaupre & Associates, Inc., a franchise consulting company, located in Longmont, Colorado.

Director of Franchise Development and Real Estate: Tonia Scalzotto

Ms. Scalzotto has served as our Director of Franchise Development and Real Estate since October 2014. From October 2013 to September 2014, she served as the Sales Coordinator for the Intelligent Office center in Denver, Colorado. From April 2004 through September 2013, Ms. Scalzotto was the owner and operator for Avocado Mexican Grill, a franchise headquartered out of Vicenza, Italy.

Director of Operations: Jake Nordquist

Mr. Nordquist has served as our Director of Operations since August 2010. From February 2008 through July 2010, he served as the Sales Coordinator for the Intelligent Office center in Boulder, Colorado.

Director of Franchise Support and Training: Tricia Deschenes

Ms. Deschenes has served as our Director of Franchise Support and Training since April 2014. Previously, beginning in August 2011, she served as the Franchise Support and Training Manager. Prior to that, beginning in July 2010, she served as the Sales Coordinator for the Intelligent Office center in Boulder, Colorado. From August 2008 to January 2010, she served as an Account Manager and Outside Sales Representative for Lawyers Title in Scottsdale, Arizona.

ITEM 3
LITIGATION

Concluded Actions

I'MNAEDAFT, Ltd., v. The Intelligent Office System, LLC, Ralph S. Gregory, and Greg Brooks, and Third Party Plaintiff The Intelligent Office Inc. v. Third Party Defendant Ronald Clarke, Case No. 08-CV-01804-LTB-KLM (United States District Court for District of Colorado). On August 25, 2008, I'mnaedaft, Ltd ("IL") filed a complaint. IL was a franchisee of IOS. IOS terminated IL's franchise agreement for Houston because of IL's many breaches of that agreement.

The parties settled this action June 26, 2009. They agreed to dismiss with prejudice all claims asserted in the action and released each other from all claims that were or could have been asserted in the action. Neither Clarke nor IL received any damages or attorneys' fees. Clarke and IL may continue operating, but they can no longer engage in, a business based primarily upon the marketing and provision of virtual office services. IL must remain debranded from IOS.

In this action IL asserted the following claims against the defendants: fraudulent inducement to enter a contract, common-law fraud, negligent misrepresentation, conspiracy, breach of contract, deceptive trade practices, breach of implied covenant of good faith and fair dealing; and tortious interference with prospective economic advantage. These claims were based on the following allegations: IOS allegedly failed to disclose material information about its business plan, the nature of a franchise broker's compensation, a franchise broker's bankruptcy, the theft of IOS's intellectual property by a former employee, against whom it brought a legal action, transactions with related entities, and Post Office mail-delivery regulations; IOS allegedly disclosed misleading and inaccurate financial statements; IOS allegedly treated IL differently than it treated other franchisees with respect to enforcing its franchise agreement; IOS allegedly failed to provide an updated operations manual; IOS allegedly required IL to pay an internal marketing fee and collected sales taxes; and IOS allegedly declared that IL had defaulted under its Area

Development Agreement because it failed to timely develop two franchised businesses and IOS sent multiple notices of default to IL. The answer essentially denied IL's claims.

IOS filed a series of counterclaims against IL based on: IL failing to conduct business in accordance with IOS's operating manuals; IL conducting unauthorized business in breach of the franchise agreement; IL failing to pay royalties due under the franchise agreement; IL impeding IOS from conducting inspections of the franchise location and failing to provide IOS with financial statement and other records; and IL failing to spend the amounts required by the franchise agreement for local advertising. IOS also filed a third-party complaint against Clarke, the owner of IL, for misconduct similar to the misconduct of his company, IL, as well as for additional misconduct by him.

We were not a party to any material civil actions that we initiated involving the franchise relationship in the last fiscal year.

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

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

The initial franchise fee of \$30,000 is payable to us in full when you sign the Franchise Agreement and is nonrefundable under all circumstances.

A "**Marketing and Training Fee**" of \$29,000 is also payable to us in full when you sign the Franchise Agreement. The Marketing and Training Fee is for certain initial training and marketing services and products we provide to you. The marketing services and products include an initial order of letterhead, envelopes, business cards, brochures and folders, templates for print advertisements, website template, television and radio commercials (production but not placement costs), and marketing manual. The fee also includes the initial creation, development and launching of a localized internet website. We will also create a special intranet (Intellinet) account and provide access to it. Additionally we will complete all necessary licensing and setup services relating to the initial installation of your CRM system (Infusionsoft). If you fail to develop a proposed site for a Center in your Assigned Area after we have approved such site, at our option we may terminate your Franchise Agreement. The Marketing and Training Fee is nonrefundable.

At the time you sign the Franchise Agreement, you also execute a Telecommunications-Technology Integration System Agreement, attached to the Franchise Agreement as Exhibit IV.

Before opening your INTELLIGENT OFFICE Center, you will also incur costs of between ~~\$119,700~~121,000 and ~~\$151,010~~271,500 for carpeting, mailboxes, light fixtures, keypad lock, folding wall, doors, door hardware, sidelights, wood trim, furniture and artwork, internal security system, networking equipment and switching gear 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. 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. These costs are nonrefundable once paid.

You must pay a fee in the amount of \$15,000 to a third-party project-management firm we designate (“Designated Project Management Firm”) for supervising the INTELLIGENT OFFICE Center build-out. You will pay \$7,500 of this fee when you sign your Franchise Agreement, and the \$7,500 balance when you sign your lease for the Center.

If you qualify and are approved by us to purchase and operate two or more Centers, you must execute an Area Development Agreement. When you sign the Area Development Agreement, you also sign the Franchise Agreement for the first Center to be developed. At that time, you pay: (1) the \$30,000 initial franchise fee for every Center to be developed under the Area Development Agreement; (2) the \$29,000 Marketing and Training Fee for the first Center to be developed; and (3) \$10,000 of a discounted Marketing and Training Fee of \$15,000 for each additional Center to be developed. The \$5,000 balance of each discounted Marketing and Training Fee for the second and subsequent Centers to be developed will be due on the earlier of (i) 180 days prior to the date of the Area Development Agreement which corresponds to the deadline for the development of the Center, or (ii) the date you sign a Franchise Agreement and lease for the Center (“**Development Due Date**”). The Telecommunications-Technology Integration System Agreement is also signed on the Development Due Date.

Before you execute the lease for your location, you will also sign a Telecommunications-Technology Integration System Agreement, and you must pay us an amount equal to the Technology Charges for two months (initial payment for leasing Telecommunications-Technology Integration system is currently \$3,930), within 30 days of being billed by us, which will be applied to the first month’s Technology Charges and the balance held by us as security that we may apply to cure any default under the Telecommunications-Technology Integration System Agreement (including, without limitation, failing to pay us any amount due under the Telecommunications-Technology Integration System Agreement). To the extent we apply and draw down this security, you must pay us an amount adequate to restore the security to an amount equal to one month’s Technology Charges.

All fees under the Area Development Agreement are nonrefundable once paid. 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 then undeveloped Centers referenced in the Development Schedule of the Area Development Agreement, at least 60 days prior to the next Development Due Date. We can withhold our consent to your request for an extension, in our sole discretion. Any extension will be granted only on a one-time basis, must be agreed to in writing and will typically be granted for a one year extension of the Development Due Date for each undeveloped Center.

Except as described in this Item 5, all franchisees currently acquiring a franchise pay the same initial franchise fees, and Marketing and Training Fees. No fees are collected by or for a third party.

**ITEM 6
OTHER FEES**

Type of Fee¹	Amount	Due Date	Remarks
Royalty ^{2,3}	5% of Gross Revenues	Payable monthly, on the 10 th 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.
Telephone Technology Fee ^{5,4}	Based on trailing three-months of Gross Revenues as described in the remarks; Minimum of \$1,965 per month, may increase based on increases in the Consumer Price Index (“CPI”). Recognizing the potential for technological advances and other factors we consider important to the System, beginning on the third anniversary of the Agreement Date, we may increase the amount charged for Technology Charges. The increases may not, however, exceed 20% per year. All increases of the Technology Charges become effective upon our delivery of written notice to you. These increases are in addition to increases based on optional extras, increased Gross Revenues, the amount of rentable square feet, and/or the number of rooms or workstations, or the CPI.	Payable monthly, on the 10 th day of each month	Paid to Intelligent Office for detailed telephone/technology integration. The Telephone Technology Fee is initially \$1,965 per month and will be recalculated on the first day of each calendar quarter, commencing on the first day of the first full calendar quarter after you open your Center for business to Clients. The Telephone Technology Fee will be recalculated based upon your average monthly Gross Revenues for the immediately previous three calendar months (the “Three-Month Average”). If the Three-Month Average is \$25,000 or less, the monthly Telephone Technology Fee will be \$1,965. If the Three-Month Average is more than \$25,000, the monthly Telephone Technology Fee will be \$1,965 plus \$50 for every \$1,000 that the Three-Month Average is above \$25,000. By way of example, if you open your Center for business to Clients on March 1, the Telephone Technology Fee will be \$1,965 for the months of March, April, May and June. The Telephone Technology Fee will be recalculated on July 1. If your average monthly Gross Revenues for April, May and June were \$30,000, the recalculated Telephone Technology Fee will be \$2,215 (\$1,965 plus \$250) and will apply from July 1 until recalculated again on October 1.

Type of Fee ¹	Amount	Due Date	Remarks
Data IP Technology Fee ⁶⁵	\$1,500 per month (may increase based on increases in the CPI). Recognizing the potential for technological advances and other factors we consider important to the System, beginning on the third anniversary of the Agreement Date, we may increase the amount charged for Technology Charges. The increases may not, however, exceed 20% per year. All increases of the Technology Charges become effective upon our delivery of written notice to you. These increases are in addition to increases based on the amount of rentable square feet, and/or the number of rooms or workstations, or the CPI.	Payable monthly, on the 10 th day of each month	Paid to Intelligent Office for detailed data/IP technology integration
Advertising Fees and Expenditures:			
Local Advertising Allocation ⁶	Currently \$60,000 ⁶⁵ per year; may increase annually based on increases in the CPI	We do not collect this amount (except for any portion reallocated to the Systemwide Marketing Fund – see below)	Amounts you spend for local media and other local advertising expenditures that we have approved. You must report your expenditures to us every calendar 4-month period, on or before the 10 th day after the end of each period. This amount does <u>not</u> include amounts you must spend on required directory listings (e.g., Yellow Pages) for your Center. If we establish a Regional Ad Group in your Region, this is reduced proportionally by your Regional Ad Group commitment. We may direct that up to one-half of this Local Advertising Allocation be reallocated and paid into the Systemwide Marketing Fund.
Creative Fund Contribution ^{2,3}	Currently \$250 per month; may increase annually based on increases in the CPI	Payable monthly, on the 10 th day of each month	Used primarily for creation and production of advertising materials for marketing the Centers. Our company-owned Centers contribute the same (or, in our discretion, more) as franchised Centers. If we develop advertising and promotional materials for Centers not covered by this Contribution, we can also pass these costs on to the Systemwide Marketing Fund, and can pass the costs of reproduction for your use on to you.

Type of Fee ¹	Amount	Due Date	Remarks
System Marketing Contribution ^{2,3}	\$2,500 per month (reduces the Local Advertising Allocation by the same amount); subject to certain increases	Payable monthly, on the 10 th day of each month	We reserve the right to change the System Marketing Contribution, up to the maximum of one-half of the Local Advertising Allocation per year as stated in the then-current standard franchise agreement, upon 30 days prior written notice to franchisees. Franchise agreements signed before 2007 do not require franchisees to pay a System Marketing Contribution, although they will be charged comparable amounts if they participate in programs funded by System Marketing Contributions. Your System Marketing Contribution payable to us is credited against and reduces proportionally your required Local Advertising Allocation. Our company-owned and affiliate-owned Centers contribute the same as franchised Centers.
Regional Ad Fees ^{7,6}	May vary, with recurring contributions up to \$60,000 ^{6,5} , reduced by any continuing Local Advertising Expenditure and any System Marketing Contribution; may be increased annually based on increases in the CPI	Usually on a monthly basis, or as directed by the Regional Ad Group	We decide when and whether to form a Regional Ad Group in any particular region. Our Centers in the region will contribute on the same basis as franchised Centers. The \$60,000 amount is subject to increase annually based on any increase in the CPI, but only at our option and on prior reasonable notice.
Interest and Late Fees ²	Lesser of 1.5% per month plus a \$250 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.
Costs of Inspection and Audit ²	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.
Transfer Fee ²	The greater of \$15,000 or 50% 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.
Enforcement Costs	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 ²	Will vary depending on nature of the claim against us	As incurred	You must reimburse us if we are held liable for claims resulting from you or your Center.

Type of Fee ¹	Amount	Due Date	Remarks
Payments for Items Supplied by Us ²	Current published prices (as provided in Item 7, <u>the estimated cost of these items is between \$121,000 and \$271,500</u>)	As incurred	We charge you for items you purchase through us, <u>which can include fixture purchases; furniture and artwork; office equipment, supplies and plants.</u>
Insurance Premiums ²	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 ²	Then current published tuition (<u>currently \$1,500</u>)	As incurred	We charge tuition for additional initial training, including any retraining for anyone who failed to satisfactorily complete any initial training. You also incur travel and living expenses.
Development Schedule Extension Fee ²	\$12,000, multiplied by the number of undeveloped Centers	60 days prior to next Center development deadline referenced in development schedule	At our option, we may extend the development schedule for each Center not yet developed an additional one year period per Center to be developed under an Area Development Agreement.
Liquidated Damage for Failure to Remove Internet References	\$35,000	Upon Demand	You must pay us this amount if you fail to remove within 30 days of the termination or expiration of your Franchise Agreement all references existing on the Internet—whether direct or indirect or human-readable or machine-readable only—to the Franchised Business, the System (including the Proprietary Marks), or INTELLIGENT OFFICE or its owners, officers, or employees (“Internet References”). These references include or may appear on or be embedded in: Web sites, Web pages, or URLs; metatags; links from one Web site or page to another in which the Internet Reference exists; search-engine optimization arrangements; and social media, including Facebook, Twitter, or MyPages.
Technology Equipment Damages Fee	Dollar amount of unreasonable wear and tear, damage, injury, destruction, and casualty losses concerning the Telecommunications-Technology Integration System and Licensed Technology (<u>estimated range \$0-\$15,000</u>) ⁴	Upon demand	You must pay us this amount if your Telecommunications-Technology Integration System or Licensed Technology is damaged, injured or destroyed

Type of Fee ¹	Amount	Due Date	Remarks
Sunk Costs Fee	a) \$60,000 if the Franchise Agreement expires or is terminated before the 1 st anniversary of the Agreement Date; b) \$50,000 if the Franchise Agreement expires or is terminated on or after the 1 st but before the 2 nd anniversary of the Agreement Date; c) \$40,000 if the Franchise Agreement expires or is terminated on or after the 2 nd but before the 3 rd anniversary of the Agreement Date; d) \$30,000 if the Franchise Agreement expires or is terminated on or after the 3 rd but before the 4 th anniversary of the Agreement Date; e) \$20,000 if the Franchise Agreement expires or is terminated on or after the 4 th but before the 5 th anniversary of the Agreement Date; or f) \$10,000 if the Franchise Agreement expires or is terminated on or after the 5 th but before the 6 th anniversary of the Agreement Date. There is no Sunk Costs Fee if the Franchise Agreement expires or is terminated on or after the 6 th anniversary of the Agreement date.	Upon demand	You must pay this amount for the Technology Charges you would have paid if this Agreement did not expire or terminate

¹ With the exception of the Development Schedule Extension Fee, these fees apply to each Center developed under an Area Development Agreement.

² 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, as noted. Except as noted, all fees are currently uniformly imposed.

³ Payment of the Royalties, System Marketing Contributions and Creative Fund Contributions must be made by electronic funds transfer that we initiate.

⁴ We have not charged damage fees for damaged equipment during the past fiscal year nor in any previous years.

⁵ This includes telephones, telephone bills (but not long distance charges for which we bill you separately), MPLS/SIP connectivity, voicemail system, integration into and use of the IO Cloud

system plus the detailed programming, software, maintenance, and support of all related telephone systems (monthly expenditures based on 3,000 rentable square foot template). The Technology Fee may be increased if you choose to add optional extras to your Telecommunications-Technology Integration System. In addition, we may increase the Technology Charges for Centers larger than 3,000 rentable square feet and/or for Centers with more than 11 office/conference room phone/data points, 4 Intelligent Assistant workstations and 2 generic workstations. This increase by us is estimated to be \$75 per month for each additional phone/data point and \$150 per month if any such phone/data point is used as a workstation.

65 This includes IO Cloud IP/PBX, phones, IO Cloud call accounting, IO Cloud voice mail system; computer hardware consisting of four workstations; IO Cloud accounting software to process each transaction of the Center in the manner prescribed by Franchisor; and video security system integration and ongoing support. The Franchisor also provides a MPLS/SIP trunk system to its designated phone company and local telephone service. This also includes installation, configuration, integration, repair, maintenance, and replacement services specifically stated in the Telecommunications-Technology Integration System Agreement (monthly expenditure based on 3,000 rentable square foot template). The Franchisor may increase the Technology Charges for Centers larger than 3,000 rentable square feet and/or for Centers with more than 11 office/conference room phone/data points, 4 Intelligent Assistant workstations and 2 generic workstations. This increase is estimated to be \$75 per month for each additional phone/data point and \$150 per month if any such phone/data point is used as a workstation.

76 Fees which are not paid to us and are not refundable.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	Amount*	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (See Note 1)	\$30,000	Lump Sum	At signing of Franchise Agreement	IOS
Marketing and Training Fee (See Note 2)	\$29,000	Lump Sum	At signing of Franchise Agreement	IOS
<u>Technology Charges</u>	<u>\$3,930</u>	<u>Lump Sum</u>	<u>Before Opening</u>	<u>IOS</u>
Space Design and Plan; Other Architectural Services (See Note 3)	\$12,000 – \$16,000	As incurred	You must pay the designated architectural design firm, Farrell & Associates, its fees before the earlier of the date of (a) its beginning to render services to you, or (b) you sign a lease for your location. The remainder of these expenditures is due, as required by the third-party, before opening. All fees for this designated third-party are paid by you to us and we remit them to the third-party on your behalf.	Designated Designer, Architect & Engineers; Other Suppliers. We reserve the right to collect any payment on behalf of our designated architectural design firm.
Project Management Fee (See Note 4)	\$15,000	Two installment payments	\$7,500 at signing of Franchise Agreement and the remaining \$7,500 at signing of lease	Designated construction manager
Leasehold Improvements (See Note 5)	\$10,000 – \$120,000	As incurred	Before Opening	<u>IOS or Other Suppliers</u>
Fixture Purchases (See Note 6)	\$59,000 – \$72,000	As incurred	Before Opening	IOS or Other Suppliers
Furniture and Artwork (See Note 7)	\$47,000 – \$70,000	50% at time of order; 50% prior to shipment	Before Opening	IOS or Other Suppliers
Office Equipment, Supplies and Plants (See Note 8)	\$5,000 – \$9,500	50% at time of order; 50% prior to shipment	Before Opening	<u>IOS or Other Suppliers</u>

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	Amount*	Method of Payment	When Due	To Whom Payment Is To Be Made
Security Deposits, Utility Deposits and Business Licenses (See Note 9)	\$5,000 – \$10,000	As incurred	Around Opening	Other Suppliers
Additional Funds – 6 months (See Note 10)	\$102,500 – \$152,750	As incurred	As incurred	Other Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (See Note 11)	\$314,500 318,430 - \$524,250 528,180			

Explanatory Notes

* All amounts paid to us are non-refundable. Third-party suppliers will determine whether payments to them are refundable.

