TRUST FUNDS FOR ALL CHILDREN POOLED INCOME FUND

Disclosure Statement

Mission Statement

The mission of Trust Funds for All Children, Inc. ("TFAC") is to end poverty on Earth. TFAC seeks to accomplish this primarily through two programs: the Trust Funds for All Children Fund ("TFAC Fund") and the Trust Funds for All Children Trusts ("TFAC Trusts").

Individuals and organizations alike are encouraged to donate capital to TFAC and such capital will be added to the TFAC Fund, which will solely invest such capital forever in companies that unquestionably give top priority to the common good, with all else second in priority. Each year annual profits, if any, in the TFAC Fund will be used solely to begin trusts for poor children around the world, with the goal of covering all operating costs with other capital.

TFAC Trusts, which are part of the Trust Funds for All Children Pooled Income Fund, described more fully below, provide parents an easy way to create a trust for each of their children, while also contributing to and supporting the TFAC Fund.

TFAC recognizes that it will take all of us to truly effect and bring about lasting change and embraces the adage that it takes not only a local village, but all of us to raise a child. Each individual can have an effect. Some people, united by a common goal and mission, can tangibly change the world. Earth is now our village. TFAC is for those who want to serve as elders of Village Earth and seek to alleviate poverty and suffering by making use of the financial performance of our best common good companies. This is ending poverty on Earth the same way a few people became extremely wealthy.

Introduction

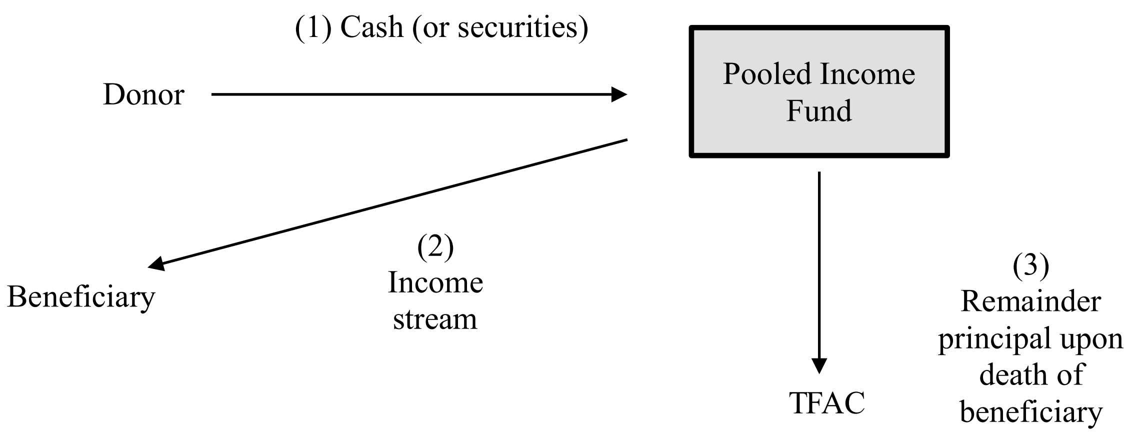
Trust Funds for All Children Pooled Income Fund (the "Pooled Fund") is a planned giving vehicle that allows individuals to make a contribution to TFAC, to be added to the TFAC Fund, the profits of which are used to begin trusts for poor children around the world, while also naming a beneficiary to receive income for life. While it is anticipated that the beneficiary will typically be a third party—a child or other family member, for example—the individual who contributes to a TFAC Trust may also be a beneficiary of the Pooled Fund. Gifts to a TFAC Trust must be administered as part of the Pooled Fund and are held by the Board of Directors of TFAC as trustee, pursuant to a Declaration of Trust. As a legal matter, a TFAC Trust is not a separate trust, but instead an interest in the Pooled Fund. Each gift to a TFAC Trust is commingled for investment purposes with those of other TFAC Trusts in the Pooled Fund. The income beneficiary of a particular TFAC Trust is entitled to a pro rata share of the Pooled Fund's net income for his/her life. At the death of the income beneficiary, a proportional share of the principal of the Pooled Fund is transferred to TFAC, to be added to the TFAC Fund.

