



THE GEEK GROUP

The year that changed everything.

ANNUAL REPORT 2013

COMPANY STATEMENT



One of our most beloved video series is the Haas CNC Training Series. In 2013 we did a full series reboot, and it has proven to be a good move - we are able to provide relevant content that fits the needs of our audience.

The basis of The Geek Group is to provide everybody who wants it with access to the tools and equipment to build anything they can imagine.

It really does boil down to something that simple.

It does not matter to us if you wish to build something as a hobby, a school project, for your start-up, or for an existing business. Every person can benefit from this in their own way.

Throughout the year 2013, we have made the transition at our facility from finishing the primary remodel to being open to the general public. We could not be more excited about the transition, and we look forward to shifting focus to providing membership support as our primary operation.

In 2013, we reached a new record for The Geek Group: we now have more than twenty-five thousand members, scattered all over the globe. Member support has been significantly increased from any year prior, and is showing no signs of slowing down.

We have rolled out new

programming in the past year that is making it easier for members to participate, from anywhere in the world. It also makes it easier for members locally to work directly with our more remote members.

As we grow, we have been diversifying our programming to fit the needs and wants of our members - be it down the street or halfway around the world (and occasionally, further away than that). By staying flexible with our programming, it allows us to shift our focus as necessary and stay relevant to our membership. It also lets us try out new programming - and decide whether to continue it, or change it.

We take pride in our ability to turn on a dime when necessary and keep marching forward with twenty five thousand of our closest friends.

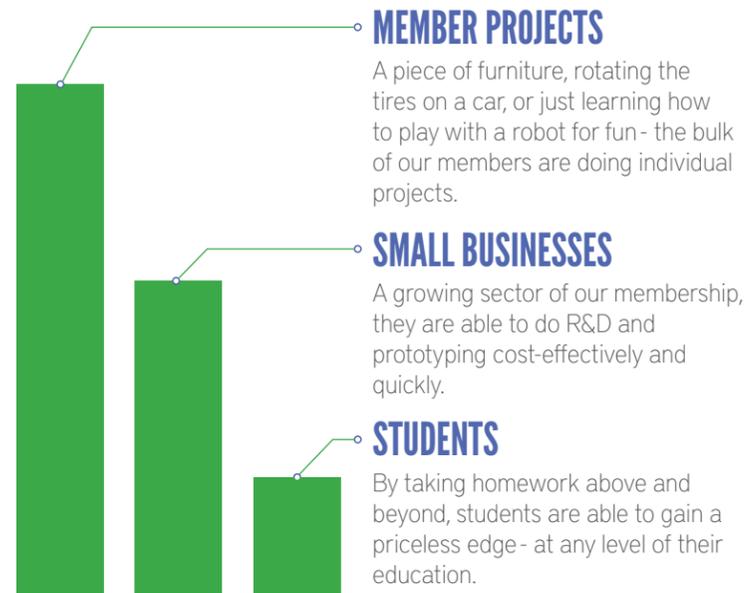
Chief Executive Officer
Chris Boden



We specialise in providing opportunities simply impossible under normal circumstances. One of the best examples is Project Jeff - our KUKA Robotics prototype KR-350/1 robot. It is available to our members for play, research, exploration, programming and anything else their imagination desires.

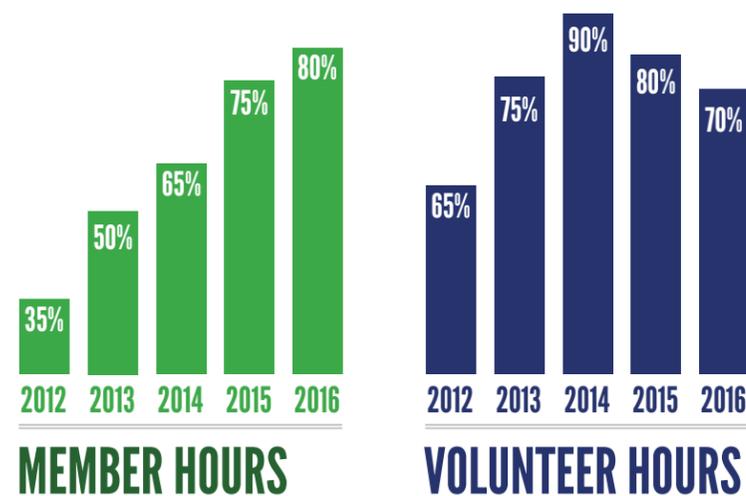
IN THE FUTURE

We look forward to making members our central focus now that we are open to the public and able to do a membership drive. We fully expect our participation to soar over the next year, and beyond. We've already seen it start to happen as we've rolled out our soft-open in the third quarter of 2013.