Note 1: Initial Franchise Fee. If you qualify and elect to enter into an Area Development Agreement, you pay the initial franchise fees for all Centers to be developed under the Area Development Agreement when you sign it. See Item 5.

Note 2: Marketing and Training Fee. This amount covers the cost of the remote training program, our Colorado-based initial training and orientation program, follow-up on-site training assistance and certain initial marketing services and products we provide to you, including an initial supply of business brochures, business folders, letterhead, envelopes, business cards, templates for ads, website template, commercials (but not placement costs), and grand opening launch plan. If you qualify and elect to enter into an Area Development Agreement, you pay the Marketing and Training Fee in full for the first Center when you sign the Area Development Agreement, plus \$10,000 of a discounted Marketing and Training Fee of \$15,000 for each of the additional Centers to be developed under the Area Development Agreement. The \$5,000 balance is due at a later date.

Note 3: Space Design and Plan; Other Architectural Services. Of this estimate, approximately \$6,000 must be paid to Farrell & Associates, the architectural design firm that provides 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 5,000 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' charges may increase if, in their determination, significant changes to final drawings are required beyond what is customary.

Note 4: Project Management Fee. You must pay \$7,500 of this when you sign your Franchise Agreement and the \$7,500 balance when you sign your lease for the Center.

Note 5: 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 3,500 to 4,000 rentable 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 9 to 15 private offices and a reception desk. The cost per square foot of office space varies considerably depending on the site location, economic conditions in your trade area, labor costs and any unique requirements affecting your construction or commercial property. The leasehold improvements typically include interior remodeling, painting, wall covering, HVAC, plumbing, electrical wiring, phone/data wiring, 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.

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 6: Fixtures. Fixtures for the Center include carpeting, office doors and wood trim, mailboxes, folding wall, lighting fixtures, keypad locks, networking equipment, wall cabinet, wireless access, switches, routers, UPS, video security system and a key box. All of these fixtures are available in our equipment package. 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 7: Furniture and Artwork. Your Center must be furnished and decorated based on our décor standards and specifications. Furniture will include reception area furniture, desktop lighting, 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 within the range provided in the estimate in the above chart. The estimated range is based largely on individual preference and the higher range is indicative of selecting the more premium options available. Installation and set-up is not included in this estimate as that is subject to your location, market conditions and labor requirements. You will be provided with an installation estimate after you submit your final furniture and artwork selections to us. See Item 5 for more information on the equipment package.

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 and fax machine.

Note 9: Security Deposits, Utility Deposits and Business Licenses. Security deposits range from nothing to one month's 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: Additional Funds. This estimates your other pre-operational expenses, which we have not listed above, as well as working capital necessary for the first six months of your business operations. These pre-operational expenses include the travel, food and lodging costs we estimate you will incur for 2 persons to attend our Colorado-based initial training program. The figures in the chart do 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 Technology Charges, legal and accounting fees, advertising, insurance, rent, equipment lease payments, equipment warranty costs, employee salaries, and other miscellaneous costs. However, this item excludes your salary. 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, or the rental rate otherwise exceeds \$40 per square foot, monthly rental payments may increase the estimate of additional funds over the high range estimate in the chart. You should investigate the rental rates in the area where you propose to locate your Center.

Note 11: Basis For Estimates; Financing. We relied on our 12+ years of 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. Because the ranges in the chart are only estimates, it is possible both to reduce and exceed the estimated range of costs listed in each item of the chart. In certain major metropolitan areas, actual costs may substantially exceed the high range estimates in the chart. 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, except as described above, 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 our confidential operations manuals we provide to you, in the form of one or more manuals, technical bulletins or other written materials (“**Operations Manuals**”), 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 and Collateral Assignment of Lease to us within 15 days after you sign the Lease. We require that you collaterally assign the Lease to us as security for your timely performance of all obligations under the Franchise Agreement. A copy of our standard form Collateral Assignment of Lease and Lease Addendum is attached to this Disclosure Document as Exhibit C. These address our rights and not yours, so you may need to obtain your own legal counsel to review and negotiate your lease.

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 10 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 Glen Gardner, New Jersey. You must engage Farrell & Associates for your design and space planning drawings at a design fee of \$6,000.

We may approve a national tenant broker to assist you in site evaluation and lease review. If any tenant broker receives commissions, such commissions will come from real estate owners, developers or managers, and not from you.

We may designate a third-party project management firm ("Designated Project Management Firm") to supervise the build-out of your Center.

Telecommunications-Technology Integration System

We provide you with the Telecommunications-Technology Integration System, which we lease and license to you and which includes the items set forth in Item 11 below. We also provide you with related technology services such as training and installing and configuring the foregoing items, as well as support services, more fully described in the Telecommunications-Technology Integration System Agreement. We are the only approved source for these items and services. We derive revenue from providing the Telecommunications-Technology Integration System and from the related installation, configuration and integration services. We have 24/7 electronic, remote access to the Telecommunications-Technology Integration System and the information contained in the Telecommunications-Technology Integration System, including all servers, the PBX and accounting systems. We have the right to download, copy or use in any lawful manner all data stored in the Telecommunications-Technology Integration System or available in written form. We are and remain at all times, the exclusive owner of the Telecommunications-Technology Integration System, as well as the Licensed Technology.

You must sign our Telecommunications-Technology Integration System Agreement, attached to the Franchise Agreement as Exhibit IV.

You must, at all times, maintain and retain, at your sole expense, local internet service and a third-party service provider designated by Intelligent Office to provide Intelligent Office proprietary software integration services that are specific to your Center and its clientele.

You must maintain, at all times, such insurance in such amounts relating to the Telecommunications-Technology Integration System and Licensed Technology as we may, from time to time, require (including, without limitation, personal property insurance specifically covering the Telecommunications-Technology Integration System and Licensed Technology).

Support Services

Under the Telecommunications-Technology Integration System Agreement, we also provide you with Support Services. We will make available to you, via on-site visits, remote computer access, telephone or email, and certain post-installation technical advice and assistance to support your use of the Telecommunications-Technology Integration System.

“Standard Support” means the services described in Section 6.9 of the Telecommunications-Technology Integration System Agreement (Telecommunications-Technology Integration System Agreement is Exhibit IV to Franchise Agreement).

Upon the occurrence of a default that has not been cured within the applicable cure period (if any) we may suspend performing our obligations under the Telecommunications-Technology Integration System Agreement and the Franchise Agreement, including, without limitation, Standard Support services (including providing telephone and Internet Service). Additionally, upon the expiration or sooner termination of this Agreement, all of our obligations under the Telecommunications-Technology Integration System Agreement and the Franchise Agreement cease, including, without limitation all obligations to provide any services under those agreements, including providing any telephone or Internet Service. You do not have, and do not acquire any rights in or to, any of the Telecommunications-Technology Integration System (other than to use same in accordance with the Telecommunications-Technology Integration System Agreement) and, on the expiration or sooner termination of the Telecommunication-Technology Integration System Agreement, will, among other things, lose your right to use the telephone lines and telephone numbers, and Internet connection, provided under the Telecommunications-Technology Integration System Agreement.

Other Purchases From Designated or Approved Sources

We will sell you our equipment package, including fixtures, furniture, artwork, carpet and selected other items needed to operate your Center, although you may purchase these items from other approved sources.

We require that you purchase or lease the rest of your equipment, furniture, fixtures, products, supplies and services used, sold or leased at or through your Center only from us, our affiliates, or from suppliers designated or approved by us in advance. We reserve the right to designate a single approved supplier for certain equipment, furniture, fixtures, products, supplies and services and to require you to use such designated supplier exclusively, which exclusive designated supplier may be us or one of our affiliates. As noted above, we currently require that you use our designated suppliers for: site selection and lease review; initial architectural design, planning and layout. We have the right to change the suppliers who we designate or otherwise approve. Irrespective of whether there is a designated or approved supplier for a particular item, you must only purchase, lease, sell or use equipment, furniture, fixtures, products, supplies and services meeting our standards and specifications. 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, if any. We and our affiliates may receive payments from suppliers on account of their dealings with you and other franchisees and may use all such amounts without restriction and for any purpose that we and our affiliates deem appropriate (unless we or our affiliates agree otherwise with the supplier).

Currently, we are not affiliated with any of our approved third-party suppliers. None of our officers owns an interest in any designated or approved suppliers. In the fiscal year ended December 31, 2014, we received revenue from the sale or lease of products and services from us to franchisees of \$2,480,541 or

62% of our total revenues of \$3,952,404. We estimate that the costs of your total purchases from designated or approved sources, or according to our standards and specifications, may range from 36% to 45% of the total cost of establishing your Center and less than 20% to 25% 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 in writing 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. We do not charge a fee for approving a third-part supplier. If we do not approve your proposal in writing within 10 days of delivery, we are deemed to have disapproved the proposal. 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 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 and must be approved by us. You must submit to us samples of all advertising, marketing and promotional materials and programs that have not been prepared or previously approved by us. Your Center must participate in advertising, marketing or promotional programs we institute or maintain 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 and marketing using our Marks on the Internet or other electronic advertising 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. 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 charge for these services.

Purchasing Arrangements

We have no purchasing or distribution cooperatives. Periodically, we negotiate purchase arrangements with suppliers for the benefit of our franchisees. We can require that you participate in these programs. We currently have discount buying arrangements or purchasing and pricing arrangements with suppliers of space planning and layout, and site evaluation and lease review, as described above in this item. We typically also have discount buying arrangements or purchasing and pricing arrangements with suppliers of furniture, interior doors and windows, door hardware, lighting, artwork and copiers. However, you should not rely on the continued availability of any particular discount buying, pricing or distribution arrangements, or the availability of any particular product, service or brand in deciding whether to purchase a franchise. We and our affiliates have the right to receive payments from suppliers on account of their dealings with you and other Franchisees. During our fiscal year ended December 31, 2014, 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 Advertising Fund or forward them to you.

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 Manuals. 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**

This table lists your principal obligations under the Franchise Agreement, Area Development Agreement, Telecommunications-Technology Integration System Agreement and other agreements. This will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
(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 <u>Exhibit C</u>
(b) Pre-opening purchases/leases	Sections 5.2, 5.3, 5.4, 5.5 and 5.6 of Franchise Agreement; Sections 1.1 and 1.2 of the Telecommunications-Technology Integration System 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 6, 7 and 11
(d) Initial and ongoing training	Article 6 and Section 9.2 of Franchise Agreement	
(e) Opening	Section 5.7 of Franchise Agreement	Item 11
(f) Fees	Sections 4.1, 4.2, 5.3, 5.5, 11.1, 11.3, 11.4, 12.4, 13.5, 15.1 of Franchise Agreement; Article 2 and Sections 3.1 and 3.2 of Area Development Agreement; Article 3 of the Telecommunications-Technology Integration System Agreement.	Items 5, 6 and 7
(g) Compliance with standards and policies/Operations Manuals	Articles 8 and 13 and various subsections of Section 10.1 of Franchise Agreement	Items 8, 11 and 14
(h) Trademarks and proprietary information	Sections 2.1, 2.2 and Article 14 of Franchise Agreement; Section 2.2 of Telecommunications-Technology Integration System Agreement	Items 13 and 14

Obligation	Section in Agreement	Disclosure Document Item
(i) Restrictions on products/services offered	Sections 3.3, 3.4, 3.6, 10.1.d, 13.3, 13.4 and 13.5 of Franchise Agreement	Items 8, 11 and 16
(j) Warranty and customer service requirements	Sections 3.6 and 10.1.1 of the Franchise Agreement	None
(k) Territorial development and use of sales quotas	Article 3 of the Franchise Agreement; Sections 1.1 and 3.1 of Area Development Agreement	Item 12
(l) On-going product/service purchases	Sections 10.1, 12.6, 13.3, 13.4 and 13.5 of Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections 8.3, 10.1.h, and 17.3.c 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; Section 4.3 of Telecommunications-Technology Integration System Agreement	Item 6
(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; Section 3.3 of Telecommunications-Technology Integration System Agreement	Item 17
(w) Non-competition covenants	Article 20 of Franchise Agreement; Article 6 of Area Development Agreement	Item 17
(x) Dispute resolution	Article 22 of Franchise Agreement; Section 8.1 of Area Development Agreement; Section 5.1 of Telecommunications-Technology Integration System 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 (www.franchiseregistry.com).

~~Except as described 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 ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Assistance

Before you open your Center, we will:

1. Designate your Protected Territory (Section 3.2 and Exhibit H 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. If you choose to use a tenant broker or other real estate representative other than our designated tenant broker, we reserve the right to charge you (including an hourly rate plus out-of-pocket expenses) for such visits to your Territory as we may deem necessary for our site evaluation and related lease review. 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. (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, and security equipment for the Center. We must approve of the lease for your Center before you enter into it and of your construction plans and specifications before construction begins. 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 7.1.e 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 and a sales, operational and technology remote training program. (Article 6 of Franchise Agreement).

6. Loan you one copy of our confidential and proprietary Operations Manuals, covering INTELLIGENT OFFICE specifications, standards and operating procedures and Client relationships and information about your obligations in this regard. (Sections 7.1.f and 8.1 of Franchise Agreement.)

7. Assist you in determining your initial marketing plans and advertising campaign and provide you with certain initial marketing services and products, including a business development and marketing plan, templates for ads, website template, commercials (production but not placement costs), public relations system and grand opening launch plan. (Sections 7.1.g and 12.2 of Franchise Agreement.)

8. Provide you with the Telecommunications-Technology Integration System and deliver, install, configure and integrate the Telecommunications-Technology Integration System for operation at your Center, for which you must pay us the monthly charges described in Item 6. (Section 5.5 of Franchise Agreement) (Sections 1.1 and 1.3 of Telecommunications-Technology Integration System Agreement.) There are no other annual costs for optional or required maintenance updates, upgrades, or support contracts.

Continuing Assistance

During the operation of your Center, we:

1. Upon your reasonable request, consult by telephone, facsimile, electronic mail or by online means (such as the Internet or an extranet that we establish) 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 or the Systemwide Marketing Fund, 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, Telecommunications-Technology Integration System maintenance, repair and trouble-shooting issues and related questions. (Section 9.1.e of Franchise Agreement.)

6. Train replacement or additional Principal Operators during the term of the Franchise Agreement at the then current fee (currently, \$250 per diem/trainer plus all costs of travel and lodging).

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.)

7. Provide you with Telecommunications-Technology Integration System, including continuing services, for which you must pay us the fees in Item 6. (Sections 1.4 and 1.5 of Telecommunications-Technology Integration System 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 opens for business, \$60,000 (\$20,000 per calendar four month period) on local advertising (“**Local Advertising Allocation**”). We reserve the right to obtain from you an accounting of your Local Advertising Allocation expenditures and back-up documentation on the expenditures, within 10 days after the end of each calendar four month period, showing how you spent your Local Advertising Allocation over that calendar four month period. The Local Advertising Allocation may be increased annually based on an increase in the CPI, up to a maximum of a 5% increase. Up to one-half of the Local Advertising Allocation may be re-allocated to the Systemwide Marketing Fund. All of the Local Advertising Allocation (less any amounts paid into the Systemwide Marketing Fund) may in our discretion be reallocated to a Regional Ad Group.

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 and System Marketing Contributions. When we implement it, you must contribute to an advertising fund (“**Systemwide Marketing Fund**”) a System Marketing Contribution of up to one-half of the Local Advertising Allocation. The System Marketing Contribution is currently set at \$2,500 per month, but we have the right, upon 30 days notice, to increase the proportion of the Local Advertising Allocation that is paid to the Systemwide Marketing Fund. You must also contribute to another advertising fund (“**Creative Fund**”) a Creative Fund Contribution of \$250 each month. The System Marketing Contribution and the Creative Fund Contribution (jointly, the “**Ad Contributions**”) are payable monthly on a pro-rata basis with the payment of the Royalty, within 10 days following the end of each calendar month. The Creative Fund Contribution is paid in addition to the amount which you expend for local advertising and in addition to any portion of the Local Advertising Allocation reallocated to the Systemwide Marketing Fund. We deposit the System Marketing Contributions and Creative Fund Contributions from all Centers in one or more bank accounts separated from our operating account, separated from each other and separated from the accounts of any other funds established by us. All company-owned Centers pay into the Systemwide Marketing Fund and Creative Fund (jointly, “**Funds**”) on an equal basis with all franchised Centers. If you request it, we will send you an annual, unaudited financial statement for the Funds which indicate how the Systemwide Marketing Fund and Creative Fund have been spent during the previous calendar year. Because we do not have the Funds audited, audited financial statements for the Funds are not available to franchisees. However, you may review the books for the Funds upon your reasonable request.

We administer the Funds in our sole discretion. We may use the Systemwide Marketing Fund for the creation, production and placement of commercial advertising, creation and production of video, audio and written advertisements, including direct mail, radio, television, search engine marketing and other media advertising and employing advertising agencies and Internet advertising specialists, market research, public relations, website development and updating, Internet and other electronic advertising, pay per click programs and administering internet and other electronic advertising programs, related costs paid to third parties, and other advertising and marketing activities, including soliciting National Accounts. We may use the Creative Fund to pay the costs of preparing advertising materials, employing advertising agencies and in-house staff assistance, local promotions development, website development and updating, Internet advertising, supporting public relations, market research and other advertising and marketing activities. If we develop advertising and promotional materials, in addition to payment of the Creative Fund Contribution, we have the right to pass the cost of reproducing such materials on to you. We do not spend the Funds' money on soliciting franchisees.

We may reimburse ourselves from the Funds for administrative costs, salaries, and overhead expenses related to administering the Funds. In any fiscal year we may spend an amount greater or less than the aggregate contribution of all Centers to the Funds in that year. The Funds may borrow from us or other lenders to cover deficits or cause the Funds to invest any surplus for future use. Any amounts remaining in the Funds 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 Funds will benefit you or any other franchisee directly or on a pro rata basis. We do not owe a fiduciary duty to you with respect to the maintenance, direction, or administration of the Funds. 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 one or both of the Funds 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, Internet Advertising and websites 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 Funds' proceeds on development and production of advertising and marketing material and programs.

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.

With our prior approval and subject to required System Marketing Contributions which are credited against the Local Advertising Allocation, 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 CPI, 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. We must approve all advertising materials and programs 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.

Marketing Advisory Group

Currently no Ad Council of franchisees exists to advise us on our ad policies. Although the Franchise Agreement does not obligate us to, we reserve the right to sponsor the "Intelligent Office Marketing Advisory Group" ("MAG"), which would be composed of franchisees and would provide advice to us on advertising policies and expenditures from the Creative Fund and Systemwide Marketing Fund from time to time. We have the power to form, change or dissolve the MAG. If formed, the initial members of the MAG would be appointed by us and, thereafter, would be chosen in accordance with the MAG bylaws by INTELLIGENT OFFICE franchisees who are in good standing.

Operations Manuals

Attached to this Disclosure Document as Exhibit K is the table of contents of our Operations Manuals, showing its contents and the number of pages in each section.

Telecommunications-Technology Integration System

As described in Items 6, 7 and 8 above, you must lease and license the Telecommunications-Technology Integration System from us and use it at your Center.