The Pooled Fund will pay income to named beneficiaries at least annually, although payments may be made more frequently at the discretion of the trustee. Such payments may be sent to a beneficiary by check, by direct deposit or by another form of electronic payment to that individual's bank account. Pursuant to a written request, a beneficiary (or his/her parent or legal guardian, if the beneficiary is under age 18) may elect to reinvest the payments to a beneficiary as additions to the principal of the beneficiary's TFAC Trust, instead of receiving the payments outright. It is anticipated that beneficiaries who have not yet reached age 18 will, through the direction of their parents or guardians, elect to reinvest such payments in the beneficiary's TFAC Trust at least until the beneficiary reaches age 18.

Making a gift to the Pooled Fund is an irrevocable transaction, and federal tax law prohibits TFAC from returning such gifts to the donor once they are completed. It is also not possible for the donor to change the individual income beneficiaries after the gift is made. Income beneficiaries may voluntarily terminate their interest by irrevocably donating their future income stream to TFAC, to be added to the TFAC Fund. In this case, the beneficiary may qualify for a federal income tax deduction equal to the discounted actuarial value of the donated income interest.

TFAC envisions that, for each child, ten or more people, family members and friends alike, will donate at least $11 per month for the first twenty years of a child's life. Of that, $10 will be added to his or her TFAC Trust within the Pooled Fund and $1 per month will be a direct contribution to TFAC (to be used for operating costs). At the present time, it is anticipated that any expenses in connection with the Pooled Fund, TFAC Trusts and TFAC Fund will be covered by such $1 per month that accompanies each contribution. TFAC reserves the right, however, as a legal matter, to modify this approach to covering expenses as TFAC sees fit.

How a Pooled Income Fund Works



Investment Objective, Management and Commingling With Other Charitable Assets of TFAC

The Pooled Fund is designed as an investment for the income beneficiaries and as a vehicle for gifts to TFAC. Since investment in securities and other assets necessarily involves risk, there can be no assurance that any particular investment results will be achieved. The income received by the Pooled Fund for the TFAC Trusts and the value of its underlying assets will fluctuate with changes in market and economic conditions. Further information on the investment performance of the Pooled Fund can be found in the Pooled Fund's annual report.

The Pooled Fund currently is managed separately from any of TFAC's other assets. TFAC reserves the right, however, to commingle for investment purposes the assets of the Pooled Fund, or a portion thereof, with the TFAC Fund, assets of its endowment, charitable remainder trusts in which TFAC has an interest and/or other charitable gifts to TFAC. The purpose of such commingling would be to permit the collective management of TFAC's investment assets and the collective administration of its investment activities, including those of the Pooled Fund.

Commingling may have the effect of increasing the diversification of the Pooled Fund's investment program, achieving cost savings as fees are spread over a larger asset base and enabling investments to be made that could not be made with a smaller investment fund. There is no assurance, however, that commingling would increase investment returns over those otherwise available through separate investment. The decision of whether or not to commingle the Pooled Fund with other assets of TFAC will be made from time to time by TFAC in its sole discretion and may take into account operational efficiencies of TFAC.

In general, if the Pooled Fund is commingled with other assets of TFAC, interests in that commingled pool will be unitized and the income, gain, deductions and losses of the pool will be allocated ratably among the units of the pool. The number of units in the commingled pool held by the Pooled Fund will depend on both the value of the pool and the value of the assets being contributed to the pool by the Pooled Fund on the date of contribution.

It is expected that the investments of the Pooled Fund (whether held directly or indirectly through the commingled pool) will be diversified. Such investments may include debt and equity securities, as well as financial instruments, cash and other property to the extent deemed advisable. It is also expected that the Pooled Fund will invest in a common good capitalism way, including, but not limited to, investing in socially-responsible equity mutual funds or exchange-traded funds and socially-responsible fixed-income securities. There are no specific limitations or restrictions on the types of investments the Pooled Fund may make, except that it may not acquire or hold any securities the income from which is exempt from federal income tax or any other property which would result in the disqualification of the Pooled Fund as a "pooled income fund" under the Internal Revenue Code of 1986, as amended; TFAC will not commingle the assets of the Pooled Fund in any pool holding tax-exempt securities.