We opened to the public in 2013, and we look forward to doing our grand opening in 2014. Our soft open has been going fantastically, with more members and stronger feedback than we had originally anticipated.

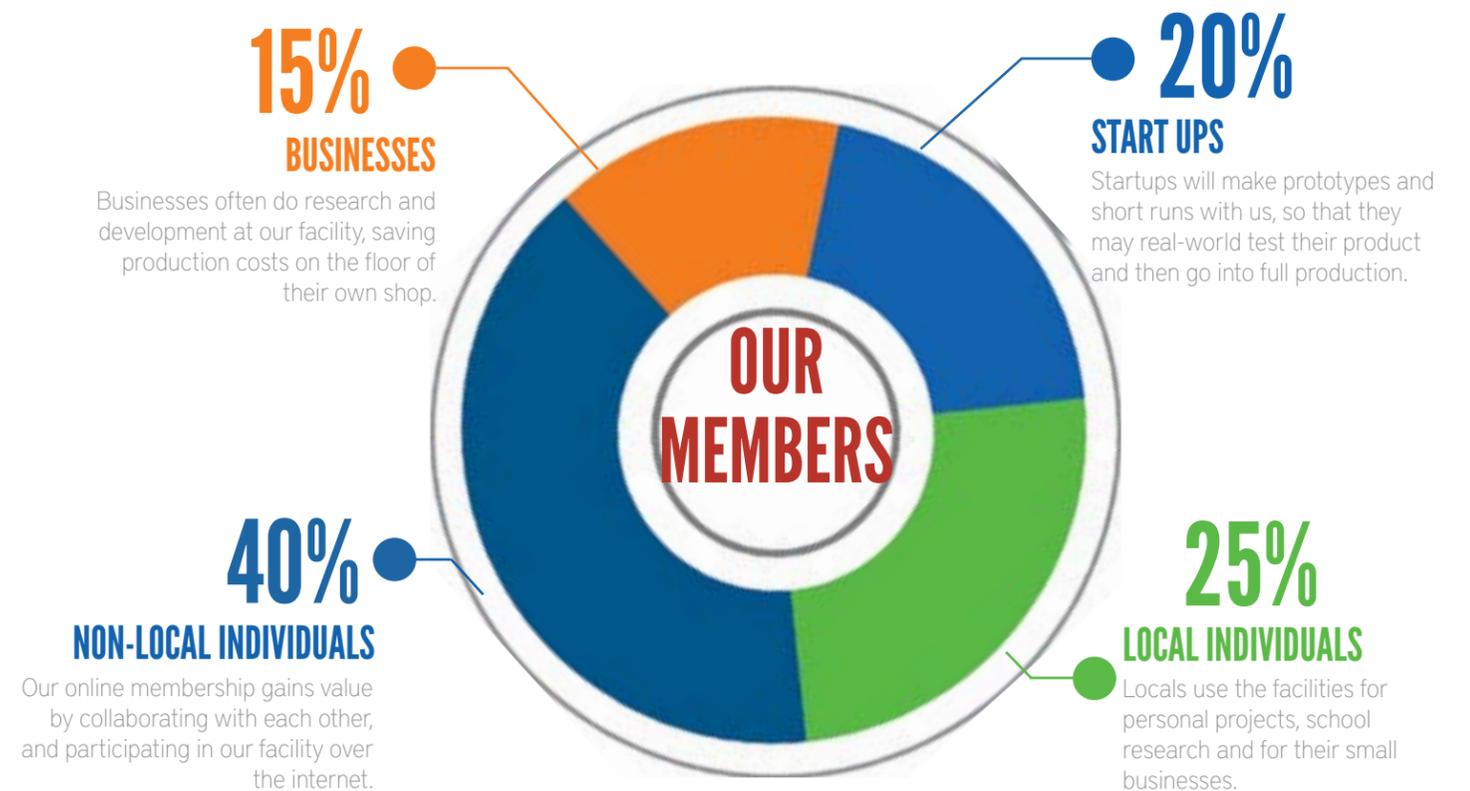
As we expand our membership, we are also expanding with volunteers. We had more volunteers in 2013 than ever before, and we expect that trend to continue at a steady rate. Volunteers help maintain the facility, and assist members and staff with projects.



