

# Who are we?

Archimedes' Offspring ("AOS") is an unincorporated business organization (commonly referred to as a "Massachusetts Business Trust" or "MBT") formed under that certain Trust Agreement dated as of the 31st day of March, 2019 (the "Trust Agreement"), by and between FLC LLC, a Colorado limited liability company doing business as "FLeCusa International," as Grantor, Windom Peaks Capital, LLC, a Colorado limited liability company, as Trustee, and the Invention Investment Families identified on this website, each of which has been designated a beneficiary / beneficial owner under the terms of the Trust Agreement.

## Account Opening

### How do I get started as an investor with one of the AOS-sponsored Invention Investment Families?

You can get started as an investor with an AOS-sponsored Invention Investment Family by going to the "funding portal" or other platform website on which that Invention Investment Family's then current securities offering is pending (a "Pending Offering") (*Note: AOS will, from time-to-time in the future, provide additional links and direction when such offerings are pending. Stay tuned to the AOS Website for that information*). The entire account creation and investment process is intended to be completed online via the platform website. You will be prompted to provide or verify any required information, as well as make the necessary acknowledgments, electronically.

### Who can invest?

Any US resident who qualifies as an "accredited investor", over the age of 18 can invest in any then Pending Offering, subject to certain limitations.

### Can international investors invest?

No, at this time investments in AOS-sponsored Invention Investment Families are only available to US residents.

If you have a US-based entity (LLC, LP, trust, etc) you can currently invest through that vehicle, so long as it has a US tax ID number. We cannot accept pass-through or disregarded entities at this time as a result of foreign withholding regulations. Your entity must file and pay taxes in the US. Please consult your tax professional for any tax information specific to you.

## **What types of accounts do AOS-sponsored Invention Investment Families support?**

Once an Invention Investment Family has been created, it will support personal investment accounts, joint accounts, and certain entity accounts (Trusts, Limited Liability Companies, Limited Partnerships, C Corporations, and S Corporations).

## **Can I invest through my IRA?**

At the time of their creation, each Invention Investment Family will team up with one or more reputable trust companies or other custodial financial institutions to allow you to invest IRA funds in a diversified portfolio of inventions, plus the related intellectual property.

## **What is the minimum investment?**

\$535.00

## **Can I add to my investment?**

After your investment settles, and where permitted by the platform, you should be able to add funds by clicking the appropriately labeled “Add Funds” button on that website platform from the platform’s investor dashboard, subject to the limitations required by any exemption to which the then current offering of securities may be subject, either a rolling 6-month or 12-month period, depending on whether the exemption then being relied upon is an exemption available under Regulation D, as amended.

## **How do you keep my personal information secure?**

Each Invention Investment Family will use bank-level security for the protection of the personal information of its investors. Investor information will be encrypted with an AES bit symmetric key, the same level as the largest commercial banks use. Each investor’s connection to his or her account is always encrypted over HTTPS with Transport Layer Security (TLS). Invention Family applications and data are physically located in multiple secure data centers. Each Invention Investment Family will utilize either a “funding portal” or other platform website on which that Invention Investment Family’s then current securities offering is pending or, if the Invention Investment Family determines to make a Pending Offering on its own website, such Invention Investment Family will then use Amazon Web Services for the hosting to ensure compliance with the numerous security certifications which at such time constitute “best practices” concerning security maintenance.

## **Why do you need my Social Security number and date of birth?**

Investments sold through a website platform selected by an Invention Investment Family are real investments. All income must be reported to the Internal Revenue Service. As a result, we are required to obtain your social security number and date of birth.

## **How do I fund my investment?**

ACH transactions are mandatory for all investments. The Invention Investment Families are unable to accept savings accounts or credit/debit cards. During the investment placement process, you will be prompted to add a bank account either using your online banking credentials or manually by entering your bank's routing and account numbers. Please note that we will need a linked bank account in order to send any distributions.

## **Investor Basics**

### **What am I investing in?**

Investments by investors in an Invention Investment Family are allocated across a diversified portfolio of inventions (and the related intellectual property) within the industry segment to which such Invention Investment Family is dedicated. For example, the Henry Invention Investment Family is dedicated to acquiring partial ownership interests in inventions (and the related intellectual property) which would ordinarily be sold in those industry segments which are represented by, and participate in, the annual National Hardware Show held in Las Vegas in May of each year. To see more detail on the investments proposed by each individual Invention Investment Family, please visit your account page on the website platform on which that Invention Investment Family has been conducting its Pending Offering(s).