Investment Risk

Investment in securities and other assets necessarily involves risk, which risk can be substantial, and it is expected that the value of the Pooled Fund's assets (whether or not they are commingled with other charitable assets of TFAC) will fluctuate over time. There can be no guarantee that the net asset value of the TFAC Trusts and the Pooled Fund's investments will not decline significantly, or that the Pooled Fund will earn any particular level of return. The interest of the individual beneficiaries is limited to such beneficiaries' proportionate share of the net income of the Pooled Fund. The assets and income of TFAC, as distinct from those of the Pooled Fund, will not be available to pay any liabilities of the Pooled Fund or any income to any income beneficiary of the Pooled Fund.

Management

TFAC selects an Investment Committee, primarily composed of members of the Board of Directors of TFAC, which determines the investment policies of the Pooled Fund and the TFAC Fund and may select an outside investment advisor to manage investments and coordinate its administration. The Board of Directors of TFAC currently serves as trustee of the Pooled Fund. TFAC retains the right to change from time to time the trustee and/or investment manager of the Pooled Fund.

The Pooled Fund is intended to have a long-term time horizon, given the age of the anticipated income beneficiaries, and will be managed to reflect this. More specifically, the Pooled Fund intends to invest in a mix of equity and fixed-income investments, including equity mutual funds or exchange-traded funds and fixed-income securities, all of which will be invested in a common good capitalism way. The income receipts will include dividends, interest and net short-term capital gains. The Pooled Fund cannot make any guarantees regarding the annual income receipts, but the Pooled Fund intends to be managed to a targeted 3% annual income yield. If and to the extent that the Pooled Fund's overall returns exceed its income yield, the additional return will be invested with the Pooled Fund principal, supporting the growth of the Pooled Fund and its future annual distributions.

Operation of the Trust Fund

The Pooled Fund is divided into units, each of which represents an interest in the Pooled Fund equal to the interest of each other unit. Operation of the Pooled Fund is in general similar to the operation of a mutual fund, with two important exceptions: first, the units are held by the trustee, and cannot be sold, transferred or redeemed by the donor or by an income beneficiary, and, second, realized long-term capital gains are reinvested as additions to principal and will not be distributed to the income beneficiaries.

Units are valued on the first day of each calendar month. The value of a unit is determined by dividing the fair market value of the Pooled Fund's assets (net of any undistributed income and any liabilities of the Pooled Fund) at the close of business on the day of valuation by the number of units outstanding at such close. Generally, gifts may be added to the Pooled Fund only on valuation days. There is, however, a procedure for accepting gifts between valuation days in appropriate cases. Any new contribution made other than on a valuation day, as distinguished from the reinvestment of income by an income beneficiary back into the Pooled Fund, will be held in escrow until the next monthly valuation day at which point the new contribution to a TFAC Trust will be added to the Pooled Fund and valued as described above.

Each gift will be assigned a number of units determined by dividing the fair market value of the gift (determined in accordance with Treasury Department Regulations) on the day it is added to the Pooled Fund by the value of a unit at the close of business on that day. Once determined, the number of units assigned to the gift will not change, but the value of a unit will change as the value of the Pooled Fund's assets changes. When principal amounts are severed from the Pooled Fund and transferred to TFAC, to be added to the TFAC Fund, the units assigned or allocated thereto will be canceled.

Distribution of Income; Expenses

The Internal Revenue Code requires that all net income of the Pooled Fund be distributed annually. The income of the Pooled Fund for each year, reduced by any expenses charged to income for such year, will be distributed as of the end of the year (or within a reasonable time thereafter) to income beneficiaries in proportion to their respective income interests. Units outstanding during only part of a year will receive a fractional payment based on the fraction of the year for which they were outstanding. It is anticipated that the Pooled Fund will make distributions of income at least annually, although distributions may be made more frequently in the discretion of the trustee.

At the close of each calendar year, the trustee will notify each participant in the Pooled Fund of the amount of income he or she must include on his or her income tax return. Neither long-term capital gains and losses realized by the Pooled Fund nor unrealized appreciation or depreciation of principal will be taken into account in determining income. However, short-term capital gains will be taken into account in determining income, unless prohibited by law. The income payable to the Pooled Fund's income beneficiaries will depend, of course, on the net income earned by the Pooled Fund as a whole. Even though TFAC intends to manage the Pooled Fund portfolio to target a 3% annual income yield (including dividends, interest and net short-term capital gains), TFAC cannot predict what the net income of the Pooled Fund will be.