The Geek Group facilities appeal to a large variety of people and organizations, and we have seen that diversity in our membership.

MEMBER MAKEUP

One of the major things that sets our makerspace apart is that we are available for any type of project - we do not limit ourselves to students, or small businesses, or individuals - or even individuals who can set foot in the building. Thanks to online collaboration, we have members (and even staff) all over the world, who participate in real-time over the internet.



OUR METHOD

One of the founding principles of The Geek Group is that people who are interested in learning will seek out and become absorbed in that which engages them. When you find it fun and engaging, you will be strongly motivated to continue learning and exploring.

To that end, we provide a local environment that operates in a creative, open mood that allows every skill level to participate however they are comfortable. Masters of their trade can work along novices and every idea is judged on its own merit.

In addition to the facility, members can participate with our online membership - which averages 125 members online 24/7. Spanning the entire globe, they have experiences that vary wildly and extensively and are likely to fit in well with any subject of interest. For the online members, they have an opportunity to discuss their interests and have a real-world impact. For many of our members, this is the only opportunity to have a physical participation in their niche subject of interest.

KEY PERFORMANCE

We explored existing methods of education and found something that works really well for us and our demographic: providing opportunities that scale from one person to a crowd of thousands, and are available whenever you want, as often as you want, with help from all over the world. Together, this lets us provide education freedoms not found elsewhere.



VIDEOS

Our videos take the classroom environment and introduce it to everybody in the world who wants it. This allows us to teach about extremely niche subjects without worrying about the hyper-local audience, and lets us work with students and classrooms and lets our lessons span time as well as distance - they are not limited to a specific timeframe.



IDEAS

One of our favorite comments we get from new members is that the ideas they have after using our facility differ from their original - they are given the freedom to think big, and find themselves using tools and software they didn't know were ever options prior to visiting our facility. We literally allow people to work beyond the limits of their imagination.



COACTION

The magic of our organization happens when we mix our programming with our membership. Remote members can assist in projects, videos are made by request, and local members have the power of an army of engineers, experts and researchers available 24/7 online to help with their projects - far more efficient than depending only on local staff.

GROWTH

2013 2014

One of the biggest lessons we've learned in recent years is that the larger the scale of the programming we push for, the easier it is to operate and maintain. As we have rolled out our new programming and finished the remodel of our facility, we've seen the lesson in action, and the growth has been fantastic.



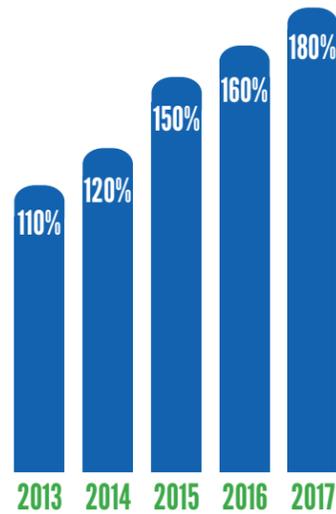
DONATION PROGRESS

We developed new programming in 2013 which has helped us work directly with our membership to raise specific funds in real-time for projects and needs as they arise. We have also flexed our Amazon wishlist, and combine both with a daily blog. Through this, we have stepped up transparency to levels unheard of, even in non-profits.

In January 2013, we expanded our fundraising program to work directly with our membership. This proved to be a wildly successful method, and we have been working with them ever since. This becomes the pinnacle of efficiency, because we tell our membership exactly what the money is for and our turn-around is fantastic (usually less than one week, often less than 24 hours).



Our members participate in a large array of activities that match their interest. It can be cutting-edge technology, but we also focus on traditional activities, such as wood turning.