The Telecommunications-Technology Integration System includes use of: (1) telecommunications equipment consisting of IO Cloud IP/PBX, phones, IO Cloud call accounting, voice mail system; (2) computer hardware consisting of four workstations; (3) IO Cloud accounting software to process each transaction of the Center in the manner we prescribe; and (4) video security system integration and ongoing support. The PBX is the phone "brain" system that identifies the telephone lines to all other systems. We also provide you with a MPLS/SIP trunk system to our designated phone company and local telephone service (but not long-distance service for which we charge you separately). When a call comes into the Center for a particular Client, a display screen immediately shows relevant information for that Client to the receptionist. An additional 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 and certain other related information desired by the client. The related software consists of a Microsoft 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 Telecommunications-Technology Integration System. The manner in which the Telecommunications-Technology Integration System is installed and integrated together and otherwise configured is our proprietary information and is a trade secret. In connection with the license of the Telecommunications-Technology Integration System and our provision of the related services, you sign the Telecommunications-Technology Integration System Agreement, attached to the Franchise Agreement as Exhibit IV, and pay the Technology Charges (initial payment for leasing the Telecommunications-Technology Integration system is currently \$3,930).

We have 24/7 access to the information contained in and produced by the Telecommunications-Technology Integration System through on-line communication contact with your Telecommunications-Technology Integration System. We provide you with a modem and high-speed electronic network connection service to facilitate communication between you and us.

We may, at our expense, provide, install and implement updates and revisions to the Telecommunications-Technology Integration System. We may, at our expense, upgrade or update your Telecommunications-Technology Integration System as necessary to effectively comply with our standards and specifications. No contractual limitation exists on the frequency and cost of this obligation.

You must, at all times, maintain and retain, at your sole expense, local internet service and a third-party service provider designated by Intelligent Office to provide Intelligent Office proprietary software integration services that are specific to your Center and its clientele.

Site Selection Assistance

Unless otherwise agreed in writing, you will select and lease a location that has been approved by us for your Center within 180 days of the date you sign the Franchise Agreement. We currently have a designated national tenant broker that assists in site evaluation and lease review. We may, but are not obligated to, send another representative to your proposed location to conduct on our behalf an on-site assessment of a location you have proposed. If you do not use our designated national tenant broker or Designated Project Management Firm, we reserve the right to charge you a fee plus our out-of-pocket expenses for visits to your Territory to conduct on-site assessments. When you have selected a location for your Center you must 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 then assessing whether your proposed location fulfills the requisite criteria. 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 built out, 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 or we may terminate 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 Area Development Agreement and the date of opening the first Center will be six to nine months, with additional Centers to open every six to twelve months thereafter. If you are developing Centers under an Area Development Agreement, we may, but are not required to, grant in writing one extension of the time in which you must commence operation of the remaining undeveloped Centers upon payment of the Development Schedule Extension Fee and the satisfaction of other terms and conditions of the Area Development Agreement.

Training Programs

Prior to attending and completing our initial training program in Colorado, you and/or your Principal Operator must complete our introductory sales, operational and technology remote training program (“**Remote Training Program**”). The training materials for the Remote Training Program consist of audio, visual, and written instructional materials. The Remote Training Program takes approximately 60 hours to complete. We require any individuals who participate in our Remote Training Program to electronically-sign our standard Confidentiality and Noncompetition Agreement prior to participating or receiving access to any of our training materials or other proprietary information.

When you complete the Remote Training Program, we provide our initial training program, consisting of approximately four days of classroom training and orientation in Denver, Colorado, or at another 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. Before the opening of your Center, either you or your Principal Operator must attend and complete all of the training programs to our satisfaction. The training material for the initial remote and initial training programs consists of verbal, written, video, audio or DVD presentations and hands-on practice in operating an INTELLIGENT OFFICE Center.

The Marketing and Training Fee will be applied to offset the costs we incur to provide: (1) instructors, facilities, training materials and training tools for your initial training; (2) the Remote Training Program; and (3) certain initial marketing services and products, described in Item 5 and in this Item 11, under “Pre-Opening Assistance.” The fee also includes the initial creation, development and launching of a localized internet website. We will create a special intranet (Intellinet) account and provide access to it. Additionally, we will complete all necessary licensing and setup services relating to the initial installation of your CRM system (Infusionsoft).

You are responsible for all other living expenses and any wages for you and your employees who attend the training session and all expenses (including travel and lodging expenses) for any additional employees who attend training. Training program participants do not receive any compensation from us while attending the training.

As of the date of this Disclosure Document, our initial training program consisted of the following initial classroom and on-the-job training:

TRAINING PROGRAM

Subject¹	Hours of Classroom Training²	Hours of On-The-Job Training³	Location³
Introduction/Specific Location Profiling/Define Training Expectations	1	1	Denver, Colorado
Physical Tour	3	3	Denver, Colorado
Prior training assessment and review	4	4	Denver, Colorado
Mail Procedures, Codes, Open/Closing, Directories, Back-up Systems	1	2	Denver, Colorado
Phone Sales Training	2	1	Denver, Colorado
Technical Training	1	2	Denver, Colorado
Hiring/Training	1	1	Denver, Colorado

Subject ¹	Hours of Classroom Training ²	Hours of On-The-Job Training ³	Location ³
Corporate Culture	1	2	Denver, Colorado
Business Services	3	4	Denver, Colorado
Sales process and training	8	6	Denver, Colorado
QuickBooks/Billing	2	1	Denver, Colorado
Pre-opening/opening procedures	2	2	Denver, Colorado
Pricing	3	3	Denver, Colorado
Marketing	4	2	Denver, Colorado
System Development	3	2	Denver, Colorado
TOTAL	39	36	

¹ ~~Mr. Gregory and Mr. Campese are~~ is in charge of training. ~~Mr. Gregory and Mr. Campese have~~ has over ~~40~~ 16 years of experience in franchising, and an extensive backgrounds in working, operating and providing field support and training to franchisees. A third party vendor may also provide technology training and instruction.

² We hold training classes as and when needed.

³ On-the-job training is provided at your Franchised Location, scheduled at the time of the start of your Center operations. Times are approximate only. On-the-job training includes support and training on the Telecommunications-Technology Integration System which will be used at your Center. On-the-job training at your Center also includes assistance while you train your Office Coordinator. You are responsible for hiring and training the Office Coordinator and Intelligent Assistant[®] who work at your Center. In addition to emphasizing Telecommunications-Technology Integration System training and use, the on-the-job training will expose you to most aspects of day-to-day Center operations.

As often as annually, you may be required to attend ongoing seminars, conventions, programs or meetings as we may offer. We will give you at least 30 days prior notice of any mandatory meetings. We do not charge a tuition or fee for ongoing training, however, you must pay your own travel and living expenses associated with attendance.

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 two to 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 not change the location of your Franchised Location or the boundaries of your Protected Territory without our written consent before making the change. We cannot modify your Protected Territory once it is identified in writing in your Franchise Agreement. Except for your rights within your Protected Territory as described in this Disclosure Document, you do not have exclusive rights to any geographic area.

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. Continuation of your Protected Territory does not depend on the achievement of any specified sales volume, market penetration or other contingency.

You cannot solicit, advertise or otherwise market for Clients for your Center outside of your Protected Territory (including marketing for Clients through the Internet, telemarketing or direct marketing), except with our prior written consent and then only in strict accordance with our marketing policies and guidelines, which include restrictions regarding: (1) the content, methods, media and means used to advertise, market and promote your Center; (2) electronic advertising; (3) referrals to and among Centers of Clients generated through National Accounts and through common advertising and marketing sources or otherwise; and (4) limitations on advertising, marketing or conducting business in the Protected Territory of another Center. You may accept (as may other franchisees) all individuals and businesses seeking to become a Client of your Center, irrespective of where the Client resides or maintains a place of business; provided, however, we have the right but not the obligation to: (1) require that you refer Clients located in the Protected Territory of another Center to the other Center; (2) implement policies and guidelines applicable to all Centers to inform Clients of all INTELLIGENT OFFICE Centers or the Centers within a particular market; and (3) establish policies, guidelines and centralized sources and systems for lead generation, referrals and transfers of Clients to and amongst all Centers. In your Client agreements or other dealings with Clients, you cannot unreasonably restrict, penalize or prevent a Client from doing business with a Center of its choosing.

We reserve the right to enter into contracts and strategic alliances with “National Accounts” for the provision of services at multiple Centers. A “**National Account**” is a business or organization that: (1) conducts operations, directly or through agents, affiliates, independent contractors, franchisees or licensees, in three or more “**Designated Market Areas**” (or “**DMAs**,” defined by the Nielsen Media Research Company as a group of counties that make up a particular television market) in the United States; and (2) has a written contract or strategic alliance with us for the purpose of providing referrals or assignments of employees or other representatives in need of a Center’s services in at least two Protected Territories of INTELLIGENT OFFICE Centers. We will refer to you the employees or other representatives of the National Account (“**National Account Clients**”) who conduct National Account business in your Protected Territory, subject to such rights as other INTELLIGENT OFFICE Centers may have in the same DMA. You will be eligible for referrals, or your share of referrals in the DMA, if your Center is able to provide services to the National Account Clients based on terms and conditions that we have agreed to with the National Account (e.g., Center resources, billing, price and terms, location, convenience and accessibility) or as otherwise required or preferred by the National Account. In the event you receive a referral of a National Account Client and cannot or do not elect to accept the referral to provide INTELLIGENT OFFICE services to the National Account Clients in its Protected Territory based on the National Account agreement or program, violate the agreement with or standards set by the National Account or otherwise, then we or our designees or other franchisees will have the right to provide INTELLIGENT OFFICE services to the National Account Clients in your Protected Territory and you will not provide services to those Clients during the term of the National Account agreement or program. In these circumstances, you will not be entitled to receive any portion of the resulting compensation. We reserve the right to derive revenues from the National Account contract or strategic alliance. We make no guarantee that we will

develop or maintain contracts or strategic alliances with a particular number of National Accounts, if any, or that if we do, that you will receive any National Account referrals or be able to maintain the National Account business in your Protected Territory. The National Account shall have no obligation to use your Center irrespective of our referral.

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 one year upon payment to us of the Development Schedule Extension Fee. A Development Area is usually defined by city, county or street boundaries. Once the Development Agreement is executed, we cannot modify the number of Centers to be developed in or the boundaries of the Development Area. You have no option, right of first refusal or similar contractual right to acquire additional rights under the Development Agreement.

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 in the Area Development Agreement.

We and our affiliates 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, in your Development Area);
2. to use, and license others to use, the Marks and System to promote and market the Centers and to identify, market and sell any type of services or products which are the same as or similar to those which you will sell, but made available by us through alternative channels of distribution (such as the Internet, telemarketing, or other direct marketing sales) at any location;
3. to use the Marks and System in connection with agreements or strategic alliances with National Accounts and the provision of services to National Account Clients, at any location, including within your Protected Territory (and, if applicable, in your Development Area); and
4. to be acquired by or to acquire (whether through an acquisition or other combination of assets, ownership interests or otherwise, regardless of form of transaction), businesses operating under a different trademark and providing products and services similar to those provided at the Centers, irrespective of where the business is operating or providing products and services (for example, if we acquire another system which provides telecommunications and other office support services under a different name or trademark operating multiple locations, including locations in your Protected Territory or, if applicable, Development Area), on any terms and conditions as we determine. 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, although we reserve the right to do so.

We are not required to pay you if we exercise any of the rights described in the preceding paragraph, whether inside or outside of your Protected Territory or, if applicable, Development Area.

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.

Trademark:	<i>INTELLIGENT OFFICE</i>
Registration No.:	2,277,055
Registration Date:	September 14, 1999

On March 28, 2009, the USPTO accepted our affidavit (Section 8 and 9) for continued use and renewal for “INTELLIGENT OFFICE.”

Trademark:	<i>THE INVISIBLE RECEPTIONIST</i>
Registration No.:	2,857,894
Registration Date:	June 29, 2004

~~On August 2, 2010, the USPTO accepted our affidavit for continued use for “INVISIBLE RECEPTIONIST.”~~

Trademark:	<i>DON'T SETTLE FOR A VIRTUAL OFFICE, GET MORE WITH AN INTELLIGENT OFFICE</i>
Registration No.:	3,347,429
Registration Date:	December 4, 2007

~~On January 11, 2013, the USPTO accepted our affidavit for continued use and incontestability for “DON'T SETTLE FOR A VIRTUAL OFFICE, GET MORE WITH AN INTELLIGENT OFFICE.”~~

Trademark:	<i>I INTELLIGENT OFFICE</i>
Registration No.:	3,070414
Registration Date:	March 21, 2006

On ~~May 5, 2011~~April 9, 2015, the USPTO accepted our affidavit (Section 8 and 9) for continued use and ~~incontestability~~renewal for “I INTELLIGENT OFFICE.”

Trademark:	<i>INTELLIGENT ASSISTANT</i>
Registration No.:	3,444,001
Registration Date:	June 10, 2008

~~On July 2, 2013, the USPTO accepted our affidavit for continued use and incontestability for “INTELLIGENT ASSISTANT.”~~

Trademark:	<i>WORKING INTELLIGENTLY</i>
Registration No.:	4,015,679
Registration Date:	August 23, 2011

As the mark “~~WORKING INTELLIGENTLY~~” has been registered for less than five years, we have not yet filed Section 8 or 15 affidavits that may be filed only after five years, and the registration has not yet been renewed.

Trademark:	<i>YOUR WORK LIFE. BALANCED.</i>
Registration No.:	4,015,680
Registration Date:	August 23, 2011

As the mark “~~YOUR WORK LIFE. BALANCED.~~” has been registered for less than five years, we have not yet filed Section 8 or 15 affidavits that may be filed only after five years, and the registration has not yet been renewed.

Trademark:	<i>YOUR STAFF. YOUR OFFICE. YOUR SUCCESS.</i>
Registration No.:	44017683
Registration Date:	September 10, 2013

As the mark “~~YOUR STAFF. YOUR OFFICE. YOUR SUCCESS.~~” has been registered for less than five years, we have not yet filed Section 8 or 15 affidavits that may be filed only after five years, and the registration has not yet been renewed.

~~We do not yet have a federal registration for the mark “YOUR STAFF. YOUR OFFICE. YOUR SUCCESS.” Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.~~

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. Except as otherwise approved in writing by us, 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. Except as we may otherwise approve in writing, 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 INTELLIGENT OFFICE or I INTELLIGENT OFFICE.

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 Manuals and related materials, advertising materials and other works we license you to use. We consider our Operations Manuals and related materials, our System, our know-how, the fully integrated Telecommunications-Technology Integration System and the manner in which the various components of Telecommunications-Technology Integration System 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 and in the Telecommunications-Technology Integration 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, but we do not recommend absentee ownership. 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.

You and your sales coordinators and managers, including your Principal Operator, and any employee who will have access to the Operations Manuals, must enter into confidentiality and noncompetition agreements with us (Exhibit D to this Disclosure Document). 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 offered at Centers, 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. We reserve the right to restrict your provision of services to National Accounts in accordance with our arrangement with them and your provision of services to Clients located outside of your Protected Territory. 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

THE FRANCHISE RELATIONSHIP

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

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. If you seek to renew your franchise, you may be asked to sign a contract with materially different terms and conditions than your original contract.
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Sections 5.2, 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.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined-defaults which you cannot cure	Section 18.1	Commission of a criminal act, 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, cease use of Marks, return of confidential and proprietary information, relinquishment of Client data, covenant not to compete.
j. Assignment of contract by us	Section 16.6	No restriction on our right to assign.
k. "Transfer" by you - definition	Sections 16.1 and 16.5	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.
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 Manuals subject to change.
t. Integration/merger clause	Section 23.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises or representations are unenforceable. <i>This is not intended to disclaim, or require you to waive reliance on, any representation made in this franchise disclosure document. No provision in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.</i>
u. Dispute resolution by arbitration or mediation	Article 22	Except for certain claims, all disputes will be subject to non-binding mediation and then arbitration.
v. Choice of forum	Section 22.1	Colorado (subject to state law).
w. Choice of law	Section 22.1	Colorado law applies (subject to state law).

¹ This provision may not be enforceable under federal bankruptcy 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 Disclosure Document.

Provision	Section in Area Development Agreement	Summary
a. Term of the franchise	Section 4.1	Determined based on number of Centers to be developed; ends when development completed.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	Section 4.2	You may terminate for any reason upon 60 days notice.
e. Termination by us without cause	Not Applicable	Not Applicable
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.
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	Not Applicable	Not Applicable
p. Your death or disability	Not Applicable	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.

Provision	Section in Area Development Agreement	Summary
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 the terms of this Agreement are binding (subject to state law). Any other promises or representations are unenforceable. <u>No provision in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document. This is not intended to disclaim, or require you to waive reliance on, any representation made in this franchise disclosure document.</u>
u. Dispute resolution by litigation or mediation	Sections 8.1 and 8.2	Except for certain claims, all disputes will be subject to non-binding mediation and then arbitration.
v. Choice of forum	Section 8.1	Colorado (subject to state law).
w. Choice of law	Section 8.1	Colorado law applies (subject to state law).

TELECOMMUNICATIONS-TECHNOLOGY INTEGRATION SYSTEM AGREEMENT: This table lists certain important provisions of the Telecommunications-Technology Integration System Agreement. You should read these provisions in the Telecommunications-Technology Integration System Agreement attached to this Disclosure Document.

Provision	Section in Telecommunications-Technology Integration System Agreement	Summary
a. Term of the agreement	Section 4.1	Same term as your Franchise Agreement.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	Section 4.3	If we fail to perform one of the obligations under the agreement and such failure remains uncured 30 days after notice.
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Sections 4.3 and 4.4	If you fail to perform one of your obligations under the agreement and such failure remains uncured 30 days after notice (except for monetary defaults for which the cure period is 10 days after notice); we can also terminate for defaults under the Franchise Agreement. (See also f., g. and h. of Franchise Agreement, chart above)
g. "Cause" defined-defaults which you can cure	Section 4.3	See f. above.
h. "Cause" defined-defaults which you cannot cure	Section 4.4	If we terminate your Franchise Agreement, we may immediately terminate this Agreement. (See also f., g. and h. of Franchise Agreement, chart above)

Provision	Section in Telecommunications-Technology Integration System Agreement	Summary
i. Your obligations on termination/nonrenewal	Section 4.3	Cease using the Licensed Technology and Telecommunications-Technology Integration System, provide us with access to your Center and help us remove and repossess the Telecommunications-Technology Integration System and Licensed Technology.
j. Assignment of contract by us	Section 6.9	No restriction on our right to assign or delegate.
k. "Transfer" by you - definition	Section 6.8	Not assignable without our written consent and assignment of Franchise Agreement.
l. Our approval of transfer by you	Not Applicable	Not assignable without our written consent and assignment of Franchise Agreement.
m. Conditions for our approval of transfer	Not Applicable	(See Franchise Agreement)
n. Our right of first refusal to acquire your business	Not Applicable	(See Franchise Agreement)
o. Our option to purchase your business	Not Applicable	(See Franchise Agreement)
p. Your death or disability	Not Applicable	(See Franchise Agreement)
q. Non-competition covenants during the term of the franchise	Not Applicable	(See Franchise Agreement)
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	(See Franchise Agreement)
s. Modification of the agreement	Section 6.11	Modifications must be by a written amendment.
t. Integration/merger clause	Section 6.11	Only the terms of the Telecommunications-Technology Integration System Agreement are binding. Any other promises or representations are unenforceable. <u>No provision in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document</u> <i>This is not intended to disclaim, or require you to waive reliance on, any representation made in this franchise disclosure document.</i>
u. Dispute resolution by arbitration or mediation	Sections 6.1 and 6.2	Except for certain claims, all disputes will be subject to non-binding mediation and then arbitration.
v. Choice of forum	Section 6.1	Colorado (subject to state law).
w. Choice of law	Section 6.1	Colorado law applies (subject to state law).