It is anticipated that a beneficiary's parent or guardian, on behalf of a beneficiary who has not yet reached age 18 will elect to reinvest all income payable to a beneficiary as additions to the principal of the Pooled Fund until the beneficiary reaches age 18, or sometime thereafter (described below). The income interest attributable to such new addition to the Pooled Fund would be payable to the beneficiary and could be reinvested as a further addition in accordance with the standing reinvestment instruction.

Income payable to each income beneficiary, especially upon the establishment of each particular beneficiary's interest in the Pooled Fund, is likely to be small. By reinvesting all income payable, or a portion thereof, as additions to the principal of the Pooled Fund, a beneficiary will help build his or her TFAC Trust within the Pooled Fund, which will benefit the income beneficiary by increasing the beneficiary's units of participation in the Pooled Fund and the associated income stream payable to the beneficiary. Reinvesting the income to build the Pooled Fund also increases the value of TFAC's interest in the Pooled Fund and is likely to result in a larger distribution to TFAC, to be added to the TFAC Fund, from the Pooled Fund at the income beneficiary's death. In each case, as the Pooled Fund grows, so too does TFAC's ability to alleviate poverty around the world.

Upon reaching age 18, a beneficiary will have the opportunity to continue to reinvest the entirety of the income interest payable to him or her. Alternatively, a beneficiary may elect to receive the lesser of the income and 3% of the annual net fair market value of the beneficiary's units and reinvest any remaining income. Or the beneficiary may elect to receive the entire distribution of income to which he or she is entitled. A beneficiary may, at any point, change his/her income distribution or reinvestment selection and/or may terminate his or her income interest in favor of TFAC, to be added to the TFAC Fund.

At the present time, it is anticipated that no charge will be made for expenses incurred in connection with the Pooled Fund. It is anticipated that any such expenses will be covered by $1 of each $11 monthly contribution, as described more fully above in the Introduction section. However, TFAC reserves the right to make reasonable charges against the Pooled Fund income for the expenses of investment management, legal, accounting, record-keeping and custodial services. It should be noted that investments of the Pooled Fund may include shares of investment companies, exchange-traded funds and/or mutual funds, which generally charge a fee for investment management. There also may be a fee charged by asset managers that may be hired.

Income Interest

The terms of a gift may provide that income with respect to the gift will be paid for life to the named beneficiary. Once a gift has been made, its terms may not be changed except that any income beneficiary may assign his or her income interest to TFAC.

Remainder Interest

On the death of the beneficiary of an income interest, or upon the earlier termination of an income interest, a sum equal to the value of the units associated with that interest, determined as of the valuation date next following the date of termination, will be withdrawn from the Pooled Fund and transferred to TFAC, to be added to the TFAC Fund. No partial distributions of income will be made to the beneficiary or his or her estate for the period between the date of the last income distribution and the date of the beneficiary's death (or the date of voluntary termination).

Income allocated to any income interest or share thereof which has terminated will be paid to TFAC, to be added to the TFAC Fund, until the value of the units assigned to that interest or share are withdrawn from the Pooled Fund.

Income Taxes

In many cases, a gift to a TFAC Trust in the Pooled Fund provides the donor with a federal income tax charitable deduction for the year in which the gift is made, if the donor itemizes deductions on his or her income tax return. Subject to the limitations described below, the amount the donor can deduct is usually equal to the difference between the amount of the contribution and the present value of the income stream to be paid to the individual beneficiaries. The present value of the income stream is based on the age of each income beneficiary, and the highest annual rate of return for the Pooled Fund in any one of the three taxable years preceding the year of the gift. The applicable rate of return is listed in the most recent annual report for the Pooled Fund. In the Pooled Fund's first three years of existence, an IRS-designated rate will be used as a proxy for the Pooled Fund's rate of return.