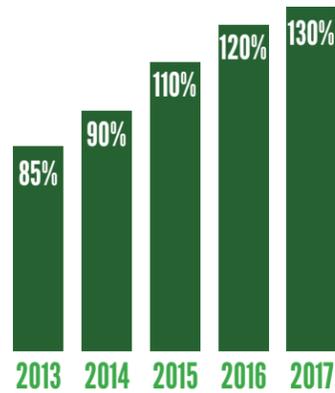


ONLINE DRIVES

We expect our online drives to continue with even more momentum in the future. They have proven to be the most popular fundraising tool.

■ Est. Annual Increase

≈ 110%



DIRECT DONATIONS

Amazon continues to be a powerhouse for how we receive goods. Members enjoy choosing exactly what to donate, and we can keep donations relevant.

■ Est. Annual Increase

≈ 123%

We firmly believe in transparency, and our direct fundraising is by far our greatest method of doing so that any non-profit strive towards. We tell our membership exactly what the money is for, and then immediately show them the results. With a turnaround measured in days it shows the power of a donation, no matter the size, it matters and can make a difference. Most of our donation drives are between \$500 and \$1000 and are made up of donations that are less than \$50 (and often less than

\$15). By showing people that their \$5 donations matters, it encourages donations from everybody. We have often heard "I'd love to donate, but I can only contribute a few dollars, and that doesn't matter" and we are helping show that it does matter, that every penny truly counts. This has given all of our participating members a sense of ownership and involvement that would never occur at other institutions.

\$38,845.87

MICRODONATIONS

Amount of money received in 2013 that was less than \$100. Often, we will receive donations less than \$1.

40%

INTERNATIONAL

Donations we received in 2013 from outside of the US.

65%

REPEAT DONORS

Donations from people and organizations who donated prior to 2013.

15%

AMAZON WISHLIST

Donations received in 2013 that originated from our Amazon Wishlist

SPONSOR NETWORK

We seek out sponsors who share our outlook on innovation, exploration and sharing ideas with the world. We also seek out sponsors who, because of this attitude, have produced a product that is truly the best in its field. We have a working dialog with our sponsors that is ongoing and allows us to have maximum creativity and flexibility with our projects. We also produce videos to introduce the innovation of our sponsors to the general public. Our viewership loves it - they are able to explore industries they'd otherwise never interact with, and enjoy being familiar with techniques and methods employed by cutting-edge organizations.



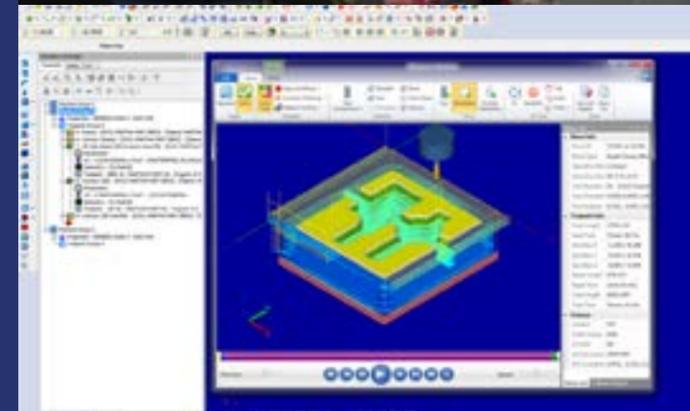
COMPANY PARTNERS

Without our sponsors, none of our main programming would be possible. The largest program we had in 2013- and one that will flourish in 2014 and continue well into 2015 is our CNC Operations. Through a series of videos, and having our CNC workshop available to local members, we are bringing a CNC revolution to a world that direly needs it. We're providing education and accessibility to machinery and software that is directly responsible for the future of technology and manufacturing.



HAAS AUTOMATION

Haas is the heart of our CNC operations, providing us with state-of-the-art CNC equipment that was upgraded this year to be even larger. Haas is becoming the standard in American CNC, and we are making it the educational standard as well.



MASTERCAM

Mastercam is recognized in the industry as the standard in CAD-CAM (Computer Aided Design and Machining) and they are dedicated to working with us to help make it accessible and ubiquitous.