A provision in the Franchise Agreement which terminates the Franchise upon your bankruptcy may be unenforceable under Title 11, United States Code Section 101.

ITEM 18
PUBLIC FIGURES

Except as provided below, 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 Company paid a service fee to a company to develop an infomercial in which Donald Trump, Jr. appears, to interview one of our executives about the services that the Centers offer. Mr. Trump has no control or investment in the Company.

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
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting The Intelligent Office System, LLC, 4450 Arapahoe Avenue, Boulder, Colorado 80303, (303) 417-2100 (or opportunity@intelligentoffice.com), the Federal Trade Commission, and the appropriate state regulatory agencies.~~The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.~~

~~———— To help you to evaluate our franchise, we have summarized selected historical sales information for our fiscal year ending December 31, 2014. Table 1 below provides the average monthly gross sales of both the top 25% and top 50% (measured by average monthly gross sales) of outlets whose franchised businesses were located in North America, were in operation as of December 31, 2014, and had been in uninterrupted operation for at least 12 months. Table 1 does not include information about franchised businesses that began or discontinued their affiliation with us during 2014. Table 1 also does not include information about company owned locations.~~

~~———— The information in Table 1 is not a forecast of your future financial performance. We have compiled the information based upon what franchisees have reported to us in the ordinary course of business through our sales reporting system. We assume that the information submitted is accurate, complete and contains no material misrepresentations or omissions.~~

Table 1—Statement of 2014 Average Gross Sales Information by Month⁽⁴⁾

	<u>Average Sales</u>	<u>High</u>	<u>Low</u>
Top 25%	\$70,896 ⁽²⁾	\$126,276	\$52,892
Top 50%	\$58,004 ⁽³⁾	\$126,276	\$38,912

~~(4) The total number of outlets whose franchised businesses were located in North America, were in operation as of December 31, 2014, had been in uninterrupted operation for at least 12 months, and were not company owned, was 46. The total number of outlets (including company owned outlets) in North America as of December 31, 2014 was 57.~~

~~(2) The total number of outlets in the top 25% was 11. This is the set of outlets used to calculate the stated average. Three of these outlets (or 27%) had average monthly sales volume above the stated average.~~

~~(3) The total number of outlets in the top 50% was 23. This is the set of outlets used to calculate the stated average. Eight of these outlets (or 35%) had average monthly sales volume above the stated average.~~

~~Some outlets have sold these amounts. Your individual results may differ. There is no assurance you'll sell as much.~~

~~The information presented in Table 1 does not reflect the cost of sales, operating expenses or other costs or expenses that must be deducted from the gross sales figures to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the disclosure document may be one source of this information. The data used to generate the figures in Table 1 has not been audited.~~

~~The information in Table 1 is presented for periods during which economic conditions may be substantively different from future economic conditions. Competitors may enter or leave the market over time. Brand recognition and awareness and consumer goodwill may vary by market. Market potential and consumer demand may change over time. Each franchisee's managerial skill, experience and resources will differ. Accordingly, you are urged to consult with appropriate financial, business and legal counsel to conduct your own independent analysis of the information presented.~~

~~We have written substantiation of the information used to compile the preceding financial performance representations. We will make this written substantiation available to you upon written request.~~

~~Other than the preceding historical financial performance representations, we do not make any representations about a franchisee's future financial performance or the past financial performance of company owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chief Operating Officer, 4450 Arapahoe Avenue, Boulder, Colorado, (303) 417 2100, the Federal Trade Commission, and the appropriate state regulatory agencies.~~

ITEM 20 OUTLETS AND FRANCHISE INFORMATION

Table 1

**Systemwide Outlet Summary
For Years 2012 to 2014**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2012	29	32	+3
	2013	32	32	0
	2014	32	35	+3
Company-Owned ⁽¹⁾	2012	4	5	+1
	2013	5	5	0
	2014	5	5	0
Total Outlets	2012	33	37	+4
	2013	37	37	0
	2014	37	40	+3

⁽¹⁾ TIO owns and operates two Centers in Denver, Colorado and one Center in Boulder, Colorado. Preferential Offices, Inc., owns and operates one Center in Dallas, Texas.

Table 2

**Transfers of Outlets from Franchisees to New Owners
(Other Than the Franchisor)
For Years 2012 to 2014**

State	Year	Number of Transfers
California	2012	0
	2013	0
	2014	0
Illinois	2012	0
	2013	0
	2014	0
Ohio	2012	0
	2013	0
	2014	0
Totals	2012	0
	2013	0
	2014	0

Table 3

**Status of Franchised Outlets
For Years 2012 to 2014**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AZ	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
CA	2012	1	2	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3
CO	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
FL	2012	3	0	1	0	0	0	3
	2013	2	0	1	0	0	0	2
	2014	2	0	0	0	0	0	2
GA	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
ID	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
	2014	0	1	0	0	0	0	1
IL	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
IN	2012	1	0	1	0	0	0	1
	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
MA	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
MD	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
MI	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
MN	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
NJ	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	1	0	0	0	0	3
NV	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
NY	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
OH	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	1	0	0	0	0	2
PA	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
TX	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
VA	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
	2014	5	0	0	0	0	0	5
WASH DC	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
Totals	2012	29	5	2	0	0	0	32
	2013	32	0	0	0	0	0	32
	2014	32	3	0	0	0	0	35

Table 4:

**Status of Company-Owned Outlets
For Years 2012 to 2014**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
CO	2012	3	1	0	0	0	4
	2013	4	0	0	0	0	4
	2014	4	0	0	0	0	4
TX	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
	2014	1	0	0	0	0	1
Totals	2012	4	1	0	0	0	5
	2013	5	0	0	0	0	5
	2014	5	0	0	0	0	5

Table 5:

**PROJECTED OPENINGS
AS OF DECEMBER 31, 2014**

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR¹
California	0	2	0
Florida	1	1	0
Illinois	1	1	0
Maryland	0	1	0
Minnesota	0	1	0
New Jersey	0	1	0
New York	1	1	0
North Carolina	1	1	0
Ohio	0	1	0
Tennessee	1	0	0
Texas	0	2	0
Washington	0	2	0
TOTALS	5	14	0

A list of names of all franchisees and the addresses and telephone numbers of their Centers are listed as Exhibit H to this Disclosure Document. 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 2014 or who has not communicated with us within 10 weeks of the date of this Disclosure Document is listed on Exhibit I to this Disclosure Document. There is one former franchisee listed in that attachment. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed confidentiality clauses with any franchisees restricting their ability to speak openly about their experience with us or the INTELLIGENT OFFICE franchise system.

In some instances in the future, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with us or the INTELLIGENT OFFICE franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees may be able to communicate with you.

No independent franchisee organizations have asked to be included in this Disclosure Document. As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the franchise system that have been created, sponsored or endorsed by us.

ITEM 20
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit J are our audited financial statements for December 31, 2012, December 31, 2013, and December 31, 2014.

ITEM 21
CONTRACTS

Attached to this Disclosure Document are the following franchise-related contracts:

Exhibit B	Franchise Agreement
Exhibit C	Collateral Assignment of Lease and Lease Addendum
Exhibit D	Confidentiality and Noncompetition Agreement
Exhibit E	Closing Acknowledgment
Exhibit F	Bank Authorization Agreement
Exhibit G	Area Development Agreement
Exhibit L	State Addenda and Riders to the Franchise Disclosure Document, Franchise Agreement, Area Development Agreement and other Agreements

ITEM 22
RECEIPTS

The last page of the Disclosure Document (following the exhibits and attachments) is a document acknowledging receipt of the Disclosure Document by you (one copy for you and one copy to be signed and returned to us).

**EXHIBIT A
(TO DISCLOSURE DOCUMENT)**

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE AGENCIES

California

Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7505
(866) 275-2677

1515 K Street, Suite 200
Sacramento, CA 95814-4052
(916) 445-7205
(866) 275-2677

1350 Front Street
San Diego, CA 92101
(619) 525-4044
(866) 275-2677

One Sansome Street, Suite 600
San Francisco, CA 94104

Florida

Department of Agriculture and
Consumer Services
Division of Consumer Services
227 N. Bronough Street
City Centre Building, 7th Floor
Tallahassee, FL 32301
(904) 922-2770

Hawaii

Department of Commerce and
Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis, IN 46204
(317) 232-6681

Maryland

Maryland Securities Commissioner
200 St. Paul Place

Baltimore, MD 21202-2020
(410) 576-6360

Michigan

Michigan Department of Attorney
General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
Lansing, MI 48913
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Registration and Licensing
Division
85 7th Place East, Suite 500
St. Paul, MN 55101
(612) 296-6328

Nebraska

Department of Banking and Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509
(402) 471-3445

New York

Attention: Barbara Lasoff
Office of the New York State Attorney
General
Investor Protection of Franchise Section
120 Broadway, 23rd Floor
New York, NY 10271-0332
P-(212) 416-8236
F-(212) 416-8393

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island

State of Rhode Island and Providence
Plantations
Department of Business Regulation
1511 Pontiac Avenue, Building 69-1

Cranston, RI 02910
(401) 462-9582

South Dakota

Franchise Administrator
Department of
Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-4823

Texas

Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

Virginia

State Corporation Commission
Division of Securities and
Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington

Securities Administrator
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507-9033
(360) 902-8760

Wisconsin

Department of Financial Institutions
Division of Securities
345 W. Washington Avenue, 4th Floor
Madison, WI 53703
(608) 261-9555

LIST OF AGENTS FOR SERVICE OF PROCESS

California

California Commissioner of
Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7505
(866) 275-2677

Hawaii

Commissioner of Securities
Department of Commerce and
Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan

Michigan Department of
Commerce,
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
(517) 334-6212

Minnesota

Minnesota Commissioner of
Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(612) 296-4026

New York

Attention: Uniform Commercial Code
New York Department of State
One Commerce Plaza

99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

North Dakota

North Dakota Securities
Commissioner
600 E. Boulevard Avenue
State Capitol, 5th Floor
Bismarck, North Dakota 58505-0510
(701) 328-2910

Oregon

Director of Oregon Department of
Insurance and Finance
700 Summer Street, N.E.
Suite 120
Salem, Oregon 97310
(503) 378-4387

Rhode Island

Department of Business Regulation
Division of Securities
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02910
(401) 462-9588

South Dakota

Director of South Dakota Division of
Securities
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

Virginia

Clerk of the State Corporation
Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

Washington

Securities Administrator
Washington State Department of
Financial Institutions
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

Wisconsin

Wisconsin Commissioner of
Securities
345 W. Washington Ave., 4th Floor
Box 1768
Madison, Wisconsin 53703
(608) 261-9555

**EXHIBIT C
(TO DISCLOSURE DOCUMENT)**

COLLATERAL ASSIGNMENT OF LEASE AND LEASE ADDENDUM

COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE (“Assignment”) is made as of this ____ day of _____, 20__ by and between _____, a _____ (“Assignor”), **THE INTELLIGENT OFFICE SYSTEM, LLC**, a Colorado limited liability company (“Assignee”) and _____, a _____, (“Landlord”).

WHEREAS, Assignor is a tenant (“Tenant”) of certain property generally known as _____, located in the City of _____, State of _____ (“Property”), pursuant to a lease by and between Landlord and Assignor, dated _____, 20__ (the “Lease”);

WHEREAS, Assignor desires to construct, or have constructed by Landlord (whichever is applicable), and thereafter operate a INTELLIGENT OFFICE Center under a certain franchise agreement between Assignor and Assignee (the “Franchise Agreement”); and

WHEREAS, as a condition to the grant of rights under the Franchise Agreement to Assignor, Assignee requires that Assignor enter into this Assignment.

NOW, THEREFORE, for and in consideration of the sum of Five Dollars and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Assignor hereby assigns all of its right, title and interest in and to the Lease and the INTELLIGENT OFFICE Center to Assignee.

2. With the exception of Assignee’s rights under paragraph 3 below and Assignor’s and Landlord’s respective obligations, representations and covenants under paragraphs 3, 4, 8, 9 and 10 below, the Collateral Assignment of Lease contemplated hereunder is expressly conditioned upon, and shall not be effective and Assignee shall have no right to pursue any remedy hereunder unless and until:

(a) Default by Assignor under the terms of the Lease, which default (i) is not cured by Assignor within the time limits provided therein, or (ii) results in a demand for performance by Assignee under any guaranty of the Lease; or

(b) Default by Assignor under the terms of the Franchise Agreement or under any document or instrument securing the Franchise Agreement, which default is not cured by Assignor within the time limits provided therein; or

(c) Voluntary institution of any insolvency or bankruptcy proceedings as a debtor or involuntary insolvency or bankruptcy proceedings brought against Assignor which are not dismissed within 60 days of the filing thereof; or

(d) Discontinuation by the Assignor of operation of a INTELLIGENT OFFICE Center on the Property, whether voluntarily or involuntarily; or

(e) Nonrenewal by Assignor of the Franchise Agreement; or

(f) Nonrenewal by Assignor of the Lease.

3. During the term of the Lease, Landlord agrees to give Assignee written notice of all defaults of Assignor concurrently with the giving of such notice to Assignor. Landlord further agrees to give Assignee a 30-day period to cure such default, or the period provided to the Assignor in the Lease, whichever period shall be longer.

4. In the event Assignee expends sums to cure a default under the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of 1½% per month, or the highest rate allowed by law. Nothing herein shall obligate Assignee to cure any such default, unless Assignee elects to assume the Lease pursuant to Section 5 below.

5. The date upon which the assignment shall be effective (the “**Effective Date**”), is the date upon which Landlord and Assignor receive written notice from Assignee that:

(a) Assignee will cure all prior defaults of Assignor in the Lease in which Landlord has given notice to Assignee pursuant to the provisions of paragraph 3 above, and that Assignee will assume the Lease; or

(b) The events described in either subsections 2(b), 2(c), 2(d) or 2(f) above have occurred and that Assignee will assume the Lease.

6. As of the Effective Date, Assignee will assume all rights, duties, responsibilities and obligations of Assignor arising on or after the Effective Date pursuant to the terms and provisions of the Lease.

7. Landlord hereby consents to the terms and provisions of this Assignment, and to the assignment of the Lease to Assignee. Landlord agrees that after the Effective Date, Assignee may (i) enter into a sublease or assignment with any INTELLIGENT OFFICE franchisee effective upon notice to Landlord, or (ii) further assign the Lease to a person, firm or corporation who shall agree to assume the tenant’s obligations under the Lease and who is reasonably acceptable to Landlord. Landlord further agrees that upon the occurrence of any such assignment, Assignee shall have no further liability or obligation under the Lease as Assignee, tenant or otherwise, and that concurrent with such assignment, Landlord will enter into a replacement Collateral Assignment of Lease Agreement by and between Assignee and the new tenant. Although it is the intention of the parties that this instrument shall be a present assignment, it is expressly understood and agreed that until an event described in Paragraph 2 herein has occurred and Assignee has exercised remedies hereunder, Landlord shall look to Assignor for full performance of Assignor’s obligations under the Lease.

8. Assignor agrees to indemnify and hold harmless Assignee from any loss, liability, cost or expense incurred or suffered by Assignee under this Assignment.

9. Assignor and Landlord agree not to allow any surrender, amendment, modification or termination or other assignment of the Lease without the prior written consent of Assignee. Throughout the term of the Lease, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day said option must be exercised, unless Assignee otherwise agrees in writing. Upon Assignee’s failure otherwise to agree in writing, and upon the failure of Assignor to elect to extend or renew the Lease, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal option in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal.

10. Assignor represents and warrants to Assignee that it has the full power and authority to assign the Lease and its interests therein and that Assignor has not previously assigned, transferred or pledged, and is not otherwise obligated to assign, transfer or pledge, any of its interests in the Lease or the leasehold estate created thereby.

11. All notices or demands required hereunder shall be made in writing and shall be deemed to be fully given when deposited in the U.S. certified mail, postage prepaid, return receipt requested or when sent Federal Express or similar overnight courier to:

Assignee:

The Intelligent Office System, LLC
4450 Arapahoe Avenue
Boulder, CO 80303

Assignor:

Landlord:

12. Should any one or more of the provisions hereof be determined to be illegal or unenforceable, all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment on the day and year first above written.

WITNESS/ATTEST:

ASSIGNOR:

By: _____
Title: _____
Date: _____

WITNESS/ATTEST:

ASSIGNEE:

THE INTELLIGENT OFFICE SYSTEM, LLC

By: _____

Title: _____

Date: _____

WITNESS/ATTEST:

LANDLORD:

By: _____

Its: _____

Date: _____

LEASE ADDENDUM

This Lease Addendum (“**Addendum**”) is attached to and made a part of that certain lease agreement (the “**Lease**”) dated _____ by and between _____ (“**Tenant**”) and _____ (“**Landlord**”) for certain premises (“**Premises**”) located at _____. In the event of any contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease, the terms and provisions of this Addendum shall control and be interpreted in such a manner as to override any provision of the Lease which would prevent the spirit and letter of the terms and provisions of this Addendum from being given full force and effect.

1. ASSIGNMENT PROVISIONS. Tenant shall have the right to assign the Lease or sublet the Premises, without charge and without Landlord’s consent being required: (i) to The Intelligent Office System, LLC (“**IOS**”), its parents, subsidiaries or affiliates, (ii) to duly authorized franchisees of IOS, (iii) in connection with a merger, acquisition, reorganization or consolidation, or (iv) in connection with the sale of Tenant’s corporate stock or assets. Landlord understands and agrees that Landlord shall not be entitled to any consideration as a result of any such assignment or subletting. Notwithstanding the foregoing, Tenant may not assign its interest in the Lease or sublet all or any portion of the Premises without IOS’s prior written consent.

2. NOTICE TO IOS. Prior to the enforcement of any remedies under the Lease, Landlord agrees to give written notice of Tenant’s default under the Lease to IOS and IOS shall be given thirty (30) days after such notice to cure such default. Notice to IOS shall be addressed as follows:

The Intelligent Office System, LLC
4450 Arapahoe Avenue
Boulder, CO 80303

IOS shall have the right, but not the obligation, to succeed to Tenant’s rights upon Tenant’s default by taking an assignment of Tenant’s interest under the Lease and curing such default.

3. NO RADIUS CLAUSE. Any provision in the Lease restricting Tenant’s ability to open additional INTELLIGENT OFFICE Centers or similar businesses within a specified radius from the Premises is hereby deleted.

4. NO RELOCATION CLAUSE. Any provision in the Lease permitting Landlord to relocate Tenant to different space within the building where the Premises is located (“**Building**”) or to any other location is hereby deleted.

5. ALTERATIONS. Tenant shall have the right to make non-structural alterations, additions or changes to the Premises as may be required by IOS from time to time without Landlord’s consent and without being liable under any continuous operation covenant.

6. USE OF MARKS. Landlord consents to Tenant’s use and installation of the marks, trade dress, signage and related features associated with the franchised system that IOS may prescribe from time to time.

7. PERMITTED USE. The Premises may be used to operate a business offering individuals and businesses advanced telecommunications and office support services including, without limitation, virtual office services, reception and secretarial services and other business support services. Landlord represents that Tenant may operate the Premises for such purpose without violating another tenant’s exclusive use provision.