### **What are the fees?**

The Invention Investment Families, collectively, pay a single monthly fee to AOS Management LLC (the management company for the Invention Investment Families) equal to:

1. an amount up to, but not in excess of, \$5,000, multiplied by the number of independent contractors (initially, five, but not to exceed a total of fourteen in number at any point in time) retained by AOS Management LLC to assist AOS Management LLC in the management of the various Invention Investment Families, to provide support to the IIFs respective Boards of Directors and to support the investor relationship function with each such Invention Investment Families' shareholders; plus

2. reimbursement of the modest, reasonable and necessary business expenses incurred by AOS Management LLC during the preceding month on the Invention Investment Families' behalf and on behalf of the Invention Investment Families' respective Boards of Directors and shareholders.

For a full description of other fees that each investment may incur, please see the offering circulars available on the "funding portal" or other platform website on which the individual Invention Investment Family's Pending Offering may be listed.

## **What documents will I receive as an investor?**

After an investment has settled, and once the investor information databases and accompanying investor dashboards have been completed, investors will be able to track their performance on their investor dashboard. Within the dashboard, investors will be able to track any potential earnings through dividends and/or appreciation, and will be able to access their monthly account statements, periodic asset updates, and tax documents.

As long as you are an investor, we intend to furnish you with a Form 1099 by approximately mid-March of the applicable tax year.

## **When can I expect a return on my investment and how will it be distributed?**

While the amount and timing of an investor's return will vary depending on their selected plan and the investments within their portfolio, generally speaking investments in Invention Investment Families sponsored by AOS are meant to be long-term and illiquid in nature. Any potential returns are expected to be paid out in two ways (i) via distributions on either a regular or infrequent basis, and (ii) via appreciation in asset value at the end of the asset's investment term.

While some investors may be interested in receiving quarterly distributions, distributions may be more or less frequent depending on the performance of an Invention Investment Family's invention portfolio, market conditions, and other factors. Any distributions, if and when declared, will be deposited into your primary bank account on file unless you opt into that particular Invention Investment Family's Dividend Reinvestment Program (DRIP). Note that actual results may be different for each investor and there can be no guarantee of enhanced returns due to investing in an Invention Investment Family's securities or the use of services provided by AOS Management on behalf of AOS and the Invention Investment Families.

## **How will I be updated on the progress of my investments?**

Once the Invention Investment Family has made its first Pending Offering, that Invention Investment Family, through the “funding portal” or other platform website on which such Pending Offering was made, will provide direct communication to and with investors, including ongoing reporting and updates on the status of your investment and the assets within the Invention Investment Family’s portfolio, as well as the delivery of tax information and other relevant materials.

## **How do I redeem my shares?**

Initially, none of the Invention Investment Families will have a redemption plan in place for its shareholders. However, one or more Invention Investment Families may decide to adopt a redemption plan for its investors at some point in the future. If such a determination is made and the Invention Investment Family thereafter sets up and maintains such a redemption plan, then, in that situation, an investor may obtain liquidity monthly, following a minimum sixty-day waiting period after submitting their redemption request, subject to certain limitations. Upon the creation of such redemption plan by one or more Invention Investment Families, should you wish to submit a request to redeem your shares, you should be able to do so in your account settings at any time. Note that your redemption value may be subject to a liquidity penalty of a pre-determined amount depending on the length of time over which you have owned the applicable shares. For more information, please see the disclosure contained in the offering circulars pertaining to any Pending Offering which such Invention Investment Family may have undertaken.

## **Can I reinvest my dividends?**

Yes, the particular Invention Investment Family’s Dividend Reinvestment Program (“DRIP”) will allow you to automatically reinvest the dividends you earn from your investments directly back into open offerings on the platform according to your plan. Note that if you are enrolled in the Starter Plan, any reinvested dividends will, subject to statutory and regulatory limitations, be automatically allocated in accordance with your chosen plan. For more information about the program, please refer to the full DRIP Documentation pertaining to that Invention Investment Family’s DRIP.

## **Are there any fees associated with DRIP?**

No. When set up, there will be no fees associated with participating in the Invention Investment Family-specific Dividend Reinvestment Program (DRIP). For additional information, please refer to the full DRIP Documentation pertaining to that Invention Investment Family’s DRIP.

## **Where are my dividends reinvested?**

Your dividends are reinvested into open offerings on the platform according to your selected investment plan. Investors can change their dividend reinvestment election in their settings on their investor dashboard.

## **Can I opt out of dividend reinvestment at any time?**

Yes. You may opt out of DRIP or adjust your DRIP preferences at any time. However, please note that you must do so prior to the end of the quarter in order for your selection to be applied to that quarter's dividends, if any are declared.

