

**THE HOBBY-MACHINIST, INC.**

A New York Not-for-Profit Corporation

**IRS FORM 1023 ATTACHMENT****Part IV Narrative Description of Your Activities****Overview**

According to a May, 1941 Popular Science article by Edwin Teale, "America's Five Favorite Hobbies", (<http://blog.modernmechanix.com/americas-five-favorite-hobbies/1/>) there were 2,000,000 home workshops in 2,000,000 homes in the United States in 1941. Today, according to Harris Interactive polls, home workshop and home shop machining do not even make the list of the top twenty (20) favorite leisure time activities/hobbies. They have been replaced by activities like "Watching TV" and "Computer/Internet." In the wake of offshore manufacturing and production of most products used in the American household, the availability of adult education programs in these skills at local community colleges has been reduced, if not eliminated entirely.

It is the mission and purpose of The Hobby-Machinist, Inc. to promote, advance and encourage machining and metalworking as hobbies; to demonstrate to hobby machinists and home shop machinists ways to operate their machines safely and productively; to assist those interested in entering the hobbies to acquire the necessary skills and knowledge of machining and metalworking; to bring machinists and metalworkers of all levels together to assist in the exchange of ideas and provide a fertile learning environment; to provide education and knowledge relating to machining and related metalworking skills. We do this by planning, organizing and hosting an internet forum for the preservation and exchange of information among members of the home shop machinist, home workshop, metalworking, fabrication and professional machinist and metalworking communities, and the general public.

Our web site - [www.Hobby-Machinist.com](http://www.Hobby-Machinist.com) (and [www.Hobby-Machinist.org](http://www.Hobby-Machinist.org)) - enables collaboration and interaction between those seeking to learn these hobbies, and those who have the requisite experience and knowledge to demonstrate the requisite skills and necessary safety concerns to those of different backgrounds and experience levels. It permits us, by photo illustration and streaming video capability, to bring online learning of machining and metalworking techniques into the homes of those who otherwise would not have access to such education. It also enables us to preserve for posterity the knowledge that would otherwise be lost as practitioners of these skills disappear.

Existing for-profit sites do not effectively promote and advance these hobbies. The level of discussion is generally advanced. Beginners are subjected to ridicule from "experienced old timers" if they ask questions. These sites do not provide a patient learning environment or encouragement for newcomers to the hobbies. They focus principally upon revenue production through advertising and the sale of magazines and other commercial products. They are littered with banner, popup

and interstitial advertising that is distracting to those seeking to learn. There is marked censorship in favor of products marketed by their advertisers. Users are subjected to having cookies and numbers of other internet tracking devices planted on their computers for advertising purposes. User information is shared with third-parties. These sites claim absolute copyright entitlement to anything posted by anyone on their sites, and do not share anything for educational purposes (they refer to sharing of information as "stealing posts"). At least one site restricts participation by owners of "home workshop type equipment."

The Hobby-Machinist, Inc. provides a friendly, cordial and patient learning environment. Beginner or expert, all interaction between users is civil and without ridicule. Ridicule of anyone is not tolerated. Newcomers to the hobbies of machining and metalworking need not be afraid to post or ask a question for fear of being abused. All machine owners are welcome, no matter where their machine was made. Users at all levels and owners of all types of equipment are welcome. We do not accept banner advertising. We do not provide any user's private information to third parties. We do not place any cookies and/or tracking devices or spyware on anyone's computer to follow their trail over the internet. We do not share user information for any purpose. All materials posted on our site remain the property of the original author subject to a license to us to publish them in their original form. All materials published by The Hobby-Machinist, Inc. will be contributed to the public domain. Our site is entirely educational in nature, subject to "fair use" educational precepts of copyright law. We do not permit any discussion of politics or anything political on the site.