8. LANDLORD WARRANTIES. Landlord represents, covenants and warrants that: (i) Landlord has lawful title to the Premises and the Building and has full right, power and authority to enter into the Lease; (ii) the Premises, Building and surrounding common areas are in compliance with the Americans with Disabilities Act (“ADA”); (iii) Landlord currently maintains all risk of physical loss coverage for the full replacement cost of the Building and shall maintain throughout the term of the Lease general liability insurance coverage for the Building and surrounding common areas consistent with that being maintained from time to time by reasonably prudent owners of properties similar to the Building in the same area; and (iv) so long as Tenant pays all monetary obligations due under the Lease and performs all other covenants contained herein, Tenant shall peacefully and quietly have, hold, occupy and enjoy the Premises during the term of the Lease and its use and occupancy thereof shall not be disturbed.

9. MITIGATION. Landlord shall use reasonable efforts to mitigate its damages in the event of a Tenant default.

10. LANDLORD REPAIRS. Landlord covenants and agrees, at its sole cost and expense and without reimbursement or contribution by Tenant, to keep, maintain and replace, if necessary, the foundations, exterior paint, plumbing system, electrical system, utility and sewer lines and connections to the Premises, sprinkler mains, if any, structural systems including, without limitation, the roof, roof membrane (including interior ceiling if damaged by leakage), load-bearing walls, floor slabs and masonry walls in good condition and repair.

11. ACCESS TO PROTECT FRANCHISE SYSTEM. IOS shall have the right to access the Premises to make any modifications that IOS deems necessary to protect the franchise system and IOS’s trademarks without being guilty of trespass or liable for any tort. IOS agrees to repair any damage caused by such entry and Tenant shall reimburse IOS for such costs promptly upon demand.

12. TENANT FINANCING. Tenant shall have the right from time to time during the term of the Lease, and without Landlord’s prior approval, to grant and assign a mortgage or other security interest in Tenant’s interest under the Lease and all of Tenant’s personal property located within the Premises to its lenders in connection with Tenant’s financing arrangements and any lien of Landlord against Tenant’s personal property (whether by statute or under the terms of the Lease) shall be subject and subordinate to such security interest. Landlord shall execute such documents as Tenant’s lenders may reasonably request in connection with any such financing.

13. THIRD PARTY BENEFICIARY. Landlord acknowledges that IOS is not a party to the Lease. However, IOS is intended to be a third party beneficiary of this Addendum with an independent right to enforce its terms against Landlord and Tenant. Landlord and Tenant hereby waive any claim that IOS has no right to enforce this Addendum.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on the day and year first above written.

TENANT:

By: _____

Title: _____

Date: _____

LANDLORD:

By: _____

Title: _____

Date: _____

EXHIBIT D
(TO DISCLOSURE DOCUMENT)

CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

This Confidentiality and Noncompetition Agreement (the “**Agreement**”) is made and entered into effective the __ day of _____, 20__ by and between **THE INTELLIGENT OFFICE SYSTEM, LLC**, a Colorado limited liability company (“**Company**”), located at 4450 Arapahoe Avenue, Boulder, Colorado 80303 and _____ (“**Associate**”), who resides at _____.

RECITALS

A. The Company is engaged in the business of selling franchises for the operation of offices known as “INTELLIGENT OFFICE Centers” or “Centers” (“**Franchised Business**”). The Centers are operated under the Company’s service mark “INTELLIGENT OFFICE” and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively “**Marks**”);

B. The Company has developed methods for establishing, operating and promoting INTELLIGENT OFFICE Centers pursuant to the Company’s distinctive business format, plans, methods, data, processes, marketing systems, formulas, techniques, designs, layouts, operating procedures, trademarks, proprietary marks and information and know-how of the Company (“**Confidential Information**”) and such Confidential Information as may be further developed from time to time by the Company and includes, without limitation, information relating to the Telecommunications-Technology Integration System, and any information the Company designates as confidential;

C. The Company and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and services available, which goodwill and reputation have been and will continue to be of major benefit to the Company;

D. Associate is or will become involved with the Company in the capacity of an officer, partner, director, agent, manager, sales coordinator, employee or as a beneficial owner of the Franchised Business, or as an immediate family member of the Franchisee or a principal of the Franchisee and will become privileged as to certain Confidential Information; and

E. Associate and the Company have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to noncompetition by Associate with the Company.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Company, intending legally to be bound, agree as follows:

1. Confidential Information. Associate and the Company acknowledge that the distinctive business format, plans, methods, data, processes, marketing systems, formulas, techniques, designs, layouts, operating procedures, trademarks, proprietary marks and information and know-how of the Company which are developed and utilized in connection with the operation of the Franchise are the Company’s Confidential Information. Such Confidential Information is distinctive, exclusive property and a trade secret of the Company. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Company. Associate further acknowledges that the Company has expended a great amount of effort and money in

obtaining and developing the Confidential Information, that the Company has taken numerous precautions to guard the secrecy of the Confidential Information and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

2. Customer Lists, Operations Manuals and Telecommunications-Technology Integration System Installation and Integration as Trade Secrets. It is understood that Confidential Information, constituting “trade secrets”, as used in this Agreement is deemed to include, without limitation, formulas, lists of customers, clients, any and all information contained in the Company’s Operations Manual, which may be provided as one or more separate manuals, or written instructional guides, as the same are changed or supplemented from time to time, the installation, configuration and integration techniques, methods and know-how relating to the Telecommunications-Technology Integration System, the integration software used in connection with the Telecommunications-Technology Integration System, and any information of whatever nature which gives the Company and its affiliates an opportunity to obtain an advantage over its competitors who do not have access to, know or use such lists, written materials, formulas, information or know-how.

3. Nondisclosure of Confidential Information. Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Company or the Franchise, any of the Confidential Information of the Company or its affiliates.

4. Noncompetition Covenant. Associate hereby covenants and agrees that, during the term of the Franchise Agreement governing the establishment and operation of the Franchised Business, except while associated with or operating the Franchised Business in a manner authorized by the Company, neither Associate nor any member of Associate’s immediate family, shall:

- a. have any direct or indirect interest as a disclosed or beneficial owner in a “Competitive Business” as defined below;
- b. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business or control, participate in or in any manner engage in a Competitive Business;
- c. divert or attempt to divert any business related to, or any customer, supplier or account of the INTELLIGENT OFFICE Franchised Business, the Company’s business, the business of any affiliate of the Company or any other INTELLIGENT OFFICE franchisee’s business, by direct inducement, indirect inducement through another person or entity or otherwise or interfere with any such business relationships; or
- d. divert or attempt to divert the employment of any employee of Company or another franchisee licensed by Company, to any Competitive Business by any direct inducement, indirect inducement through another person or entity or otherwise, interfere with the relationship between the Company or any other franchisee licensed by the Company and any employee thereof or hire or attempt to hire any former employee of the Company or any other franchisee licensed by the Company.

The term “**Competitive Business**” as used in this Agreement shall mean any business operating, or granting franchises or licenses to others to operate and provide, executive office suites (for the provision of dedicated or undedicated office space), or services commonly provided in connection with executive office suites including, but not limited to, live telephone answering services, other telecommunications

services, business office support and office technology support (provided, however, that automated or voicemail-based telephone answering services shall not be deemed a Competitive Business, except to the extent it is combined as an incidental part of another Competitive Business described herein), or the leasing of office space or any similar business. Notwithstanding the foregoing, Associate shall not be prohibited from being a passive owner of securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 2% or less of that class of securities issued and outstanding.

5. Post-Termination Covenant Not to Compete. Associate covenants and agrees that, for a period of two years after the effective date of termination, transfer or expiration of the INTELLIGENT OFFICE Franchise Agreement for the Franchised Business, or for a period of two years after termination or cessation of Associate's relationship with the Franchised Business, whichever first occurs, neither Associate, nor any member of Associate's immediate family, shall:

a. have any direct or indirect interest as a disclosed or a beneficial owner, partner, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business located or operating within a 25 mile radius of the location of the INTELLIGENT OFFICE Franchised Business, within 25 miles of the location of any other franchised INTELLIGENT OFFICE Center, within 25 miles of any company or affiliate-owned INTELLIGENT OFFICE Center or within 25 miles of the proposed location or geographical area for which there are definitive agreements executed to develop a franchised or company-owned INTELLIGENT OFFICE Center. The restrictions of this paragraph shall not be applicable to the passive ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 2% or less of the number of shares of that class of securities issued and outstanding. Associate and its officers, directors, shareholders, and/or partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of this covenant will not deprive them of their personal goodwill or ability to earn a living;

b. divert or attempt to divert any business related to, or any customer, supplier, or account of the Company's business or any INTELLIGENT OFFICE franchisee's business, by direct inducement, indirect inducement through another person or entity or otherwise or interfere in any way with such business relationships; or

c. divert or attempt to divert the employment of any employee of the Company or another franchisee licensed by the Company, by any direct inducement, indirect inducement through another person or entity or otherwise, interfere with the relationship between the Company or any INTELLIGENT OFFICE franchisee and any employee thereof or hire or attempt to hire any former employee of the Company or any INTELLIGENT OFFICE franchisee.

6. Severability. Without limiting any other provisions of this Agreement, If any court finally holds that the time or territory for or to which Sections 4 and 5 apply or the scope of activities prohibited hereunder—or that any provision stated in Sections 4 and 5—constitute an unreasonable restriction upon the Franchisee or other restricted parties, the provisions of this Agreement are not thereby rendered void, but apply as to time and territory or to such other extent as such court finally concludes or indicates is a reasonable restriction under the circumstances. The time periods set forth in Sections 4 and 5 are suspended during any period in which the Franchisee is breaching or contesting any of the terms. Without the Franchisee's consent, Franchisor, in its sole discretion, may reduce the scope of any covenants set forth in Sections 4 and 5. Any such reduction is effective immediately upon Franchisor's delivery of written notice. The Franchisee shall comply immediately with any covenant as so modified. Such modified covenant is fully enforceable to the extent permitted by applicable law.

7. **Injunction.** Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Company shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Company may be entitled. Associate agrees that the Company may obtain such injunctive relief, without posting a bond or bonds totaling \$500 or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

8. **Effect of Waiver.** The waiver by Associate or the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Associate and the Company and their respective heirs, executors, representatives, successors and assigns.

10. **Entire Agreement.** This instrument contains the entire agreement of Associate and the Company relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11. **Governing Law.** This instrument shall be governed by and construed under the laws of the state of Colorado.

12. **Jurisdiction and Venue.** In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of Colorado, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of Colorado. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of Colorado. Notwithstanding the foregoing, in the event that the laws of the state where the Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

13. **Severability.** If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

14. **Attorneys' Fees.** In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

THE INTELLIGENT OFFICE SYSTEM, LLC

By: _____
Name: Ralph Gregory
Title: President

ASSOCIATE:

Print Name: _____

CAPACITY WITH FRANCHISED BUSINESS

**EXHIBIT E
(TO DISCLOSURE DOCUMENT)**



**The Intelligent Office System, LLC
FRANCHISEE QUESTIONNAIRE ACKNOWLEDGEMENT**

As you know, The Intelligent Office System, LLC (“IOS”) and you are preparing to enter into a Franchise Agreement for operating an IOS franchised business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you, either orally or in writing, that IOS has not authorized and that may be untrue, inaccurate or misleading, and to help ensure that IOS has complied with its franchise obligations. Please review each of the following questions carefully and provide an honest and complete response to each question.

1. Have you received and personally reviewed the IOS Franchise Disclosure Document, including the Franchise Agreement, and all other attachments, for the state where you reside and where your franchised business will be located?

Yes _____ No _____

2. Did you receive your IOS Franchise Disclosure Document at least 14 calendar days before you paid any money and before you signed any agreement to buy your franchise?

Yes _____ No _____

3. Have you received and personally reviewed the following agreements (including, but not limited to, any addenda, exhibits, and other attachments for each such agreement)?

Franchise Agreement Yes _____ No _____
(including without limitation the Guaranty and Assumption of Franchisee’s Obligations, Statement of Ownership, and Telecommunications-Technology Integration System Agreement)

Area Development Agreement Yes _____ No _____ Not Applicable _____
(including without limitation the Addendum to Area Development Agreement and Guaranty and Assumption of Franchisee’s Obligations)

4. Have all blanks in the Franchise Agreement all related agreements (including but not limited to the agreements listed above), each attachment (if any), and all inserts and changes (if any) been completed and delivered to you in final form at least 7 calendar days before you signed them?

Yes _____ No _____

5. Have you discussed the benefits and risks of operating an IOS franchise with an attorney, accountant or other professional advisor and do you understand those risks, and if you haven’t discussed have you had an opportunity to discuss?

Yes _____ No _____

6. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities (including at least your initial active participation at least in the starting operations of the business), competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____

NOTE: The remaining questions below do not relate to information you may have been given directly by any existing franchisees of IOS.

7. Has any employee or other person speaking on behalf of IOS made any written or oral statement or promise concerning the actual or projected revenues, profits or operating costs of an IOS business (other than what is clearly included in the Franchise Disclosure Document or Franchise Agreement)?

Yes _____ No _____

8. Has any employee or other person speaking on behalf of IOS made any written or oral statement or promise regarding the amount of money you may earn in operating the franchised business (other than what is clearly included in the Franchise Disclosure Document or Franchise Agreement)?

Yes _____ No _____

9. Has any employee or other person speaking on behalf of IOS made any written or oral statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the IOS franchise?

Yes _____ No _____

10. Has any employee or other person speaking on behalf of IOS made any written or oral statement, promise or agreement concerning the advertising, marketing, training, support services or assistance that IOS will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document or Franchise Agreement?

Yes _____ No _____

11. Has any employee or other person speaking on behalf of IOS made any other written or oral statement, promise or agreement relating to the financial statements or financial conditions of any of IOS's affiliates (including any parent corporation or individual owner), which statement, promise, or agreement is contrary to, or different from, any information contained in my Franchise Disclosure Document or Franchise Agreement?

Yes _____ No _____

12. Has any employee or other person speaking on behalf of IOS made any other written or oral statement, promise or agreement relating to the IOS franchise that is contrary to,

or different from, the information contained in the Franchise Disclosure Document or Franchise Agreement?

Yes _____ No _____

If you have answered "Yes" to any of questions 7 through 12, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

Furthermore, to ensure that your decision to purchase an IOS franchise is based upon your own independent investigation and judgment, please review the following acknowledgments and fill in the information required by Acknowledgment 4 below. Then, if you are satisfied that all information in this Questionnaire is true and complete, please sign and date this Questionnaire.

1. No employee or other person speaking on behalf of IOS made any other written or oral statement, promise or agreement relating to the financial statements or financial conditions of any of IOS's affiliates (including any parent corporation or individual owner), which statement, promise, or agreement is contrary to, or different from, any information contained in my Franchise Disclosure Document or Franchise Agreement.
2. I have made my own independent determination that I have adequate working capital to develop, open and operate my franchise.
3. I understand that my investment in an IOS franchise has substantial business risks and that there is no guarantee that it will be profitable.
4. The name(s) of the person(s) with whom I dealt in the purchase of my IOS franchise is/are _____.

You understand that your answers are important to us and that we will rely on them. You also understand that Ralph Gregory and other officers, directors, employees and representatives of IOS (and, if you have had any contact with any of IOS's affiliates, of

such affiliates) act only in a representative and not an individual capacity in all conduct with you; and that none is personally liable for any reason.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions and acknowledgements.

Date: _____

Signature above

Print Name: _____

**EXHIBIT F
(TO DISCLOSURE DOCUMENT)**

BANK AUTHORIZATION AGREEMENT

**AUTHORIZATION TO HONOR CHARGES DRAWN AND
PAYABLE TO THE INTELLIGENT OFFICE SYSTEM, LLC**

As a convenience to me, I hereby authorize and request you to pay and charge to my bank checking account charges drawn by and payable to the order of The Intelligent Office System, LLC; provided there are sufficient funds in said account to pay the charges upon presentation. It will not be necessary for any officer or employee of The Intelligent Office System, LLC to sign such charges.

I agree that your rights in respect to each such charge shall be the same as if it were a check drawn by you and signed by me. I further agree that if any such charge be dishonored, whether with or without cause and whether intentionally or inadvertently, you shall be under no liability whatsoever.

The Intelligent Office System, LLC is instructed to forward this authorization to you. It is to remain in effect until revoked by me in writing, and until you actually receive such notice.

Bank Account Number

Depositor's Name as Shown on Bank Account

To: Bank _____

Branch (if any) _____

Street _____

City, State and Zip Code _____

Date Signed

(Signature of Depositor, as Printed Above)

PLEASE SUBMIT A VOIDED BLANK CHECK, FOR PURPOSE OF SETTING UP BANK AND TRANSIT NUMBERS

**EXHIBIT H
(TO DISCLOSURE DOCUMENT)**

LIST OF INTELLIGENT OFFICE CENTERS

Intelligent Office Addresses

CORPORATE LOCATIONS IN YELLOW

Boulder, CO

Ralph Gregory
4450 Arapahoe Ave.
Suite 100
Boulder, CO 80303
Ofc: 303-447-9000
rgregory@intelligentoffice.com

Denver, CO

Ralph Gregory
1515 Wynkoop Street
Suite 360
Denver, CO 80202
Ofc: 303-448-8880
rgregory@intelligentoffice.com

Denver, CO

Ralph Gregory
44 Cook Street,
Suite 100
Denver, CO 80206
Ofc: 303-398-7000
rgregory@intelligentoffice.com

Denver, CO

Ralph Gregory
4610 S. Ulster,
Suite 150
Denver, CO 80237
Ofc: 303-221-8001
rgregory@intelligentoffice.com

Dallas, TX

Ralph Gregory
6565 N. MacArthur Blvd.
Suite 225
Irving, TX 75039
Ofc: 214-624-5100
rgregory@intelligentoffice.com

ARIZONA

1

Tucson, AZ

Mark Harris
5151 E. Broadway
Suite. 1600
Tucson, AZ 85711-3735
Ofc: 520-512-5400
mharris@intelligentoffice.com

2

Oro Valley, AZ

Mark Harris
1846 E Innovation Park Drive
Oro Valley AZ 85755
Ofc: 520-318-5400
mharris@intelligentoffice.com

CALIFORNIA

3

Walnut Creek, CA

Gerry Gitchell
2950 Buskirk Ave.
Suite. 300
Walnut Creek, CA 94596
Ofc: 925-407-4700
ggitchell@intelligentoffice.com

4

San Diego, CA

Gustavo De La Fuente
4275 Executive Square
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San Diego, CA 92037
Ofc: 858-964-2300
gdelafuente@intelligentoffice.com

5

San Francisco, CA

Wilson Tandiono
100 Pine Street
Suite 1250
San Francisco, CA 94111
Ofc: 415-745-3300
wtandiono@intelligentoffice.com

COLORADO

6

Denver, CO

Mark Burke
225 Union Blvd
Suite 150
Denver, CO 80228
Ofc: 303-974-6600
mburke@intelligentoffice.com

FLORIDA

7

Jacksonville, FL (opened 2015)

Clyde Yandell
1301 Riverplace Blvd
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Jacksonville, FL 32207
Ofc: 904-416-3100
cyandell@intelligentoffice.com

8

Miami, FL

Allan Sirotkin
One Biscayne Tower
2 S. Biscayne Blvd
Suite 3760
Miami, FL 33131
Ofc: 305-777-1300
asirotkin@intelligentoffice.com

9

Palm Beach Gardens, FL

David & Dana Middleton
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Palm Beach Gardens, FL 33410
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davidm@intelligentoffice.com

GEORGIA

10

Glenlake, GA

Rick Haskins
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Atlanta, GA 30328
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11

Roswell, GA

Rick Haskins
300 Colonial Center Pkwy
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Roswell, GA 30076
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IDAHO

12

Boise, ID

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Boise, ID 83702
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jeiguren@intelligentoffice.com

ILLINOIS

13

Chicago, IL (opened 2015)

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Chicago, IL 60603
Ofc: 312-229-5300
mhornig@intelligentoffice.com

14

Lincolnshire, IL

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15

Schaumburg, IL

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1900 E. Golf Rd.
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MARYLAND

16

Rockville, MD

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lkeenan@intelligentoffice.com

MASSACHUSETTS

17

Boston, MA

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MICHIGAN

18

Troy, MI

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NEVADA

19

Henderson, NV

Eric Stephenson
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estephenon@intelligentoffice.com

20

Centennial, NV

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NEW JERSEY

21

Marlton, NJ

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22

Red Bank, NJ

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I River Center
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23

Princeton, NJ

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NEW YORK

24

Melville, NY

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& Matthew Maroney
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mmaroney@intelligentoffice.com
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25

Uniondale, NY (opened 2015)

Barry and Shawne Rosenblum
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brosenblum@intelligentoffice.com

OHIO

26

Cincinnati, OH

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27

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PENNSYLVANIA

28

King of Prussia, PA

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29

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TEXAS

30

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31

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32

El Paso, TX

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VIRGINIA

33

Alexandria, VA

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34

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WASHINGTON D.C.