## **Can I invest more after my initial investment?**

Yes, subject to statutory and regulatory limitations, after placing your first investment you can place as many subsequent follow-on investments as you would like.

## **Is my investment automatically recurring?**

Manual investments on our platform are not automatically recurring. However, if you wish to set up a schedule of automatically recurring monthly or bi-monthly investments, you may do so by enabling the auto-invest feature in your account settings.

## **Do you accept installment payments?**

No, the Invention Investment Families will be unable to accept installment payments at any time in the near future.

## **Where can I access my tax documents?**

Tax documentation will be uploaded to the Documents tab in your investor dashboard.

## **How do I talk to a tax professional?**

Neither AOS nor AOS Management LLC or any of its managed Invention Investment Families or affiliates can provide any tax advice. You will need to consult with your own tax lawyer, tax accountant or other tax adviser for any and all information about your own tax situation.

## **Investment Offerings**

# What is an Invention Investment Family?

An Invention Investment Family is a type of online alternative investment available exclusively through the AOS Umbrella structure. An Invention Investment Family is a professionally managed, diversified portfolio of inventions and related intellectual property assets, such as patents, trademarks, copyrights and trade secrets. Similar to an ETF or mutual fund but specifically for inventions and related intellectual property, an Invention Investment Family allows an investor to diversify across many inventions at a relatively low cost and with minimal effort. AOS-sponsored Invention Investment Families are offered directly to investors via website platforms (with respect to Pending Offerings under Regulation Crowdfunding, i.e., Title III of the JOBS Act) known as “funding portals” and via website platforms or an Invention Investment Family’s own website (with respect to Pending Offerings under either Regulation D or Regulation A, as amended), without any brokers or selling commissions.

Unlike traditional investment pools, including, but not limited to, venture capital and private equity investment pools, AOS-sponsored Invention Investment Families offer more transparency and lower fees. As it is intended that initially the securities of such Invention Investment Families will not be publicly traded, they generally have the same degree of liquidity that investments in other privately-held investment pools possess, but less than investment pools that are publicly traded. They also have lower correlation to the broader market, and may therefore offer greater protection from market volatility.

# How do I earn returns on my investment?

The Invention Investment Families earn money from their investments in inventions and the related intellectual property through one of four methods:

- licensing fees derived from a licensing of the invention (and related intellectual property) to a third party in a commercially reasonable, arms-length transaction;
- proceeds from the outright sale of the invention (and related intellectual property) to a third-party in a commercially reasonable, arms-length transaction;
- Repayment by an inventor of the principal, plus interest (calculated at an annual rate of 15% or above) of a “bridge loan” made by one of the Invention Investment Families to such inventor for a specified period of time, but always for a duration not greater than one (1) year; or
- repurchase by the inventor of the Invention Investment Family’s partial ownership interest in the invention (and related intellectual property) previously obtained by the Invention Investment Family, but only in those situations where, and provided that, the invention clearly has, in the joint opinion of the Invention Investment Family and the inventor, tremendous commercialization potential beyond that ordinarily available through licensing and/or outright sale of the invention to a third party.

For example, in the last of these four situations (i.e., the fourth option enumerated above) the inventor will express a desire to repurchase the ownership interest previously sold to the Invention Investment Family and to place the invention (and related intellectual property) in a new startup company for the purpose of seeking venture capital or private equity financing to

start, grow and maintain such company over the longer term to realize such invention's greater commercialization potential. In such an event, the repurchase price for the partial ownership interest to be surrendered by the Invention Investment Family will be determined based on the proposed pre-money valuation of the proposed new startup company (and the related invention and associated intellectual property) as both agreed upon by the inventor and the Invention Investment Family and reflected in the negotiations with the inventor's proposed venture capital or private equity partner.

As a shareholder in an Invention Investment Family, you would be entitled to your pro-rata portion of any income earned and distributed. You may receive periodic distributions as certain underlying properties are sold. However, actual results may be different for each investor and there can be no guarantee of enhanced returns due to investing in one or more Invention Investment Families or the use of AOS Management LLC's services.

## **What is the term? When can I expect to get my money back?**

Investments in the shares of Invention Investment Families are intended to be long-term investments and are inherently illiquid in nature. It is the intention of AOS that each Invention Investment Family which AOS Management LLC manages will look for opportunities to provide liquidity to its investors after approximately two years of operations. While each Invention Investment Family expects to seek a liquidity transaction in this time frame, there can be no assurance that a suitable transaction will be available or that market conditions for a transaction will be favorable during that time frame.