As indicated by the annexed printout of the home page of our site, among the features that we provide in our General Machining Forums includes "Questions and Answers – Get Help Fast Here!", "Safety Issues & Equipment," "Mentors-Sign up here to help others," "Electrical Issues," "Machine Restoration," "Metrology," ...and much more! In our Specific Manufacturer Forums, we provide information and support for the most popular brands of new and used home shop equipment. In our Projects Forums, we highlight projects by members and staff that can be done by hobby machinists. We have a video library featuring YouTube videos which are dedicated to home shop machinist projects and topics that can be watched without leaving the site. We have a huge downloads library with maintenance documents and manuals for equipment that is no longer produced, but owned by many home shop machinists. Everything can be downloaded at no charge by active members. We have a Groups area where local machinist groups can have free web space to hold online meetings, post projects, and hold discussions online. We have a classified advertising section where, for a small fee to the forum, users may sell off excess or unwanted items. We also have a sponsored advertising and a vendor-forum area where commercial users may rent space in contained sections of the site for advertising purposes. The revenues from these activities are applied to site expenses only.

We currently have close to 8000 users on our web site. We have had as many as 1000 users on our site at one time. Our usual load is 500 users at once. In order to handle the bandwidth and required computing power, premium web hosting must be purchased. We have upgraded to premium VBulletin forum software, with custom software modifications that enable us to offer our users valuable features not contained within the standard software package.

**Expenses**

The site began with free public domain web forum hosting software, and the least expensive web hosting possible. For the first two years of operations, (prior to 2014), founder Nelson Timken paid the costs himself in order to sustain the site, with occasional donations from other users of the site. All monies were used exclusively for the expenses of the site. As the site grew in popularity and in number of users, more powerful and expensive forum software and web hosting had to be procured. Modifications to this software had to be purchased in order to enable features of special value to our users. We also incurred and anticipate incurring significant expenses for keyword advertising (Google Adwords®) in order to draw interested members of the general public to the web site.

All of the staff members are volunteers, including the officers, directors, forum administrator, and forum moderators. We do not anticipate that changing. However, we reserve the right, if necessary, to retain paid experts and/or authors to enhance the informational value of the site. Our principal expenses are for professional, reliable web hosting, domain names, forum software, add-on and modification software, advertising our web site to reach more of the general public, and related software and internet costs. We also anticipate incurring costs to produce and purchase custom imprinted merchandise to sell in our gift shop and give away as rewards to members who post projects and articles of educational value to the site. We also may be required to pay professional fees to accounting professionals, legal advisors, and others, as needed.

**Fundraising**

The sources of the corporation's income derive from user donations and fundraising. Fundraising consists of the sale of sponsor advertising, classified advertising, vendor forums, and raffles as described in more detail in Part VIII, line 4a. The corporation disposes its income through the decisions made by its board of directors or through the decisions of the duly elected president/treasurer, whose power to pay expenses is set out by the board or the corporation's bylaws in accordance to the corporation's purpose.

**Please Note:**

- Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations states that the term "charitable" is used in section 501(c)(3) of the Code in its generally accepted legal sense and includes the advancement of education.
- Section 1.501(c)(3)-1(d)(3)(i)(a) of the regulations states that the term educational, as used in IRC 501(c)(3), relates to the instruction or training of the individual for the purpose of improving or developing his or her capabilities or the instruction of the public on subjects useful to the individual and beneficial to the community.
- Example 2 in Section 1.501(c)(3)-1(d)(3)(ii) of the regulations, makes it clear that "[a]n organization whose activities consist of presenting public discussion groups, forums, panels, lectures, or other similar programs," is educational.
- Section 501(c)(3) of the Internal Revenue Code provides tax exemption for organizations organized and operated exclusively for charitable and/or educational purposes.

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractor**

**Line 1a.** List the names, titles, and mailing addresses of all your officers, directors, and trustees. For each person listed, state their total annual compensation for all services to the organization whether as an officer, employee, or other position.