When the donor uses cash to fund his or her gift, he or she can deduct the value of the charitable portion of the contribution, together with other charitable gifts of cash made during the taxable year, in an amount up to 60 percent of his or her adjusted gross income (AGI). If the value of the donor's cash gifts to charity (including the charitable portion of the gift to the Pooled Fund) exceeds 60 percent of his or her AGI, he or she can carry forward any excess deduction for up to five additional years. Deductions carried forward from previous years must be claimed at the first available opportunity.[1]

Although an income tax deduction may be available, based on the contribution amounts and the ages of the likely beneficiaries, the deduction will likely be de minimis. For example, if a donor donates $120 in a given year ($11 per month, excluding the $1 per month for TFAC operating expenses) for a beneficiary who is 5 years old with the assumed rate of return for the fund being 5%, the available charitable deduction will equal roughly $5.11. TFAC will provide tax calculations for any gift over $5,000, or upon request.

Beneficiaries' Income Taxes. Payments received from a TFAC Trust in the Pooled Fund by beneficiaries are includable in their taxable income for federal income tax purposes, and are taxed as interest income, dividend income, or in some cases, short-term capital gains for federal tax purposes. A beneficiary should include in his or her return his or her share of the net income of the Pooled Fund for the calendar year for which the return is being filed. The income due beneficiaries who are minors (or in some cases beneficiaries as old as age 24) may be taxed at the rate applicable to the beneficiary's parents under the "kiddie tax" rules. Please consult your tax advisor for more information. Income distributions may also be subject to state income taxes. TFAC is required by law to withhold state income taxes from income distributions to beneficiaries who are Massachusetts residents. State taxes for beneficiaries who live outside

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1 The donor may use securities held for more than one year (other than tax-exempt securities) to fund his or her gift. In this case, the amount the donor deducts in the year of the gift, taking into account all charitable gifts of such property during that year, may not exceed 30 percent of his or her AGI (adjusted gross income). Taking into account all charitable gifts, including cash gifts, during the year, the amount the donor deducts may also not exceed 60 percent of his or her AGI. Any excess deduction amount can be carried forward for a maximum of five additional years. Gifts of securities held less than one year may also be made to the Pooled Fund but will have different tax consequences for the donor. The donor should consult his or her tax advisors for additional information and tax consequences.

Massachusetts will not be withheld. Please consult a tax expert familiar with the laws and regulations of the appropriate state for more information.

Gift and Estate Taxes

Gift Tax. The gift of the remainder interest to TFAC, which will pass to TFAC upon the death of TFAC Trust beneficiary, is not subject to gift tax, although it should be reported on a timely-filed gift tax return. Naming an income beneficiary other than the donor, may result in a taxable gift equal to the actuarial value of the beneficiary's interest. In many cases, the donor's annual gift tax exclusion will be available to shield all or a portion of the value of this income interest from gift tax. (For gifts made in 2020, the annual exclusion amount is $15,000 per beneficiary, or $30,000 if the donor's spouse agrees to join in the gift.)

Even if the donor's contribution to a TFAC Trust in the Pooled Fund results in a taxable gift, the donor may not have to pay any current tax if he or she has any available exemption from the federal gift and estate tax. This exemption is applied automatically to any gifts exceeding the annual exclusion and to any gifts which do not qualify for the annual exclusion. To the extent that a donor uses any of his or her exemption for gifts made during the donor's lifetime, it will reduce his or her available exemption from the federal estate tax. In 2020, the federal gift and estate tax exemption is $11.58 million per taxpayer; under current law, the exemption amount is scheduled to be adjusted periodically for inflation.

Estate Tax. If the terms of the gift provide for payment of income to the donor, the entire value of the units of the Pooled Fund assigned to the gift (computed as of the date of the donor's death) will be includable in the donor's gross estate for federal estate tax purposes. However, if there are no other income beneficiaries named, that value will represent TFAC's remainder interest and will be deductible as a charitable gift.

Generation-Skipping Transfer Tax. If the income beneficiary designated by the donor is the donor's grandchild or another individual treated as being two or more generations below the donor (sometimes known as a "skip person"), the creation of that interest may be subject to an additional tax called the federal generation-skipping transfer ("GST") tax. If the donor makes a transfer to a skip person as part of his or her contribution to the Pooled Fund, that transfer may be eligible to be sheltered from the GST tax by the allocation to the transfer of a portion of the donor's GST exemption.