ISCAR TOOLING

Years ago we sought out the best in tooling and we found Iscar. We've been proud to continue working with them to show the world how machining is supposed to be, and to help our viewers get the most of the machines they may have in their shops.

CURRENT PERFORMANCE

85%

2013 saw a significant increase in our facility membership, a percent increase we expect to continue rising through 2014.

Since moving into our Leonard Street Labs facility in late 2010, we have seen an absolute explosion in our growth, performance and membership success. By shifting into a large-scale operation, we have been able to fulfill the picture we had of how The Geek Group should work. We have been building momentum with volunteers, online membership, member donations, corporate donations and corporate sponsorships.

In November 2013 we breached 100 facility members, and our rate of growth continues rapidly. We are now focused on member growth as we have finished the primary remodelling of our

facility and are open to the public. A significant part of 2014 is dedicated to focusing on a membership drive and rolling out new projects for both the membership and the viewership.

This transition has allowed us to shift focus entirely, and in the process, seek out more staff and volunteers with specific skill-sets for growing the membership. We have volunteers who specifically exist to mentor members on subjects such as electronics, computer design, and rapid prototyping.

In addition to member building, building large projects helps us attract more members and do bigger and better demonstrations. This helps local members, as well as online by providing educational opportunities and exposure to new ideas and manufacturing processes.



ONLINE MEMBERS

Online members are the backbone of our operations. They help generate content, and often help engineer projects. They provide real-time feedback and help us guide the direction of the organization so that we stay relevant to the needs of our membership.

FACILITY MEMBERS

Our facility members have a very diverse background and purpose for using The Geek Group facility. It varies from students to tinkerers to small business prototypes to medium sized businesses doing research and development.

VOLUNTEER MEMBERS

We couldn't operate without volunteers. They are the heart and soul of our day to day operations. Some of our volunteers are at The Geek Group facility multiple times a week, and other participate online, and have for years without ever setting foot in Grand Rapids.



MAKING HISTORY

Makerspaces have been becoming more well-known in recent years, and we are doing it in a way that is dramatically different from all the rest. Our facility is not affiliated with a higher learning institution, does not require enrollment in a particular program for participation, is not bound by geographical residency, does not have a specific focus on production, and membership is specifically priced as low as possible. This is a combination that allows us to provide services to the maximum quantity of people with the ideal amount of productivity. It doesn't matter to us if they need the facility for a single day or if they want an annual membership for an on-going project.

In 2013 we broke through scientific research thresholds by producing fulgurites - a lab-made version of the phenomenon that occurs when lightning hits sand. Our are larger and more extensive than any others made by humans to date.



VIDEO OVERVIEW

Our video programming has been revolutionary in several different markets. For the main demographic watching our CNC videos, we are offering a resource that everybody needs and in a way that nobody else offers comprehensively: they're free, completely. We are producing videos on every aspect of CNC machining, from day-one basics to pushing the machinery to the limits.

With all of our videos, we introduce a dynamic that elevates our videos from an isolated experience to a true community. We produce videos off of viewer feedback and often from items sent in by viewers for the sole purpose of becoming the subject of a video. We regularly take requests, and some requests have driven entire series of videos (such as "How to Build a Tesla Coil at Home").