## **What tax documents can I expect to receive?**

Investors in an Invention Investment Family will receive a 1099-DIV at the end of each year. It is AOS's intention that each Invention Investment Family will upload these tax documents to the Documents tab of each investor's dashboard in advance of each tax season.

## **What is NAV?**

The Net Asset Value (NAV) per share represents the estimated value of a single share based on a variety of factors including potential changes in the underlying value of the inventions (and related intellectual property) owned. After an initial ramp-up period for each offering, NAV is typically adjusted on a quarterly or semi-annual basis. While NAV may be used to determine the Redemption Price of a share, it is only an estimate of value and the actual market price that someone would pay for such a share may vary widely.

## **How often will my investment change in value?**



AOS intends for each Invention Investment Family to make adjustments to the Net Asset Value per share, or NAV, on a quarterly or semi-annual basis. Please note that all NAV adjustments will be reflected on your investor dashboard for the Invention Investment Families in which that investor has previously invested.

## **Are Invention Investment Family investments audited?**

Yes. Financial statement audits occur annually and will be disclosed to investors as part of the annual report on

- Form C-1 (if the Pending Offerings in which you have invested were made on a “funding portal” under Regulation Crowdfunding);
- Form 1-K (if the Pending Offerings in which you have invested were made on a platform or on the Invention Family’s own website under Regulation A, as amended); or
- On the Invention Family’s own, custom-designed annual reporting form (if the Pending Offerings in which you have invested were made on a platform or on the Invention Family’s own website under Regulation D).

to the extent required to be publicly filed with the Securities and Exchange Commission.

## **Tax Form 1099-DIV**

### **What is a Form 1099-DIV?**

IRS Form 1099-DIV is sent to investors annually and provides the tax character of any distributions (dividends and any other distributions) paid to you during the tax year.

### **Under what circumstances will I receive an IRS Form 1099-DIV?**

You will receive a Form 1099-DIV if you have received distributions from one or more of your investments in one or more Invention Investment Families. To enable you to properly report these distributions to the IRS, the Form 1099-DIV shows the tax character of the distributions you received. The Invention Investment Family who sent you a distribution is identified in the box in the top-left of the form.

### **What is the account number?**

Your Form 1099-DIV may show an account or other unique, identifying number that we have assigned to you to distinguish your account from other investors in the Invention Investment Family's internal records.

## **What is the recipient's identification number?**

For your protection, the Form 1099-DIV we send to you may only show the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN) or adoption taxpayer identification number (ATIN). However, we are required to report your complete identification number to the IRS and, where applicable, to state and/or local governments.

## **What is the difference between the distributions shown in Boxes 1a, 2a, and 3?**

Your Form 1099-DIV shows your ordinary dividends in Box 1a, capital gains distributions in Box 2a and non-dividend distributions in Box 3.

Each year, the Invention Investment Families are required to report to you the tax character of distributions paid to you, which is determined by comparing the amount of distributions paid by each Invention Investment Family with that Invention Investment Family's earnings and profits for a given year. The Invention Investment Family's calculated current and accumulated earnings and profits is the result of a tax calculation, which often differs from the Invention Investment Family's profits calculated in accordance with generally accepted accounting principles and presented to you in such Invention Investment Family's Annual Report on the appropriate form (either Form C-1 or Form 1-K, if related to a Title III or Title IV offering, respectively, or on a custom form, if related to a Regulation D offering) each year.

In the event that any portion of distributions paid to you for a particular Invention Investment Family during a particular year exceeds earnings and profits for that year, it is treated as a non-dividend distribution, which often is described and can be referred to as a "return of capital". Distributions that do not exceed the calculated current and accumulated earnings and profits are reflected as either an ordinary dividend or a capital gain distribution depending on the Invention Investment Family's disposition activity with respect to invention and related intellectual property asset dispositions during the year. In general, ordinary and capital gain distributions are taxed currently; non-dividend distributions, or returns of capital, reduce cost basis of the original purchase value of your shares. In the event returns of capital received exceed your original cost basis, then the excess is recognized as a capital gain for the year in which it is received. Therefore, you should generally adjust the cost basis of your investment each year based on the amount shown in Box 3 "non-dividend distributions" on your Form 1099-DIV. By tracking adjustments to your cost basis each year, you will be able to properly report any gain or loss you experience on the disposition or redemption of your shares.

When you sell your shares, the difference between your adjusted cost basis and final net sale price will be taxable as a capital gain or loss on your tax return. Keeping track of your

adjusted cost basis each year will be helpful when you finally sell your investment. Please consult your tax advisor if you have any questions or need assistance with the calculation of your cost basis, or if you have other questions regarding your reporting of distributions that you receive.