38

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CANADA

ALBERTA

1

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BRITISH COLUMBIA

2

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3

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ONTARIO

4

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5

Mississauga, ON

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6

Mississauga City Center

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7

North York, ON

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8

Oakville, ON

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9

Ottawa, ON

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10

Toronto, ON (FCP)

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12

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13

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14

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15

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16

Vaughan, ON

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QUEBEC

17

Montreal, QC

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Ofc: 514-807-2100
psmeeton@intelligentoffice.com

**EXHIBIT I
(TO DISCLOSURE DOCUMENT)**

FRANCHISEES WHO HAVE LEFT THE SYSTEM

Rob Wachholz
4535 Vinewood Lane North
Plymouth, MN 55442
Phone: 763-593-0710
(This franchise never opened and was terminated.)

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

**EXHIBIT J
(TO DISCLOSURE DOCUMENT)**

FINANCIAL STATEMENTS

ANY ATTACHED UNAUDITED FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANTS HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

The Intelligent Office System, LLC
Balance Sheet
 As of July 30, 2015

	<u>Jul 30, 15</u>
ASSETS	
Current Assets	
Checking/Savings	
CHECKING - COMM. 1ST	-2,003.42
CREATIVE FUND ACCOUNT	
CHECKING	1,500.00
DREYFUS FUND	69,715.28
Total CREATIVE FUND ACCOUNT	<u>71,215.28</u>
FLATIRONS CHECKING	207,825.90
FLATIRONS CREATIVE FUND	22,392.87
FLATIRONS SYSTEMWIDE MARKETING	
SOCIAL LEAD	26,200.55
REMARKETING	30,489.15
NAPR	270,510.63
WEB	-125,279.66
CRM	80,477.32
FLATIRONS SYSTEMWIDE MARKETING - Other	-131,208.68
Total FLATIRONS SYSTEMWIDE MARKETING	<u>151,189.31</u>
CHECKING - FNB	-11,774.85
SYSTEMS ACCOUNT	
DREYFUS FUND	-69,715.28
Total SYSTEMS ACCOUNT	<u>-69,715.28</u>
SystemWide Marketing Account	
CRM	-6,729.50
Internet Fund	2,900.04
North American PR Campaign	6,461.34
Online Display Advertising	56,977.72
PEP	240,225.00
SFRAC	20,727.50
WEB (SEO/PPC)	80,678.41
SystemWide Marketing Account - Other	-401,240.51
Total SystemWide Marketing Account	<u>0.00</u>
Total Checking/Savings	369,129.81
Accounts Receivable	
Accounts Receivable	165,760.30
Total Accounts Receivable	<u>165,760.30</u>
Other Current Assets	
Brochure /Presentation Folder	13,348.22
Undeposited Funds	1,109.14
Total Other Current Assets	<u>14,457.36</u>
Total Current Assets	<u>549,347.47</u>
Fixed Assets	
Equipment Cloud (Unreimbursed)	248,267.11
Total Fixed Assets	<u>248,267.11</u>
Other Assets	
Accumulated Amortization	-53,494.90
Intangible Assets	27,282.00
TRADE MARK	26,212.90
Total Other Assets	<u>0.00</u>
TOTAL ASSETS	<u><u>797,614.58</u></u>

1:49 PM
07/30/15
Accrual Basis

The Intelligent Office System, LLC
Balance Sheet
As of July 30, 2015

	<u>Jul 30, 15</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
ACCOUNTS PAYABLE	-1,911.38
Total Accounts Payable	-1,911.38
Other Current Liabilities	
Accumulated Depreciation	45,133.00
Deposit - Technology fees	30,845.00
Deposit for Trade Show Booth	400.00
Total Other Current Liabilities	76,378.00
Total Current Liabilities	74,466.62
Long Term Liabilities	
SHAREHOLDER LOAN	-205,000.00
Total Long Term Liabilities	-205,000.00
Total Liabilities	-130,533.38
Equity	
CAPITAL	76,067.10
Opening Bal Equity	-0.03
Retained Earnings	679,375.74
Net Income	172,705.15
Total Equity	928,147.96
TOTAL LIABILITIES & EQUITY	<u>797,614.58</u>

The Intelligent Office System, LLC
Profit & Loss
 January 1 through July 30, 2015

	Jan 1 - Jul 30, 15
Income	
General & Administrative	0.00
EMAIL	8,466.00
Chat	32,469.00
Integrated Services	5,427.00
Marketing/Planning/Production	0.00
Franchisee Long Distance	7,832.87
EVO Receptionist System	
EVO 6.0	20,195.00
EVO 5.0	13,662.00
Total EVO Receptionist System	33,857.00
General Construction	40,881.17
TECHNOLOGY FEES	
Raleigh	3,915.00
Nashville	4,065.00
Jacksonville	22,640.00
Long Island	20,608.00
Chicago	21,690.00
Boise	26,880.00
Princeton	26,580.00
Columbus	27,195.00
Dallas	24,255.00
Troy	39,431.00
Philadelphia	23,905.00
Boston	21,255.00
San Francisco	35,473.23
CC, DTC, Boulder, LoDo	91,420.00
San Diego	25,455.00
Lakewood	23,105.00
Miami	23,856.00
Total TECHNOLOGY FEES	461,728.23
CREATIVE FUND INCOME	103,875.00
EQUIPMENT SALES	
Art	12,933.71
Carpet	81,543.25
Door Hardware	31,415.23
Doors	60,314.24
Furniture	243,688.40
Lighting	16,459.89
Mail Boxes	22,780.07
Plants	6,741.93
Security Camera/Cable Wiring	4,486.00
WINDOWS/CASING/TRIM	55,044.30
Total EQUIPMENT SALES	535,407.02
FRANCHISE FEES	
DESIGN FEES	18,000.00
PROJECT MANAGEMENT FEES	25,000.00
FRANCHISE FEES - Other	29,739.96
Total FRANCHISE FEES	72,739.96
MISC. INCOME	170.00
ROYALTIES	521,235.29
Sales Support	4,135.00

The Intelligent Office System, LLC
Profit & Loss
 January 1 through July 30, 2015

	<u>Jan 1 - Jul 30, 15</u>
SYSTEMWIDE MARKETING INCOME	
REMARKETING	49,425.00
SOCIAL LEAD GENERATION	98,850.00
CRM INCOME	36,360.00
NORTH AMERICAN PR INCOME	124,650.00
WEB (SEO/PPC) FUND INCOME	650,885.00
Total SYSTEMWIDE MARKETING INCOME	<u>960,170.00</u>
Total Income	<u>2,788,393.54</u>
Gross Profit	2,788,393.54
Expense	
Email/Exchange	7,539.00
EMAIL CONVERSION	1,615.00
Chat/Evo Services	
Chat Expense	21,128.85
EVO 5.0 - Non-Cloud Members	14,454.00
Evo 6.0	
Jacksonville	299.00
Columbus	910.00
Lakewood	910.00
Mars	910.00
Waterloo	910.00
Philadelphia	910.00
Troy	910.00
San Francisco	910.00
San Diego	910.00
Miami	910.00
Denver	910.00
Dallas	910.00
DTC	910.00
CC	910.00
Boulder	910.00
Boston	910.00
Total Evo 6.0	<u>13,949.00</u>
Total Chat/Evo Services	49,531.85
Auto	261.52
General Construction - Denver	39,785.34
ACCOUNTING	17,213.72
Administrative Expenses	62,232.41
ARCH/DESIGN	18,000.00
BANK SERVICE CHARGE	
Online check-pay banking fee	202.00
BANK SERVICE CHARGE - Other	81.01
Total BANK SERVICE CHARGE	<u>283.01</u>
BUILD-OUT PROJECT MANAGEMENT	30,000.00
TECH	
TW Telcom	
CC	5,094.00
Philadelphia	7,204.40
Troy	7,468.40
Boston	7,436.40
San Francisco	5,362.16
San Diego	5,362.80
Miami	5,362.80
Lakewood	5,094.00
Denver/Lodo	4,997.84
Boulder	5,246.96
CoLo	17,298.27
Dallas	5,362.80

The Intelligent Office System, LLC
Profit & Loss
 January 1 through July 30, 2015

	<u>Jan 1 - Jul 30, 15</u>
DTC	9,176.99
TW Telecom - Other	-2,220.56
Total TW Telecom	88,247.26
Internet	
Verizon	
Princeton	1,743.64
Total Verizon	1,743.64
Cablevision/Optimum	
Uniondale	530.13
Total Cablevision/Optimum	530.13
CenturyLink	
Boise	952.61
Total CenturyLink	952.61
Comcast	
Jacksonville	190.11
Chicago	1,188.33
Miami	1,563.18
Boston	965.62
Philadelphia	1,042.23
Boulder	972.93
Cherry Creek	1,105.72
Lakewood	980.29
Troy	1,092.03
Total Comcast	9,100.44
Time Warner Cable	
Columbus	1,616.01
Time Warner Cable - Other	1,592.31
Total Time Warner Cable	3,208.32
Integra Telecom	3,611.56
AT&T	
Chicago	554.76
San Diego	120.00
San Francisco	967.26
Total AT&T	1,642.02
Total Internet	20,788.72
Ceres/PCS	
Licenses	
Mountain	207.69
East Coast	8,100.00
Total Licenses	8,307.69
Equipment	
Nashville	13,889.66
Raleigh	13,241.00
Uniondale	18,099.53
Chicago	17,252.91
Jacksonville	18,499.81
Princeton	-299.25
Boise	-2,173.27
Columbus	448.40
Lakewood	2,915.78
Troy	1,152.42
Boulder	551.76
DTC	2,734.31
CC	1,155.56
Dallas	2,250.34
Philadelphia	310.40
Denver	461.42

The Intelligent Office System, LLC
Profit & Loss
 January 1 through July 30, 2015

	Jan 1 - Jul 30, 15
Boston	2,755.90
San Francisco	3,785.72
San Diego	2,042.46
Miami	456.20
Total Equipment	99,531.06
Software	
QB	695.41
Columbus - Microsoft Office 365	752.72
Mountain	2,976.02
East Coast	6,371.90
Total Software	10,796.05
Services	
Uniondale	2,900.00
Chicago	3,200.00
Jacksonville	3,200.00
Boise	4,150.00
Princeton	3,775.00
LoDo	5,431.25
Columbus	3,700.00
CoLo	4,600.00
Philadelphia	3,700.00
Troy	4,100.00
Dallas	3,700.00
Boston	3,150.00
San Francisco	4,050.00
San Diego	3,700.00
DTC	6,200.00
CC	4,050.00
Boulder	4,400.00
Lakewood	3,700.00
Miami	4,050.00
Total Services	75,756.25
Total Ceres/PCS	194,391.05
Windstream/Paetec	
Dallas	246.19
Boulder 800	28.35
SIP MPLS	92,455.93
Total Windstream/Paetec	92,730.47
Total TECH	396,157.50
CREATIVE FUND	
Ecommerce	6,547.50
Website	
Development	55,574.00
Hosting	5,911.14
Total Website	61,485.14
Advertising	
Marketing/Planning/Production	45,000.00
Total Advertising	45,000.00
Total CREATIVE FUND	113,032.64
CREDIT CARDS	
RALPH	8,369.96
Total CREDIT CARDS	8,369.96

The Intelligent Office System, LLC
Profit & Loss
 January 1 through July 30, 2015

	<u>Jan 1 - Jul 30, 15</u>
EQUIPMENT	
ART	6,680.09
CARPET	67,516.00
DOOR HARDWARE	477.68
DOORS	40,719.09
FOLDING WALL	5,000.00
FURNITURE	157,043.96
LIGHTING	12,912.84
MAILBOXES	11,497.50
plants	4,205.15
SECURITY CAMERA/CABLE WIRING	5,581.82
WINDOWS/CASING/TRIM	38,326.94
Total EQUIPMENT	349,961.07
Express Shipping	97.34
FRANCHISE DEVELOPMENT	31,718.06
INSURANCE	
Workers Compensation	2,258.00
Total INSURANCE	2,258.00
LEGAL	
CANADA	52,448.22
CORPORATE	22,641.37
TRADEMARK	6,843.50
Total LEGAL	81,933.09
Management Fees - Senior Mgmt.	6,567.28
Office Supplies	94.97
Payroll Expense	
Bonus	1,000.00
Commissions	8,100.00
Payroll Processing	1,293.62
Payroll Taxes	31,429.20
Salary and Wages	434,549.47
Total Payroll Expense	476,372.29
Payroll Reimbursement	-60,000.00
Postage	-5.05
State Registration Fees	2,425.00
SUPPORT VISITS	29,709.97
SYSTEM WIDE FUND	
REMARKETING	18,185.85
SOCIAL LEAD	71,149.45
General & Administrative	15,000.00
CRM	
Customer Systems	5,688.75
Infusionsoft	26,593.00
Total CRM	32,281.75
WEB (SEO/PPC)	
Radio Spots/TV Commercial	22,000.00
Local Search Mgmt	21,700.00
PPC Management	96,659.06
PPC Media	512,841.04
SEO Mgmt/Analytics	77,700.00
Website Development/Maintenance	33,749.65
Total WEB (SEO/PPC)	764,649.75
NORTH AMERICAN PR	36,610.50
Total SYSTEM WIDE FUND	937,877.30

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Accrual Basis

The Intelligent Office System, LLC

Profit & Loss

January 1 through July 30, 2015

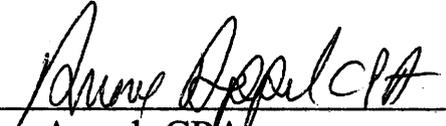
	<u>Jan 1 - Jul 30, 15</u>
Taxes	7,451.00
Marketing/Training Materials	<u>5,206.12</u>
Total Expense	<u>2,615,688.39</u>
Net Income	<u><u>172,705.15</u></u>

Arrone Appel, CPA, LLC

Consent

Arrone Appel, CPA, LLC consents to the use in the Franchise Disclosure Document issued by **The Intelligent Office System, LLC** ("Franchisor") on March 20, 2015, as it may be amended, of our report dated March 10, 2015, relating to the financial statements of Franchisor for the period ending December 31, 2014.

ARRONE APPEL, CPA, LLC

By: 
Arrone Appel, CPA

Date: March 10, 2015

THE INTELLIGENT OFFICE SYSTEM, LLC
FINANCIAL STATEMENTS
FOR PERIODS ENDING December 31, 2014, 2013 and 2012
(WITH ACCOMPANYING INDEPENDENT AUDITOR'S REPORT)

THE INTELLIGENT OFFICE SYSTEM, LLC
FINANCIAL STATEMENTS
December 31, 2014

CONTENTS

AUDITOR'S REPORT	Page 2
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STATEMENT OF OPERATIONS AND MEMBERS' EQUITY	Page 4
STATEMENT OF CASH FLOWS	Page 5
NOTES TO FINANCIAL STATEMENTS	Pages 6 - 9

Arrone Appel, CPA, LLC

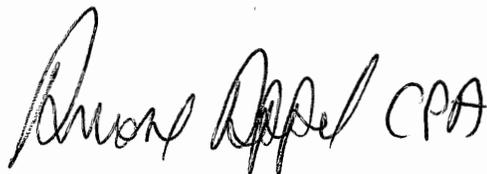
INDEPENDENT AUDITOR'S REPORT

To the Members
The Intelligent Office System, LLC
Boulder, Colorado

I have audited the accompanying balance sheet of The Intelligent Office System, LLC (a Colorado Limited Liability Company) as of December 31, 2014 and the related statements of income, operations and member's equity, and cash flows for the periods then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with United States generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, in a test basis, evidence supporting the amounts and disclosures on the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Intelligent Office System, LLC as of December 31, 2014, and the results of its operations and its cash flows for the three years then ended in conformity with United States generally accepted accounting principles.



March 10, 2015
Boulder, Colorado

THE INTELLIGENT OFFICE SYSTEM, LLC
Balance Sheet
Year Ended December 31, 2014, 2013, & 2012
(See Accompanying Notes and Independent Auditor's Report)

ASSETS

	2014	2013	2012
CURRENT ASSETS			
Cash in Bank	\$363,320	\$307,719	\$224,894
Accounts Receivable - Net (Note 7)	53,853	45,974	49,360
	\$417,173	\$353,693	\$274,254
Property Plant & Equipment			
Computer Equipment	397,762	248,267	135,340
Accumulated Depreciation	(156,984)	(45,133)	(9,667)
	240,778	203,134	125,673
INTANGIBLE ASSETS (Note 4)			
Trademark Costs	26,213	26,213	26,213
Franchise Development Costs	27,282	27,282	27,282
	53,495	53,495	53,495
Accumulated Amortization	(53,495)	(53,495)	(49,816)
	0	0	3,679
Sales Supplies	18,495	13,348	13,348
TOTAL ASSETS	\$676,446	\$570,175	\$416,954

CURRENT LIABILITIES

Accounts Payable	\$40,448	\$ 42,491	\$ 5,415
Other Liabilities			
Deferred Income (Notes 6)	22,765	3,865	

CAPITAL

Member's Capital, Opening	\$523,819	\$ 411,539	\$ 301,253
Contributions			
Distributions	(125,000)	(71,997)	(105,366)
Net Profit (Loss) for Period	214,414	184,277	215,652
	613,233	523,819	411,539
TOTAL LIABILITIES AND CAPITAL	\$ 676,446	\$ 570,175	\$ 416,954

THE INTELLIGENT OFFICE SYSTEM, LLC
Statement of Operations and Members' Equity
Year Ended December 31, 2014, 2013 and 2012
(See Accompanying Notes and Independent Auditor's Report)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
INCOME			
Franchise Fees & Misc Income	\$3,952,404	\$ 2,947,910	\$ 3,240,239
EXPENSES			
Selling, General and Administrative	<u>3,737,990</u>	<u>2,763,633</u>	<u>3,029,197</u>
NET INCOME (LOSS) FROM OPERATIONS	214,414	184,277	211,042
OTHER INCOME			
Interest	<u> </u>	<u> </u>	<u>4,610</u>
NET INCOME (LOSS)	<u>\$ 214,414</u>	<u>\$ 184,277</u>	<u>\$ 215,652</u>

THE INTELLIGENT OFFICE SYSTEM, LLC
STATEMENT OF CASH FLOWS
Year Ended December 31, 2014, 2013 and 2012
(See Accompanying Notes And Independent Auditor's Report)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
NET CASH USED IN OPERATING ACTIVITIES			
Net Profit	\$214,414	\$184,277	\$215,652
Add: Amortization & Depreciation	<u>111,851</u>	<u>39,145</u>	<u>13,232</u>
	326,265	223,422	228,884
CHANGES IN ASSETS AND LIABILITIES			
Decrease or (Increase) in Accounts Receivable	(7,879)	3,386	286,002
Decrease or (Increase) in Sales Supplies	(5,147)		(4,086)
Increase or (Decrease) in Deferred Income	18,900	3,865	(300,025)
Increase or (Decrease) in Accounts Payable	<u>(2,043)</u>	<u>37,076</u>	<u>(112,826)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES			
Increase or (Decrease) in Capital	330,096	267,749	97,949
NET CASH PROVIDED BY FINANCING ACTIVITIES			
Dividends Paid	(125,000)	(71,997)	(105,366)
Purchase of Fixed Assets	<u>(149,495)</u>	<u>(112,927)</u>	<u>(135,340)</u>
NET INCREASE (DECREASE) IN CASH	<u>55,601</u>	<u>82,825</u>	<u>(142,757)</u>
Beginning Cash 1/1/14	307,719	224,894	367,651
Net Increase/Decrease	<u>55,601</u>	<u>82,825</u>	<u>(142,757)</u>
Cash Balance 12/31/14	<u>\$363,320</u>	<u>\$307,719</u>	<u>\$224,894</u>

THE INTELLIGENT OFFICE SYSTEM, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2014
(See Independent Auditor's Report)

1. Nature of Operations

The Intelligent Office System, LLC (the "Company"), was established March 22, 1999 as a Colorado Limited Liability Company. The Company franchises its distinctive concept for telecommuting services, virtual offices and executive services which provide advanced telecommunications and office support services to businesses and individuals. The Company, which operates from Boulder, Colorado, has engaged a national franchise marketing firm to market and sell franchises throughout the United States & Canada. Currently there are 48 independently owned franchises.