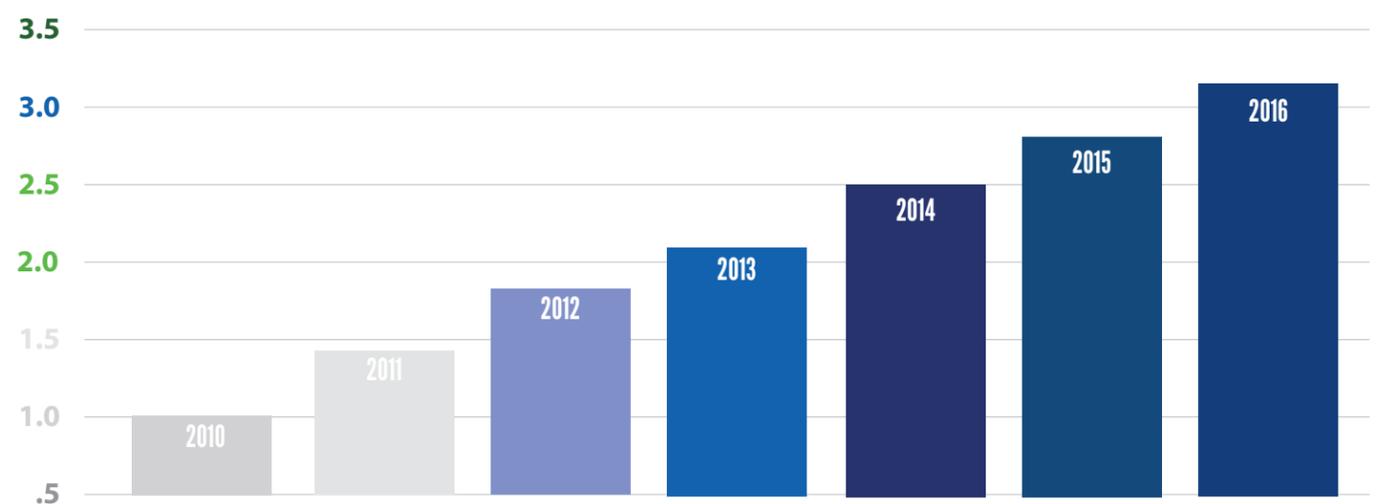
During video shoots, we often broadcast the production live so our membership can follow along as it happens. We also interface directly with our online chat, which means they can ask questions on the fly and it impacts our final product and allows us to make a video that is relevant to our audience.

11% Increase in our viewership between 2012 and 2013- a steady rate of growth we happily expect to continue.

Average number of views each video receives in the first 30 days of it being released (increases over time) **2.1K**

104 Average number of comments each video receives within 30 days of each release (also increases over time)

Every year we find ourselves surprised at the rate of growth we have experienced with videos over the past year. We have been regularly exceeding our expectations, and have been very excited at the opportunity to introduce our videos to entirely new markets and audiences. In 2013, we released new video series that are completely different from everything else we've done - new subjects, new styles and new talent in front of the camera. Notably, this has included our Sewing Basics, "Your Dinosaurs are Wrong", our Woodturning Collection and a total revamp of our CNC series. We're still doing what we've done before, and we're looking forward to adding even more content and subjects to our collection.



YOUTUBE VIEWERSHIP

GLOBAL PRESENCE

One of the fundamentals of participation within The Geek Group is that it is available to anybody who has a sincere and passionate desire to learn- regardless of any other aspects, including location.

We have members in every timezone, and are forming chapters in over a dozen cities in 2014. Our membership participates over the internet in various ways. They are able to watch us 24/7 thanks to our live broadcasts, and can participate with us via our live chat. By participating, our members have been able to completely change the dynamic of how they consume media. It has been common to hear after participating for a few months, that they can no longer imagine "one-way entertainment" anymore. By consuming two-way media, our members are able to control the content as well as choose what they wish to watch.



GEEK NETWORK

Members participate from every corner of the world, and get fulfillment from interaction with like-minded people.



REAL PARTICIPATION

It goes beyond a live chat and a forum, members can help build real projects from half a world away.

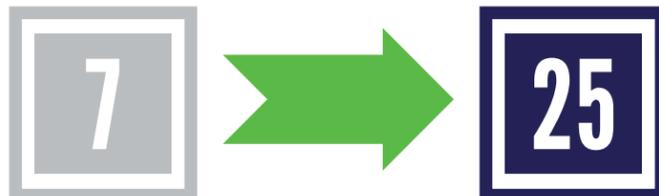


INTERACTIVE PLAY

By having a two-way video stream, members can participate with their television, and it doesn't matter where they are.

THE FUTURE OF CHAPTERS

Our goal is to have a chapter of The Geek Group in every city and town where we have geeks that want to support it. One of our largest focuses for 2014 is to develop our chapters more thoroughly. We have proto-chapters in several cities already, and we are enjoying the process of allowing each chapter to focus on the areas of interest they locally have, as well as participating with The Geek Group as a whole.



25,170

We have been experiencing membership growth in a way that we previously could not have anticipated. In 2013, we added 15,074 members to The Geek Group -a rather impressive number considering on January 1, 2013 we had 10,096 members in the organization.