## **What is a Form 8937 and where can I obtain a copy of the most recent one?**

Any corporation (or entity that is taxed like a corporation, including the AOS-sponsored Invention Investment Families), that undergoes a stock split or a merger, pays a stock dividend, pays a “return of capital” distribution (*i.e.*, a distribution exceeding current and accumulated earnings and profits), or otherwise undertakes an “organizational action” is required to either (i) file Form 8937 with the IRS and send copies to its shareholders or (ii) make the required information publicly available on a website. To the extent none of the above described organizational actions are taken, no Form 8937 is required. You can find Forms 8937 that have been prepared by the Invention Investment Families, if any, on the funding portal or other platform website on which that Invention Investment Family has previously promoted one or more of its Pending Offerings, or on the Invention Investment Family’s own website, assuming that such an Invention Investment Family’s website then exists.

## **Will my dividends be qualified?**

A qualified dividend is a type of dividend which may be subject to preferential tax rates, which are usually lower than regular income tax rates. Non-qualified, ordinary dividends are taxed at the normal rate based on the individual’s ordinary income. Based on the projected results of operations of the Invention Investment Families and how AOS anticipates that the Invention Investment Families will operate in the future, we do not expect most dividends that are issued by the Invention Investment Families to be qualified. However, to the extent that the Invention Investment Families do pay qualified dividends, they will report them as such in Box 1b.

## **Tax Form 1099-B**

### **What is a Form 1099-B?**

Brokers and barter exchanges must report proceeds from transactions to you and the IRS on Form 1099-B. Based on the reporting you receive on Form 1099-B, you may be required to recognize gain from the receipt of cash, stock or other property that you received in an exchange.

## **Under what circumstances will I receive an IRS Form 1099-B?**

As a result of the redemption plan that may, in the future, be adopted by one or more of the Invention Investment Families, which redemption plans would be designed to provide an investor with regular, quarterly liquidity, the Invention Investment Family in question would be required to report proceeds that it distributes to the investor in redemption of such investor's shares, both to the investor directly and to the IRS on Form 1099-B. If an investor receives a Form 1099-B from an Invention Investment Family, it is likely that that investor will have received proceeds from an Invention Investment Family's partial or full redemption of such investor's shares. The investor may be required to recognize gain from the receipt of cash, stock or other property that was received by the investor in exchange for such investor's Invention Investment Family shares. The Invention Investment Family that redeemed an investor's shares in this type of transaction is identified in the box in the top-left of the form.

## **What is the recipient's identification number?**

For your protection, the Form 1099-B that the Invention Family will send to you may only show the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN) or adoption taxpayer identification number (ATIN). However, the Invention Investment Family in question is required to report your complete identification number to the IRS and, where applicable, to state and/or local governments.

## **What is the account number?**

Your Form 1099-B may show an account or other unique, identifying number that the Invention Investment Family has assigned to you to distinguish your account from other investors in our internal records.

## **What is reported in Box 1a?**

Box 1a shows a brief description of the item for which the proceeds from one of your investments are being reported. If you received proceeds from transactions that must be reported on Form 1099-B from multiple Invention Investment Families, you will receive separate forms from each such Invention Investment Family.

## **What is reported in Box 1b?**

Box 1b shows the date that you acquired the securities which related to the transaction being reported. Box 1b may list "VARIOUS" if you received proceeds relating to shares that you purchased on multiple dates that were redeemed during the tax year.

## **What is reported in Box 1c?**

Box 1c shows the effective date of the exchange being reported. This box may show "VARIOUS" if your Form 1099-B is reporting multiple exchanges in aggregate.

## **What is reported in Box 1d?**

Box 1d shows the aggregate cash proceeds from transactions involving stocks, bonds, other debt obligations or equity instruments. This amount is generally reported on Form 8949 as explained in the instructions for Schedule D (Form 1040).

## **What is reported in Box 1e?**

Box 1e shows the cost or other tax basis of the securities sold or redeemed. Please see the Schedule D (Form 1040) instructions or Publication 550 for details about basis.

## **What is reported in Box 2?**

Box 2 shows whether the proceeds you received should be reported as short-term gain or loss, long-term gain or loss, or ordinary income. If you received proceeds from an Invention Investment Family that would be split between short-term and long-term gain and loss based on the length of time you held your shares, you will receive multiple Forms 1099-B from your investments.

## **What is reported in Box 3?**

Box 3 is checked when an Invention Investment Family has reported or will report your basis to the IRS.