Name	Title	Mailing Address	Avg. Hours	Annual Compensation
Nelson Timken* Administration- site mission and policy, web site Maintenance. Attorney 25+ years, hobby-machinist.	President/Treasurer/Director	80-41 230 Street Queens Village, NY 11427 City, State 1234520/ week	20hrs/ Week	None \$0
Robert Pete Beckett Global Moderator. Machinist, Welder, Metalworker, 20+ years	Director	5091 NE 103 TerraceBronson, Florida 32621-7574	20hrs/ week	None \$0
Elizabeth MacEwen-Timken* Administration-recordkeeping. Attorney 25+ years.	Vice-President/Secretary	80-41 230 Street Queens Village, NY 11427	10hrs/ week	None \$0
*Married to each other			<b>Total</b>	<b>\$ 0</b>

**Line 3a.** For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.

There are no compensated officers, directors, trustees or employees. Please see the table above for duties and experience.

**Line 5a.** Have you adopted a conflict of interest policy consistent with the sample policy in Appendix A?

Yes. Please see the attached policy. This was adopted by resolution of the board of directors on May 30 , 2014.

**Part VIII Your Specific Activities****Line 2a and 2b. Do you attempt to influence legislation?**

No.

**Line 3a. Do you or will you operate bingo or gaming activities?**

We will not operate bingo but may utilize raffle games at times on the corporation's web site (<http://www.Hobby-Machinist.com> and <http://www.Hobby-Machinist.org>). An example of this activity would be offering an item of interest to hobby-machinists for raffle and selling raffles for chances to win the item. The participants will buy tickets of low value (e.g. \$1) and with each ticket; they would have one chance of winning the item at the end of the event. The proceeds go towards the fundraising goal. At times, forum members and/or vendors may donate items to be raffled. There will be no compensation of any sort for volunteers who carry on or help with these activities and all income and expenses will be documented as they occur.

**Line 3c. List the states and local jurisdictions, including Indian Reservations, in which you conduct or will conduct gaming or bingo.**

Our web contests will be conducted on our website which resides on a server at West Chester, Pennsylvania. If the event would be held outside of the state of New York, we will observe and comply with all applicable Federal and State laws in carrying on such activities and that holds true for all 50 states of the United States.

**Line 4a. Do you or will you undertake fundraising? If "Yes," check all the fundraising programs you do or will conduct. Attach a description of each fundraising program.**

"Yes" to the following:

Email solicitations, accept donations on our website, and other (see below).

**Email Solicitation**

We will be utilizing internet solicitation methods, including but not limited to email, social media contacts and other mediums.

**Accept Donations on Our Website**

We do accept donations on our website. This function is accessible through the "Donate" tab on the navigation bar of our website. The payments are processed by PayPal, Inc. and are directed to the

corporation's PayPal account.

**Sale of Sponsored Advertising**

We will rent sponsored advertising on our web site on a monthly basis, fee to be determined by our directors and/ or officers . This is commercial vendor advertising in a particular limited area on our web site, which is similar to an online Yellow Pages.

**Sale of Vendor Forums**

We will rent commercial vendor forums on our web site on a monthly basis, fee to be determined by our directors and/or officers. Within their own vendor forum, the vendor may advertise, promote, and provide support for their products, and interact with the general public.

**Sale of Classified Advertising**

We do sell classified advertising on our web site, on a per ad basis, to non-commercial users who wish to sell items excess to their needs as hobby-machinists.

**Sale of Merchandise**

We will have shirts, hats, mugs and similar items available through our website which will bear our logo and mission statement. The revenue from this activity is anticipated to be insubstantial and we have no current arrangement or contract for this.

**Raffles**

Please see Line 3a of Part VIII, above.

**Line 4d. List all states and local jurisdictions in which you conduct fundraising. For each state or local jurisdiction listed, specify whether you fundraise for your own organization, you fundraise for another organization, or another organization fundraises for you.**

The company is based in the State of New York, however, we will engage in fundraising in all 50 states of the United States whether via internet solicitation, raffles, or the sale of classified ads, sponsored ads, or vendor forums. We will not raise funds for other organizations; No other organization will raise funds for us and we will only fundraise for ourselves. This rule holds true for all 50 States of the United States.

**Line 14d. Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes?**

Yes. It is very clear to our contributors and especially the public how we operate and direct funds. The donation page of our web site lists the purposes for which the donations are used. For contributions other

than credit cards, we have a donation form available which every contributor is required to fill and it specifically points out our mission and, goals. A copy of this form is included in with this attachment for your consideration.