2008
2009
2010
2011
2012
2013

FINANCIAL SUMMARY

We fundraise a different way. One of the biggest ideologies of The Geek Group is diversity. This goes through every part of what we do: from the videos, to the work labs available, to the membership itself. This also includes our financial operations and fundraising methods.

Like most non-profits, we participate in the traditional cycle of grants and corporate donations. But we also exist on a different model: We look at every aspect of our operations, and find a way to turn it profitable. The video department produces advertising revenue from the videos released on YouTube. The CNC department produces souvenirs for visitors (both in

person and online). The Live Stream Broadcasting is our powerhouse for fundraising. By using our Live Stream, we communicate directly with our membership to raise money for bills and projects. We are able to tell them exactly how much money is needed, and raise it (typically within a 24-48 hour

+538%

When we rolled out our membership focus, memberships skyrocketed. We were prepared for a significant increase throughout the year, but we have surpassed expectations.

period). After raising the money, the turnaround on completion is often measured in days, or even hours.

This method allows the clearest type of communication with our membership so they know exactly where their money went. Transparency is a vital part of any non-profit, and we take it to its paramount. Another area where we take transparency and donations to the maximum is our Amazon wishlist. Donors are able to help how they want to. By making a wishlist, we ensure that the donated items are ones we can use, and are the items we need most at the time we receive them.

| The Geek Group | 2012 | 2013 | 2014 | 2015 |
|-------------------------------|---------|---------|---------|---------|
| Gifts in Kind | 146,215 | 416,611 | 500,000 | 520,000 |
| Individual & Business Support | 180,751 | 213,898 | 250,000 | 275,000 |
| Membership Dues | 2,873 | 15,471 | 18,000 | 20,000 |
| Web Store | 10,511 | 48,099 | 50,000 | 60,000 |
| Advertising Income | 815 | 6,172 | 7,000 | 8,000 |
| Total Income | 402,238 | 710,251 | 825,000 | 883,000 |
| Taxes and Banking Fees | 2,448 | 2,344 | 2,500 | 2,500 |
| Contract Services | 4,543 | 9,491 | 10,000 | 13,000 |
| Project Expenses | 4,226 | 9,367 | 12,000 | 15,000 |
| Facilities and Equipment | 40,731 | 81,696 | 85,000 | 88,000 |
| Operations Expenses | 31,012 | 36,518 | 35,000 | 37,000 |
| Programming Expenses | 3,613 | 21,684 | 25,000 | 27,000 |
| Payroll Expenses | 62,248 | 63,492 | 65,000 | 85,000 |
| Travel Expenses | 1,097 | 1,465 | 2,500 | 2,000 |
| Total Expenses | 184,115 | 226,057 | 237,000 | 269,500 |



FUTURE TARGET

As we look toward the future, we are excited about growth and our membership. We have started our membership drive, to reach as many people in the Greater Grand Rapids Area that we can. We have started our new CNC video series, which will introduce manufacturing and automation to an entirely new audience, as well as helping those currently working and studying it. And we have opened all of the labs we were previously renovating.

While we are focusing on the days in front of us and the projects that we will be working on, we also are pushing far into the future. In November 2013, we started developing new programming that spans between 5 and 15 years in the future. This includes expanding our facilities and allowing more room

for the members and labs. We've been extremely fortunate to work with several local, national and international organizations to get started with our new programming and are actively seeking more partners.

One of the most valuable lessons we have learned in recent years is that we are surrounded by people who believe and support in The Geek Group. It doesn't matter if they live down the street or in rural South America. It is a universally supported idea that has benefits to people anywhere, and the more people that are exposed to it, the more that want to be a part of it. By interacting directly with our supporters, we are able to do far more than we every imagined on our own.

COMPANY FACT

- 35%** WOMEN STAFF
Diversity is one of our most important values.
- 17.5k** BÖCSY HOURS
2013 saw a lot of man-hours poured into making awesome.
- 145** IRC PARTICIPANTS
Average number of people in the live chat at any moment, 24/7.
- 7.2M** YOUTUBE VIEWS
We've had over 7.2 million views on YouTube so far.
- 25K** MEMBERSHIP
In 2013, we surpassed twenty five thousand members.



THE GEEK GROUP

Building awesome worldwide.