The majority member is also a shareholder in five affiliated organizations with established locations operating in Texas, Boulder and Denver, Colorado. Those organizations do not offer franchises.

2. Significant Accounting Policies

Initial Franchise Fees and Related Franchise Costs

As franchise sales develop, initial franchise fees will be recognized as revenue when all material services and conditions required to be performed by the Company have been substantially completed. Initial franchise fees collected by the Company before all material services and conditions are substantially performed will be recorded as deferred revenue, and estimated costs to open an Intelligent Office franchise will be expensed when the related revenue is recognized.

Advertising Fees

Pursuant to the franchise agreement, franchisees will be required to pay the Company a percentage of gross monthly revenues to finance the National Creative Fund and the Systemwide Marketing Fund. The primary purpose of these Funds will be to create advertising and marketing materials, as well as internet advertising, to be made available to all franchisees. All National Creative Fund and Systemwide Marketing Fund contributions are deposited into a bank account separate from the Company's operating account. Amounts remaining in the fund at the end of each fiscal year may be applied toward the subsequent year's expenses. Revenue will be recognized as funds are expended. The balance in the Creative Fund account was \$71,215 and the System wide Marketing Fund account was \$117,532 as of December 31, 2014.

Income Taxes

The accompanying financial statements do not include a provision or liability for federal income taxes because the members are taxed individually on their share of Company earnings.

THE INTELLIGENT OFFICE SYSTEM, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2014
(See Independent Auditors' Report)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Member's Equity

The Company has initially authorized the sale of up to 1,000,000 Units, of which 200,000 are Class A Units and 800,000 are Class B Units. Class A Units have voting rights only and no economic rights. Class B Units hold economic rights only and no voting rights. Profits and losses, after giving affect to any applicable special allocations, will be allocated among the Unit holders in proportion to their Class B Units.

As of May 21, 1999, the date the Operating Agreement was executed, 80,000 Units had been issued to four initial Members, of which 60,000 are Class A and 20,000 are Class B. The 60,000 Class A Units had been issued to the majority member and family trust. As of January 1, 2002, the majority member purchased all Units from the original members.

In 2014 the majority member drew \$125,000 out of the capital account of the company.

4. Intangible Assets

Intangible Assets are recorded at cost and amortized over 15 years. The amortization is \$0.00 for year 2014.

5. Advertising

Advertising and Marketing is charged to expense as incurred and was \$189,221 and \$144,775 for the years 2014 and 2013 respectively. The amounts charged to the internet Fund was \$1,107,405, \$1,003,397 and \$842,817 for the year 2014, 2013 and 2012 respectively.

6. Deferred Income and Prepaid Commissions and Franchise Fees

Deferred income represents initial franchise fees or royalties received from Franchisees not yet earned. When all material services and conditions required to be performed by the Company have been substantially completed the deferred revenue is recognized. Prepaid commissions represent commissions paid on franchise sold where the revenue has not yet been earned.

THE INTELLIGENT OFFICE SYSTEM, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2014
(See Independent Auditors' Report)

7. Accounts Receivable

The accounts receivable at December 31, 2014 represent amounts due to the Company from franchises for royalties.

8. Administrative Costs

The majority member of the Company is the 100% shareholder in four affiliated organizations, three located in Colorado and one in Texas. The affiliated organizations in Colorado share office space, utilities, labor and other costs that are allocated as administrative costs to the Company. The amount of administrative costs allocated were \$123,932, \$98,969 and \$96,436 for years 2014, 2013 and 2012, respectively.

9. Related Party Transactions

The majority member, Senior Management, Inc., and the four affiliated companies (see note 1) are related parties. On various occasions loans and loan payments were made between these related parties. The company paid \$25,500 in management fees to the related party (Senior Management, Inc.).

Subsequent Events

10. Organizational

In 2009, a corporation owned 100% by the majority member was formed to become the Manager of the Company.

11. Contingencies – Law Suits

A) The Company was a defendant in a lawsuit from a former franchisee, alleging fraudulent inducement, fraud, negligent misrepresentation, conspiracy, breach of contract, injunctive relief, declaratory judgment, rescission, breach of implied covenants of good faith and fair dealing, tortuous interference with prospective business relations, breach of the Colorado Consumer Protection Act and alter ego/ piercing the corporate veil.

The Company terminated the franchise of the former franchisee and brought counter claims against the franchisee, as well as its owners for damages, injunctive relief and other remedies the law permits.

THE INTELLIGENT OFFICE SYSTEM, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2014
(See Independent Auditors' Report)

The claim and counterclaims and third party claims asserted by the Company were resolved pursuant to a Settlement Agreement and Mutual Release dated June 26, 2009. The terms of that Settlement Agreement and Mutual Release are confidential; however, the Company is authorized to state that the litigation was resolved to all parties' satisfaction and the parties have agreed not to provide any further details in that regard.

B) On January 26, 2010, the Company filed a Complaint in the District Court for El Paso County, State of Colorado against a franchisee and its principals. Further prosecution was prevented due to the personal bankruptcy of its principals and the office is no longer operational.

C) As a follow up to a prior arbitration proceeding in which all claims were voluntarily dismissed and Intelligent Office System, LLC ("IOS") was awarded damages, Dennis Ballen and Franchise Marketing Associates, LTD brought an action against IOS and related parties (including Ralph Gregory and Arthur H. Appel a/k/a Arrone Appel), alleging breach of fiduciary duty, aiding and abetting breach of fiduciary, and civil conspiracy. These claims are based on facts already alleged in the previous arbitration proceedings which resulted in the voluntary dismissal of the claims and the award to IOS.

D) On October 2, 2012 the court concluded that the Defendants (The Intelligent Office System and Arrone Appel, CPA) met their burden of showing that no claim existed upon which relief can be granted. The court, accordingly granted the Defendants' motion to dismiss the Plaintiff (Dennis Ballen and Franchise Marketing Associates Ltd.) action.

E) On January 8, 2013 Defendants (Ralph Gregory; The Intelligent Office LLC, The Intelligent Office, Inc; and Arrone Appel) presented a motion to the court requesting Attorney's fees and related costs from the Plaintiff, Dennis Ballen and Franchise Marketing Associated Ltd. and their Attorneys.

F) On January 29, 2013 the court awarded Attorney's fees and costs jointly and severally against Plaintiffs and their Attorneys in favor of Defendants Ralph Gregory, The Intelligent Office System LLC, D-Metro and Arrone Appel CPA.

EXHIBIT K
(To The Franchise Disclosure Document)

SUBJECT	NUMBER OF PAGES DEVOTED SUBJECT
Operations	112
Hiring and Culture	22
Receptionist Procedure/Training	57
Billing	8
Sales	146
Pre-opening	45
Forms	40
Marketing	109
Sales Manual	101
TOTAL	640

**EXHIBIT L
(TO DISCLOSURE DOCUMENT)**

**STATE ADDENDA AND RIDERS TO
THE FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT, DEVELOPMENT AGREEMENT
AND OTHER AGREEMENTS**

**EXHIBIT M
(TO DISCLOSURE DOCUMENT)**

ITEM 23

RECEIPT

(Keep this copy for your records)

THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF THE INTELLIGENT OFFICE SYSTEM, LLC OFFERS YOU A FRANCHISE, THE INTELLIGENT OFFICE SYSTEM, LLC MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS, UNLESS STATE LAW REQUIRES A LONGER PERIOD, BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

NEW YORK AND RHODE ISLAND REQUIRE THAT WE GIVE YOU THIS DISCLOSURE DOCUMENT AT THE EARLIER OF THE FIRST PERSONAL MEETING OR 10 BUSINESS DAYS BEFORE THE EXECUTION OF THE FRANCHISE OR OTHER AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION THAT RELATES TO THE FRANCHISE RELATIONSHIP.

MICHIGAN, OREGON, WASHINGTON AND WISCONSIN REQUIRE THAT WE GIVE YOU THIS DISCLOSURE DOCUMENT AT LEAST 10 BUSINESS DAYS BEFORE THE EXECUTION OF ANY BINDING FRANCHISE OR OTHER AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION, WHICHEVER OCCURS FIRST.

IF THE INTELLIGENT OFFICE SYSTEM, LLC DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON D.C. 20580 AND THE APPROPRIATE STATE AGENCY IDENTIFIED ON EXHIBIT A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: Chief Executive Officer, Ralph Gregory, Louis J. Beaupre, Executive Vice President, Jake Nordquist, Director of Operations, Tricia Deschenes, Director of Franchise Support and Training and Tonia Scalzotto Director of Franchise Development and Real Estate, 4450 Arapahoe Avenue, Boulder, Colorado, telephone (303) 417-2100. If you have had contact with a broker or other franchise seller, please include his or her name, principal business address and telephone number in the following blank: _____.

The Intelligent Office System, LLC authorizes the respective agents identified on Exhibit A to receive service of process for The Intelligent Office System, LLC in the particular state.

Issuance Date: March 20, 2015, as amended July 31, 2015.

I have received a Disclosure Document dated March 20, 2015, as amended July 31, 2015 and effective in the franchise registration states on the dates noted on the page following the State Cover Page that included the following Exhibits:

Exhibit

- A List of State Agencies/Agents for Service of Process
- B Franchise Agreement
- C Collateral Assignment of Lease and Lease Addendum
- D Confidentiality and Noncompetition Agreement
- E Closing Acknowledgement
- F Bank Authorization Agreement
- G Area Development Agreement

Exhibit

- H List of Intelligent Office Centers
- I Franchisees Who Have Left the System
- J Financial Statements
- K Operations Manual Table of Contents
- L State Addenda and Riders to the Franchise Disclosure Document, Franchise Agreement, Area Development Agreement and other Agreements
- M Receipt of Disclosure Document

Date

Prospective Franchisee

Print Name

Date

Prospective Franchisee

Print Name

RECEIPT

(Return this copy to us)

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IF THE INTELLIGENT OFFICE SYSTEM, LLC OFFERS YOU A FRANCHISE, THE INTELLIGENT OFFICE SYSTEM, LLC MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS, UNLESS STATE LAW REQUIRES A LONGER PERIOD, BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

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MICHIGAN, OREGON, WASHINGTON AND WISCONSIN REQUIRE THAT WE GIVE YOU THIS DISCLOSURE DOCUMENT AT LEAST 10 BUSINESS DAYS BEFORE THE EXECUTION OF ANY BINDING FRANCHISE OR OTHER AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION, WHICHEVER OCCURS FIRST.

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- M Receipt of Disclosure Document

Date

Prospective Franchisee

Print Name

Date

Prospective Franchisee

Print Name

PLEASE IMMEDIATELY DATE, SIGN AND RETURN THIS PAGE BY MAIL OR COURIER TO THE INTELLIGENT OFFICE SYSTEM LLC AT 4450 ARAPAHOE AVENUE, BOULDER, COLORADO 80303.

**ADDENDUM TO THE INTELLIGENT OFFICE SYSTEM, LLC
DISCLOSURE DOCUMENT REQUIRED BY 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 DISCLOSURE DOCUMENT.

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

1. The following paragraph is added to the end of Item 3:

Neither the Franchisor or any person in Item 2 of the Disclosure Document 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.

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

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

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

**ADDENDUM TO THE INTELLIGENT OFFICE SYSTEM, LLC
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF HAWAII**

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OR A FINDING BY THE COMMISSIONER OF SECURITIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The Franchisor's registered agent in the state authorized to receive service of process is:

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

1. The following paragraph is added to the end of Item 17:

Section 482E-6(3) of the Hawaii Revised Statutes provides that upon termination or refusal to renew a franchise, the Franchisee shall be compensated for the fair market value, at the time of termination or expiration of the franchise, of the Franchisee's inventory, supplies, equipment and furnishings purchased from the Franchisor or a supplier designated by the Franchisor.

2. The following list reflects the status of the franchise registrations of the Franchisor in the states which require registration:

- A. This proposed registration is effective in the following states: California, Hawaii, Illinois, Maryland, Michigan, Minnesota, New York, Rhode Island, Virginia, Washington and Wisconsin.
- B. This proposed registration is or will shortly be on file in the following states: Indiana.
- C. States which have refused, by order or otherwise, to register these franchises are: None.
- D. States which have revoked or suspended the right to offer the franchises are: None.

E. States in which the proposed registration of these franchises has been withdrawn are: None.

**ADDENDUM TO THE INTELLIGENT OFFICE SYSTEM, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF ILLINOIS**

1. The Risk Factors on the Franchise Disclosure Document cover page are hereby deleted in their entirety and replaced by the following:

THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO SUE ONLY IN COLORADO, UNLESS SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT REQUIRES THE FRANCHISEE TO SUE IN ILLINOIS. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO SUE IN COLORADO THAN IN ILLINOIS.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

2. Items 17(v) and 17(w) are hereby modified by adding the following:

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

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

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

**RIDER TO THE INTELLIGENT OFFICE SYSTEM, LLC
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF ILLINOIS**

This Rider to the Franchise Agreement by and between The Intelligent Office System, LLC and Franchisee is dated _____, 20_____.

1. Section 22.4 is hereby modified by adding the following:

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

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

2. Section 23.2 is hereby deleted in its entirety and the following is substituted in its place:

23.2 Entire Agreement. This Agreement, including all exhibits, riders and addenda, contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof. No modifications of this Agreement shall be effective except those in writing and signed by both parties. The Franchisor does not authorize any representation of any nature other than those expressed in this Agreement and the Franchise Disclosure Document.

3. Section 23.14 is hereby amended by adding the following:

Acknowledgement. BEFORE SIGNING THIS AGREEMENT, THE FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL. THE FRANCHISEE ACKNOWLEDGES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON THE FRANCHISEE'S ABILITY AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS.

Section 23.14 is further modified by adding the following:

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

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Illinois Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

THE INTELLIGENT OFFICE SYSTEM, LLC

FRANCHISEE (Print Name)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE INTELLIGENT OFFICE SYSTEM, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF INDIANA**

“Risk Factor” 1 on the cover page does not apply, and the Indiana franchise laws apply notwithstanding “Risk Factor” 2.

“Indiana law prohibits us from establishing a company-owned Center within a reasonable area of your Franchised Location which would compete unfairly with you.”

In Items 17.c. and 17.m., any releases you sign will not apply to any claims that may arise under the Indiana Franchise Disclosure Law and the Indiana Deceptive Practices Act.

Item 17.r. may not be enforceable under the Indiana Deceptive Practices Act.

Item 17.t. may not be enforceable under the Indiana Deceptive Practices Act.

Item 17.v. is not applicable under the Indiana Deceptive Practices Act.

Item 17.w. Indiana franchise laws apply even though Colorado law applies generally.

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
OF THE INTELLIGENT OFFICE SYSTEM, LLC
FOR THE STATE OF MARYLAND**

ITEM 17 of the FDD is modified by adding the following paragraphs:

A provision in the Franchise Agreement or Area Development Agreement, that requires a Franchisee or Developer, to provide a release from liability under the provisions of the Maryland Franchise Law as a condition of the sale, renewal, or assignment of a franchise is prohibited by COMAR 02.02.08.16L.

Subject to the provisions in the Franchise Agreement concerning arbitration and mediation, the Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

**ADDENDUM TO FRANCHISE AGREEMENT
OF THE INTELLIGENT OFFICE SYSTEM, LLC
FOR THE STATE OF MARYLAND**

This Addendum to the Franchise Agreement by and between The Intelligent Office System, LLC and Franchisee is dated _____, 20____.

1. Section 16.2-Pre-Conditions to Franchisee's Transfer is modified by adding the following paragraph:

A provision requiring Franchisee to provide a release from liability under the provisions of the Maryland Franchise Law as a condition of the sale, renewal, or assignment of a franchise is prohibited by COMAR 02.02.08.16L.

2. Section 22.4-Governing Law/Consent to Venue and Jurisdiction is modified by adding the following paragraphs:

Subject to the provisions in the Franchise Agreement concerning arbitration and mediation, the Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

3. Section 23.2-Entire Agreement is modified by adding the following sentence at the end of the paragraph:

Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

4. Section 23.14-Acknowledgment is modified by adding the following subsection:

The parties acknowledge that Section 14-226 of the Maryland Franchise Registration and Disclosure Law provides that as a condition of the sale of a franchise, a franchisor may not require a franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under this subtitle.

This Addendum shall modify the Franchise Agreement only to the extent expressly provided herein, and all other terms, conditions and obligations of the Franchise Agreement shall continue to remain in full force and effect. All initially capitalized terms not otherwise defined in this Addendum shall have the same meaning as defined in the Franchise Agreement.

Witness:

THE INTELLIGENT OFFICE SYSTEM, LLC

By: _____
Its: _____

FRANCHISEE:

By: _____
Its: _____

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT
OF THE INTELLIGENT OFFICE SYSTEM FOR THE STATE OF MARYLAND**

1. Section 8.7 of the Area Development Agreement is deleted in its entirety and replaced with the following paragraph:

This Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, both oral and written, concerning the subject matter hereof. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

2. Paragraph 4 of Exhibit D, Guaranty And Assumption of Franchisee's Obligations, is modified by inserting at the end of that section, the following:

A provision requiring Developer to provide a release from liability under the provisions of the Maryland Franchise Law as a condition of the sale, renewal, or assignment of a franchise is prohibited by COMAR 02.02.08.16L.

3. Paragraph 6 of Exhibit D, Guaranty And Assumption of Franchisee's Obligations, is modified by adding the following paragraphs:

Subject to the provisions of this Area Development Agreement concerning arbitration, Developer may bring any legal action against Franchisor in the state of Maryland.

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

This Addendum shall modify the Area Development Agreement only to the extent expressly provided herein, and all other terms, conditions and obligations of the Area Development Agreement shall continue to remain in full force and effect. All initially capitalized terms not otherwise defined in this Addendum shall have the same meaning as defined in the Area Development Agreement.