### **Part IX Financial Data**

#### **A. Statement of Revenues and Expenses for 2013 and Projected Data for 2014, and 2015 Tax Years**

The Hobby-Machinist, Inc. expects to gross less than \$10,000 over the next four years.

The following table consists of the projected gross income from monetary donations, and fundraising. This includes the fundraising activities described in Part VIII, line 4a.

<b>Revenues</b>		
<b>2013 Tax Year (Actual)</b>	<b>2014 Tax Year (Projected)</b>	<b>2015 Tax Year (Projected)</b>
Donations \$3300	Donations \$4000	Donations \$5000
-----	Sponsor Ads \$600	Sponsor Ads \$1000
-----	Classified Ads \$50	Classified Ads \$500
-----	Vendor Forums \$100	Vendor Forums \$500
-----	Raffles \$ 50	Raffles \$ 200
	Merchandise \$50	Merchandise \$50
<b>Total revenue:</b>	<b>Total revenue:</b>	<b>Total revenue:</b>

#### **Line 22.**

Although there are no specific plans at this time, in each of the two years projected, professional fees may be paid to accounting professionals, legal advisors, and others as necessary.

**Line 23. Any expense not otherwise classified (attach itemized list.)**

The following table consists of the corporation expenses, expenditures and spending for 2013 and projected expenditures for 2014 and 2015. Please note: for our 2013 expense and income report, please refer to section B: Balance Sheet for our most recently completed tax year on page 10 of this document.

<b>Expenses</b>		
<b>2013 Tax Year (Actual)</b>	<b>2014 Tax Year (Projected)</b>	<b>2015 Tax Year (Projected)</b>
Web Hosting \$1250	Web Hosting \$1500	Web Hosting \$1800
Software (Modifications) + \$500	Software (Modifications) \$200	Software (Modifications) \$200
Domain Names Renewal \$100	Domain Names (.org, related names) * \$330	Site Upgrades \$110
Site Upgrade Expenses \$100	Site Upgrade Expenses \$105	Vbulletin Upgrade \$400
Advertising (Google Adwords) \$1350	Advertising (Adwords) \$1200	Expense Title \$5,292
	Filing Expenses (IRS 501[c][3], NYS DOS, NYS Atty General) ** \$500	Office Supplies \$100
	Office Supplies \$100	Postage \$15
<b>Total expenses: \$3300</b>	<b>Total expenses: \$3935</b>	<b>Total expenses:</b>

\* We purchased: Hobby-Machinist.org, Hobby-Machinist.net, HobbyMachinist.org, HobbyMachinist.net. They all point to Hobby-Machinist.com to optimize site popularity.

\*\* IRS filing fee for 501(c)(3) (\$400), NYS Dept of State fee for filing Cert. Of Incorpor. (\$75), NYS Attorney General Charities Bureau registration fee (\$25).

+ We purchase lifetime upgrades and support to modification software we use. Initial costs are higher but future costs are reduced.



**B. Balance Sheet (for your most recently completed tax year)**

Support and Revenue of the Most Recent Tax Year, 2013		
Donations		\$3300
	Net Income	\$3300

  

Expenses of the Most Recent Tax Year, 2013		
Web Hosting		\$1250
Software Modifications		\$500
Domain Names Renewal		\$100
Site Upgrade Expenses		\$100
Advertising		\$1350
	Total Expenses	\$3300
	Net Revenue Less Expenses	\$0

**Part IX, Section B Line 10. Itemized Non-cash Assets as of End of Tax-year 2014**

The corporation is not in possession of any non-cash assets.

**Part X, Line 6b(i)(a) Enter 2% of line 8, column e on Part IX-A Statement of Revenues and Expenses**

\$246. No gifts totaled more than the 2% amount.

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Thank you for reviewing this application.

If you have additional questions, please consider contacting our authorized representative:

Nelson Timken, Email: [nelson.timken@verizon.net](mailto:nelson.timken@verizon.net), Cell: (917) 533-8080

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