The rules regarding the GST tax are complex. If a donor contemplates establishing an income interest in the Pooled Fund for a skip person, the donor should consult with his or her own tax advisor regarding the associated GST tax consequences.

State Taxes. There may be state gift, estate, income or other taxes associated with a donor's gift to a TFAC Trust in the Pooled Fund. Please consult an attorney or accountant who is familiar with the applicable state's laws for further information.

Reporting

After the donor's contribution is made, he or she will receive an official acknowledgment from TFAC, in compliance with applicable charitable deduction substantiation rules. This acknowledgment will also include a signed copy of the Contribution to a TFAC Trust in the Pooled Fund Form, which is the instrument of transfer governing the terms of the gift to a TFAC Trust in the Pooled Fund.

After the end of each tax year, TFAC will provide income beneficiaries with a Schedule K-1 detailing the amounts paid for federal tax purposes during the previous calendar year. In addition, Massachusetts residents will receive a Massachusetts Form 2G reporting income for state tax purposes. TFAC also provides income beneficiaries with an annual financial report for the Pooled Fund each spring.

Miscellaneous

The Philanthropy Protection Act of 1995 (the "Act") exempts pooled income funds (and other investment pools maintained by TFAC in which the Pooled Fund may invest) from registration under federal and state securities laws. Pursuant to the Act, the Pooled Fund has not been registered under federal or state securities laws. The Act requires that donors to pooled income funds receive written disclosure describing the material terms of the operation of the funds at the time of the gift. This brochure is designed to meet the disclosure requirement of the Act by describing the material terms of the Pooled Fund.

It should be understood that any securities transferred to a TFAC Trust in the Pooled Fund may be sold or retained as investments of the Pooled Fund in the trustee's sole discretion.

TFAC reserves the right in its sole discretion to decline to accept any gift to a TFAC Trust in the Pooled Fund.

The trustee has the right to amend the Declaration of Trust of the Pooled Fund to ensure the Pooled Fund's qualification as a "pooled income fund" under Section 642(c)(5) of the Internal Revenue Code, as well as to improve the efficient administration of the Pooled Fund.

The following documents are available to each donor or beneficiary upon request. The Declaration of Trust, as well as the Pooled Fund's most recent annual report, should be obtained and read before a gift is made.

- Declaration of Trust for Trust Funds for All Children Pooled Income Fund, the Pooled Fund's governing document;

- The Contribution to a TFAC Trust form that may be used in making a present gift to a TFAC Trust to be part of the Pooled Fund (Note that TFAC reserves the right to accept transfers to the Pooled Fund in other forms);

- The income distribution forms, including (1) the Reinvestment Request by which a beneficiary's parent or legal guardian (if the beneficiary is under age 18) may elect to reinvest all income distributions in the Pooled Fund until further written notice is given and (2) the Direction Regarding Income in the TFAC Trust in the Pooled Fund by which a beneficiary, who has reached age 18, may determine whether to take his/her income distributions or have them reinvested in the Pooled Fund;

- Illustrations of the way in which remainder interests in the Pooled Fund are valued;
- The most recent financial information for the Pooled Fund; and
- Pooled Fund Annual Report, a description of the investments held in the Pooled Fund and the Pooled Fund's annual investment performance for the most recent year available.

All personal and financial information collected by TFAC for the purposes of administering the Pooled Fund is kept strictly confidential. Except as otherwise required by law, under no circumstances will this information be shared with individuals outside TFAC without the donor's or beneficiary's consent.

Further Information

This brochure does not cover all aspects of the Pooled Fund or attempt to explain in detail how a contribution to the Pooled Fund may be appropriate for your individual situation. Prospective donors should consult their own legal counsel and investment advisors about their individual situations.

For further information about TFAC Trusts and the Pooled Fund, as well as information about the TFAC Fund, please contact TFAC:

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You are advised to seek your own independent legal and tax advice in connection with gift and planning matters. Trust Funds for All Children, Inc. does not provide legal or tax advice.

Annual Report

These are our first few months of launching Trusts for All Children. Therefore, we do not have an annual report for the end of this year. What we have done over the past year is raise money, hire staff, and put this website and everything together to pilot the first children and work out any of the things necessary to have the process be easy and smooth for parents and Elders.