Witness:

THE INTELLIGENT OFFICE SYSTEM, LLC

By: _____
Its: _____

DEVELOPER:

By: _____
Its: _____

NOTICE REQUIRED BY MICHIGAN LAW

If THE INTELLIGENT OFFICE SYSTEM, LLC offers you a franchise, it must provide a disclosure document to you 10 business-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings.

Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (1) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
- (2) The fact that the proposed transferee is a competitor of the franchisor.
- (3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

You have the right to request that THE INTELLIGENT OFFICE SYSTEM, LLC arrange for the escrow of the initial fee and other funds paid to IOS until its obligations to provide training are fulfilled.

Any questions regarding this notice should be directed to the Consumer Protection Division, Franchise Section, P.O. Box 30213, Lansing, Michigan 48913; Telephone Number: (517) 373-7117.

Franchisor's agent in this state authorized to receive service of process: Consumer Protection Division, Franchise Section, P. O. Box 30213, Lansing, Michigan 48913.

**ADDENDUM TO THE INTELLIGENT OFFICE SYSTEM, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MINNESOTA**

We are contractually obligated by the Franchise Agreement to protect you against claims of infringement or unfair competition with respect to your use of the Marks, when in the opinion of our legal counsel, your rights granted therein warrant protection.

Minnesota law provides a Franchisee with certain termination and nonrenewal rights. Minn. Stat. Sec. 80C.14 Subd. 3, 4 and 5 require, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the applicable agreement.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

In Items 17.c and 17.m any releases you sign will not apply to any claims that may arise under the Minnesota Franchise Act.

**RIDER TO THE INTELLIGENT OFFICE SYSTEM, LLC
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA**

This Rider to the Franchise Agreement by and between The Intelligent Office System, LLC and Franchisee is dated _____, 20__.

1. The second sentence of Section 14.4. is deleted and the following is inserted in its place:

The Franchisor agrees to protect the Franchisee against claims of infringement or unfair competition with respect to the Franchisee's authorized use of the Marks, when in the opinion of counsel to the Franchisor, the Franchisee's rights granted therein warrant protection.

2. The following sentence is added at the end of Sections 16.2.f and 17.3.d:

Any release executed in connection herewith will not apply to any claims that may arise under the Minnesota Franchise Act.

3. The following sentence is added to Section 18.5:

Minnesota law provides Franchisee with certain termination and nonrenewal rights. Minn. Stat. Sec. 80C.14 Subd. 3, 4 and 5 require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of this Agreement.

4. The last sentence of Section 22.4 is deleted and the following is inserted in its place:

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. Section 22.5 is deleted and the following is inserted in its place:

22.5 Injunctive Relief. Notwithstanding the above mediation and arbitration provisions, the Franchisor and the Franchisee will each have the right in a proper case to obtain injunctive relief and any damages incidental thereto from a court of competent jurisdiction. The Franchisee agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds, as determined by a court of competent jurisdiction, and the Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by the Franchisee. Any such action will be brought as provided in Section 22.4 above and the prevailing party shall be entitled to its costs and attorneys' fees.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

THE INTELLIGENT OFFICE SYSTEM, LLC

FRANCHISEE (Print Name)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**RIDER TO THE INTELLIGENT OFFICE SYSTEM, LLC
AREA DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF MINNESOTA**

This Rider to the Area Development Agreement by and between The Intelligent Office System, LLC and Franchisee is dated _____, 20__.

1. The following statement is added to Article 4 of the Area Development Agreement:

Minnesota law provides a Franchisee with certain termination and nonrenewal rights. Minn. Stat. Sec. 80C.14 Subd. 3, 4 and 5 require, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Rider concurrently with the execution of the Area Development Agreement on the day and year first above written.

THE INTELLIGENT OFFICE SYSTEM, LLC

FRANCHISEE (Print Name)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE INTELLIGENT OFFICE SYSTEM, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NEW YORK**

1. The following paragraphs are added to the state cover page:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

The Franchisor's registered agent in the state authorized to receive service of process is:

Secretary of State of the State of New York
41 State Street
Albany, New York 12231

2. The following paragraphs are hereby added to Item 3:

Neither IOS nor any person identified in Item 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against it, him or her alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither IOS nor any person identified in Item 2 above has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the ten year period immediately preceding the date of this disclosure document has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither IOS nor any person identified in Item 2, nor any affiliate offering franchises under our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order

relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. Item 4 is hereby deleted in its entirety and the following is inserted in its place:

Neither IOS nor any predecessor, officer or general partner of IOS has, during the 10-year period immediately preceding the date of the offering prospectus, been adjudged bankrupt or reorganized due to insolvency, or was a principal officer of any company or a general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency during or within one year after the period that such officer or general partner of IOS held such position in such company or partnership, nor has any such bankruptcy or reorganization proceeding been commenced.

4. The following sentence is added to the end of the first paragraph of Item 5:

We use the proceeds from your payment of the initial franchise fee to defray our costs and expenses for providing training and assistance to you and for other expenses.

5. The following is added at the beginning of Item 17:

THESE TABLES LIST CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

6. Item 17.d on page 32 is hereby deleted in its entirety and replaced by the following:

Provision	Section in Franchise Agreement	Summary
d. Termination by you	Section 18.1	You may terminate the Agreement upon any grounds available by law

7. Item 17.j on page 32 is hereby deleted in its entirety and replaced by the following:

Provision	Section in Franchise Agreement	Summary
j. Assignment of contract by us	Section 16.6	No assignment will be made except to an Assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

8. Item 17.w on page 33 is hereby deleted in its entirety and replaced by the following:

Provision	Section in Franchise Agreement	Summary
w. Choice of law	Section 22.1	Colorado law applies. The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by the GBL of the State of New York, Article 33.

9. Item 17.j on page 33 is hereby deleted in its entirety and replaced by the following:

Provision	Section in Area Development Agreement	Summary
j. Assignment of contract by us	Section 5.1	No assignment will be made except to an Assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

10. Item 17.w on page 34 is hereby deleted in its entirety and replaced by the following:

Provision	Section in Area Development Agreement	Summary
w. Choice of law	Section 8.1	Colorado law applies. The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by the GBL of the State of New York, Article 33.

11. Item 17.w on page 35 is hereby deleted in its entirety and replaced by the following:

Provision	Section in Technology Systems Agreement	Summary
w. Choice of law	Section 6.1	Colorado law applies. The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by the GBL of the State of New York, Article 33.

12. THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

**RIDER TO THE INTELLIGENT OFFICE SYSTEM, LLC
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF NEW YORK**

This Rider to the Franchise Agreement by and between The Intelligent Office System, LLC and Franchisee is dated _____, 20_____.

1. The following sentence shall be added after the first sentence of Section 8.3:

Any new or different requirement set forth in the Operations Manual shall not unreasonably increase the Franchisee's obligations or place an excessive burden on the Franchisee's operation of its INTELLIGENT OFFICE Center.

2. The following shall be added at the end of Sections 16.2.f and 17.3.d:

Provided however, that all rights enjoyed by the Franchisee and any causes of action arising in the Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provision of GBL 687.4 and 687.5 be satisfied.

3. Section 16.6 is deleted and the following is inserted in its place:

This Agreement is fully assignable by the Franchisor and shall inure to the benefit of any assignee or other legal successor in interest, and the Franchisor shall in such event be fully released from the same, provided no assignment shall be made except to an assignee who, in the Franchisor's good faith judgment, is willing and able to assume the Franchisor's obligations under this Agreement.

4. The following shall be added at the end of Section 18.1:

The Franchisee may terminate the Agreement upon any grounds available by law.

5. After the first sentence of Section 19.3, the following sentence shall be added:

However, the Franchisee shall not be required to indemnify the Franchisor for any liabilities which arose as a result of the Franchisor's breach of this Agreement or other civil wrongs committed by the Franchisor.

6. The following shall be added to Section 22.4:

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon the Franchisee by the provisions of Article 33 of the New York State General Business Law. This language has been included in this Franchise Agreement as a condition of 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.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

THE INTELLIGENT OFFICE SYSTEM, LLC

FRANCHISEE (Print Name)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**RIDER TO THE INTELLIGENT OFFICE SYSTEM, LLC
AREA DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF NEW YORK**

This Rider to the Area Development Agreement by and between The Intelligent Office System, LLC and Franchisee is dated _____, 20_____.

1. The following is added to the end of Section 5.1:

Provided, however, that Franchisor shall not transfer its rights and obligations hereunder unless, in Franchisor's reasonable judgment, the assignee is able to perform Franchisor's obligations under this Agreement.

2. The following is added to Section 8.1:

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon the Franchisee by the provisions of Article 33 of the New York State General Business Law. This language has been included in this Area Development Agreement as a condition of registration. The Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Area Development 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 Area Development Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Rider concurrently with the execution of the Area Development Agreement on the day and year first above written.

THE INTELLIGENT OFFICE SYSTEM, LLC

FRANCHISEE (Print Name)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE INTELLIGENT OFFICE SYSTEM, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF RHODE ISLAND**

1. The following paragraph is hereby added at the end of Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

This language has been included in this Disclosure Document 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.

**RIDER TO THE INTELLIGENT OFFICE SYSTEM, LLC
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF RHODE ISLAND**

This Rider to the Franchise Agreement by and between The Intelligent Office System, LLC, and Franchisee is dated _____, 20__.

1. The following paragraph is hereby added at the end of Section 22.4:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

The above language has been included in this Franchise Agreement 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 venue 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 and to rely on federal pre-emption under the Federal Arbitration Act.

IN WITNESS WHEREOF the parties hereto have duly executed and delivered this Rhode Island Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

THE INTELLIGENT OFFICE SYSTEM, LLC

FRANCHISEE (Print Name)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE INTELLIGENT OFFICE SYSTEM, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF VIRGINIA**

A copy of the Franchisee's current form of Membership Agreement is attached to the Disclosure Document as part of the Virginia Addendum.



Intelligent Office®

Work Anywhere...Professionally

Membership Agreement

Client Information:

Company _____

Billing Contact: _____ DID Assigned: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

Phones: hm: _____ ofc/cell: _____ fax: _____

E-Mail Address: _____

Detailed Membership Information

Reception & Space Services

Install

Monthly

Membership Package:		
Additional Members:		
Branch office: (location)		
Access Codes: Copy Access (no charge): Y N After Hours Building Access (\$15 Install): Y N		
Business Services: (list details on separate business services agreement)		
Misc. Services (please list):		

Telephone Services

LD Code:		
1-800 Number:		
Custom Number:		
Transaction Box		
Additional Voicemails		
Active Notification:		
Other Telephone Services:		

Mail Services

Mailbox Size:		
Mail Forwarding Services:		

Additional Company Names:		
---------------------------	--	--

Directory Services

Qwest Listing		
Lobby Listing		

MONTHLY _____ + DEPOSIT _____ + INSTALL _____ = TOTAL _____

Code Details:

Code: _____ For **Copier**, put '0' in front, for **Door**, put '0' in back of 4 digit code.

Copier usage: Enter 5 digit code (0 _ _ _ _) into keypad to the right of the copier. Select copy settings. Make copies. After copies are made, press orange "Clear" button on right-hand keypad to clear code. This prevents other clients from using your code.

After Hours usage: (\$15 Installation Fee) To enter the Office Building after hours: enter **1 4 1 2** into outside keypad. When you hear a click it is ok to enter. To access the suite after hours, enter go thru the mailroom to the door with the keypad. Enter code (_ _ _ _ 0) into keypad. The light on the lock will flash green. Pull the door open, enter, and make sure the door shuts securely behind you.

When meeting with a client after hours, the client should be instructed to ring the bell on the outside door. The bell can be heard from anywhere within Suite #100. When your client has arrived, unlock the front door to Suite #100, let your client in, enter the suite, then lock the office door behind you. When the meeting ends, let your client out through the same door, re-lock it, then exit through the mail room. The office doors must remain locked to maintain security at all times

To use the phone, dial '6' for an outside line. If a fax is sent, write your company name on the transmittal sheet, and leave on the front TeleSecretary desk. If the copier is needed, simply turn it on and enter your copy code as described above. Please be advised that the copier will need to warm up before use to ensure proper functioning.

Please clean all areas used by your company and clients, turn off any appliance used and turn off lights before leaving.

Notification Details:

What Days per week would you like to be notified?	Time?:	Number?:	Type?:
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	

If you are unavailable, the Active Notification system will notify you of unchecked messages every 30 minutes for 3 hours until you log into your voicemail box. If your line is busy, Active Notification will alert you every 15 minutes for 2 hours. If you have chosen a cell phone for notification purposes, DO NOT turn it off. If you do, it will disable your notification temporarily. The Active Notification should re-enable the next time you log into your voicemail. Also we have noticed, that if you use a cell service in which circuits are regularly busy, the notification may shut itself off. The Active Notification should re-enable the next time you log into your voicemail. If you need help, please calls us and we will help you.

Mailbox Details:

Mailbox Number : _____

Package Notification: ()Yes ()No

Number of Keys : _____

Fax Notification: ()Yes ()No

By my signature on this membership agreement I hereby acknowledge receipt of the above key(s) and authorize The Intelligent Office to handle mail services delivered to 4450 Arapahoe Avenue Suite #100, Boulder, CO, 80303. I understand that if I need another key for my mailbox, I will be charged \$5.00 for key manufacturing. If all keys are not returned to management upon termination of services or mail handling, I will pay a \$50.00 re-keying charge. There is a \$5.00 charge per company name that differs from Primary Membership Company. Package and Fax Notification are .50 cents per call.

Please list all individuals/company names that will receive mail at above address:

Directory Information:**Qwest:**

Unless otherwise stated, address will be 4450 Arapahoe Ave #100, Boulder, CO, 80303.

Print your company/name as you would like it to appear in the Qwest directory:

(Characters per line = 32 maximum including commas, spaces, etc.)

Company Name: _____

Address (if different): _____

Number to be Listed: _____

Yellow Pages Category: _____

Lobby:

Print your company/name as you would like it to appear on the directory board:

(Characters per line = 32 maximum including commas, spaces, etc.)

The Phone Directory Listing will appear immediately in the Online Directory and the 411 Directory and will appear in the White and Yellow Pages Business Listings when the new book is issued and remains thereafter until removal is requested by the listed business. The Lobby Listing will appear at the beginning of the next month and will remain in effect until removal is requested by the listed business or membership service is terminated. If the request to remove / termination of any listing occurs mid-month, the listing will remain in effect until the end of the month. The monthly fee cannot be prorated for a partial month. Unfortunately no special or emboldened fonts are available for directory use.

Revisions to the original listings can be accepted up to five (5) days before the end of the month. Re-Installation charges will apply to any changes made to your directory listings. The Intelligent Office reserves the right to determine appropriate configurations of text appearing in the directories to ensure a professional appearance. Listings will appear alphabetically.

Billing & Payment Details:

(Amounts owed are due by the 10th of each month)

You will receive your invoice by e-mail: Your invoice will be sent to the e-mail address listed on pg 1 of this agreement. If you change your address at any time, please let us know so we can make sure you will always get your invoice on time

I prefer to pay invoice: () Manual Credit Card () Automatic Transaction on the 10th of each month.
() Electronic Funds Transfer – *PREFERRED (separate paperwork)*

I (we) authorize THE INTELLIGENT OFFICE, INC. to initiate entries to my (our) Visa/MasterCard/ American Express credit/debit account indicated below.

Card Type: _____ Exp Date: _____ Zip Code: _____

Card Number: _____

AUTOMATIC PAYMENTS:

These debit entries will be made in payment of fixed and variable expense invoices as authorized by me (us) upon becoming a member of THE INTELLIGENT OFFICE. I (we) will be responsible to notify THE INTELLIGENT OFFICE of any exception I (we) might have to these charges as documented by the invoices provided to me (us) each month. Such notification must be provided to THE INTELLIGENT OFFICE no later than the 8th of each month. Without provision of such notification, THE INTELLIGENT OFFICE is authorized to proceed with the transactions against this account for payment in full of the amount of invoices provided.

This authorization is to remain in full force and effect until THE INTELLIGENT OFFICE has received written notice from me (us) of termination of services through THE INTELLIGENT OFFICE in such time and manner as to afford THE INTELLIGENT OFFICE a reasonable opportunity to act on the termination.

Name on card: _____
Please print

Signed: _____

Cardholder's Signature _____

Agreement Details:

Monthly invoices/statements include recurring charges billed in advance and variable expenses for the month prior. Invoices are placed in your mailbox, mailed out via USPS, or e-mailed to you on the 1st of the month with payments due by the 10th. Mailed billings cost \$3 per month. Overdue payments are subject to a 5% per month late fee.

All live-answer clients receive 200 calls per month included in their service. Additional Reception Services will be determined on a volume basis.

Client acknowledges and agrees that client will be working closely with employees of The Intelligent Office who have been trained by, and at the time and expense of, The Intelligent Office. During the term of this agreement, and for a period of one year after the termination of this agreement, with or without cause, Client agrees that Client will not solicit employment of, offer employment to, or hire, whether as an employee or independent contractor or otherwise, any person who was an employee of The Intelligent Office at any time during this agreement. If Client breaches the restrictions contained in this paragraph, Client acknowledges and agrees that damages would be difficult to ascertain with a reasonable degree of certainty and further agrees to pay to The Intelligent Office as liquidated damages, and not as a penalty, a sum equal to twenty percent

(20%) of the employee's annual salary as of said employee's last day of employment with The Intelligent Office. Payment will be due on written demand.

Member agrees that any collection action by The Intelligent Office to recover fees under this agreement may be brought in Boulder County, Colorado. In the event of a successful collection action by The Intelligent Office, member agrees to pay all reasonable and related attorney fees and costs.

Agreement for membership with The Intelligent Office will begin _____ and be in effect for a period of one year between the undersigned, continuing on a month-to-month basis thereafter until terminated in writing (with signature) by either party.

Ninety-day written notice is required to terminate membership. In the event of early termination, there will be a penalty equal to the value of the Monthly Option for each month of service since the beginning of the term of the agreement.

Member

Printed Name

Today's Date

Prepared by:

Intelligent Office - Coordinator

The Intelligent Office
at Boulder
4450 Arapahoe Ave. #100
Boulder, CO. 80303

The Intelligent Office
at Cherry Creek
300 S. Jackson St. #100
Denver, CO. 80209

The Intelligent Office
Denver Tech Center
4610 S. Ulster St #150
Denver, CO. 80237

Created 12-9-04

**ADDENDUM TO THE INTELLIGENT OFFICE SYSTEM, LLC
DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON**

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

**RIDER TO THE INTELLIGENT OFFICE SYSTEM, LLC
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF WASHINGTON**

This Rider to the Franchise Agreement by and between The Intelligent Office System, LLC and Franchisee is dated _____, 20____.

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

THE INTELLIGENT OFFICE SYSTEM, LLC

FRANCHISEE (Print Name)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE INTELLIGENT OFFICE SYSTEM, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WISCONSIN**

REGISTRATION OF THIS FRANCHISE IN THE STATE OF WISCONSIN DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

The conditions under which the Franchise Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

**RIDER TO
THE INTELLIGENT OFFICE SYSTEM, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF WISCONSIN**

This Rider to the Franchise Agreement by and between The Intelligent Office System, LLC and Franchisee is dated _____, 20____.

1. The following paragraph is added to Article 18:

The conditions under which the Franchise Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Wisconsin Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

THE INTELLIGENT OFFICE SYSTEM, LLC

FRANCHISEE (Print Name)

By: _____
Title: _____

By: _____
Title: _____