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# THE AXANAR ANNUAL REPORT

## 2015

REVISED

## INTRODUCTION

I created this document because we at Axanar Productions believe that we have an obligation to our donors to give them all the information they need to evaluate our performance. The Axanar Annual Report is the financial review document of Axanar Productions. One thing we at Axanar pride ourselves on is being the most transparent and accountable crowd-funded film out there. So, we have produced this “Annual Report” to review the first year-and-a-half of Axanar Productions operations and give you a glimpse of what the next year-and-a-half holds.

I urge all of you to read it. Not only will it give you an understanding of where your money goes and what creating a project like this really costs, but it will give you the knowledge to answer questions others have and to be able to talk intelligently about the movie business, which you are now helping to fund! We want you to know everything about our business, because only then can you fully appreciate what enormous effort it takes, and maybe find a way to help and be even more involved.

After all, Axanar isn't just crowd-funded. We are crowd-sourced. Meaning we have multitudes of volunteers from around the world helping with our project. Whether it be in the art department, helping with set construction, helping Diana shipping out perks, or volunteering at conventions, Axanar is an amazing project because of you, our donors. And we thank you.

This has been an amazing ride, and we hope it is even more amazing as we enter the year of Star Trek's 50<sup>th</sup> Anniversary.

Alec Peters

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## **I. PRELUDE TO AXANAR KICKSTARTER**

The Prelude to Axanar Kickstarter launched on March 1, 2014 and concluded on March 31, 2014. It raised \$101,171, of which Axanar received \$91,006.72. Add to this the additional \$22,826.06 which we raised through the Backerkit add-on sales and our total income for Prelude was \$113,872.38.

Expenses totaled \$123,285.26, leaving a shortfall of \$ 9,452.48, which was paid out of the Axanar Kickstarter receipts.

All expenses were recorded on an Excel spreadsheet which is presented here. For Axanar, and the greater income, expenses and transactions to be expected we are using Quicken, and are looking into using either Quickbooks or another online bookkeeping solution. We are consulting with a professional accountant now.

Significant lessons were learned from the Prelude to Axanar shoot. While the shoot was vastly more expensive than anticipated—a portion of which can be attributed to the inexperience of the production team—some areas of immediate concern were noted.

The costs of makeup—for which we had to pay full union rates to Makeup & Effects Lab—were well-above expectations and will not be repeated in the Axanar feature, where New Media rates will instead apply. (This became readily apparent when Makeup & Effects Lab submitted a budget bid of \$400,000 for the feature film Axanar. Since that is nearly 50% of the projected budget for the entire movie, we were forced to find another makeup team for Axanar. The new team is lead by veteran makeup artist Michael Spatola, who is one of the principles at Cinema Makeup School, Hollywood's premier makeup school. He has already submitted a budget for Axanar that will be approximately \$150,000.)

Costumes need to be well planned out and not last-minute. Our costume costs were extremely high in Prelude to Axanar because of the limited time we had to make them.

Also, there were several charges that were due to the inexperience of the production team. \$2,450 had to be paid for damages caused to the rather expensive camera dolly because it was improperly loaded on the truck. And \$1,500 was paid to the art team, because of a failure to properly inform them of the terms of the work. We took great care on the Vulcan shoot to ensure that both of these problems were not replicated.

Certain expenses, notably perks and fulfillment, were also way more expensive than envisioned. Needing a full-time fulfillment specialist is one such problem. Diana Kingsbury has been doing this since last August and does an amazing job. We have not included her salary in the Prelude to Axanar portion of this, since she didn't start working full-time until after the Axanar Kickstarter concluded. So expenses here are slightly lower than would be expected because of us not apportioning a part of her salary to the Prelude financials. It is just too speculative and not a significant number. But her salary is included from here on out in the Axanar financials.

Overall, many lessons were learned during the production of Prelude to Axanar, and steps have been taken to avoid past issues.

## PRELUDE TO AXANAR INCOME AND EXPENSES

DATE	CK #	CATEGORY	DESCRIPTION	NOTES	INCOME	EXPENSE
4/17/14		Deposit	Kickstarter	Income from Kickstarter	\$ 89,584.84	
4/17/14		VFX	Alec Repayment	VFX - Tobias Richter		\$ 5,000.00
4/17/14		Costumes	Alec Repayment	Costume Fabric/Misc		\$ 2,000.00
4/17/14		Costumes	Alec Repayment	Prelude Costumes - USA Sewing		\$ 3,000.00
4/18/14		Entertainment	Genwa	Dinner with Tony Todd		\$ 198.41
4/18/14		Corporate	Biz Filings	Corporation		\$ 167.00
4/18/14		Corporate	Biz Filings	Corporation		\$ 900.00
4/18/14		Marketing	Space Fest	Table at SpaceFest		\$ 200.00
4/18/14	1016	Make Up	MEL	Make Up		\$ 6,540.00
4/21/14		Fees	Kickstarter Fees	Misc. KS fee.		\$ 17.30
4/21/14		Marketing	Bullfrog Printing	Cards for Table		\$ 548.64
4/21/14		Marketing	Stylin Enterprises	Star Trek Costumes		\$ 90.00
4/22/14		Marketing	Stylin Enterprises	Star Trek Costumes		\$ 30.00
4/22/14		Costumes	PayPal	Uniform Patches		\$ 19.98
4/22/14		Costumes	PayPal	Uniform Patches		\$ 18.88
4/24/14		Travel	Hotels.com	Hotel		\$ 537.28
4/24/14	1019	Insurance	Film Group Inc.	Insurance		\$ 198.41
4/25/14		Travel	Hotels.com	Hotel		\$ 768.31
4/22/14		Costumes	USA Sewing Factory	Costume Balance		\$ 3,579.50
4/28/14	1018	Marketing	Metamorphic	Table Signage		\$ 1,133.60
4/29/14		Travel	Delta	FedCon Airfare		\$ 1,624.20
4/30/14		Costumes	Joe Kerezman	Award Ribbons (PayPal)		\$ 68.00
4/30/14		Entertainment	PF Changs	Dinner with Kevin Haney		\$ 54.40
4/30/14		Production	The Crafty Caterer	Craft Services		\$ 1,840.00
5/1/14		Deposit	Kickstarter	Income from Kickstarter	\$ 2,021.88	
5/1/14		Marketing	Facebook	Advertising		\$ 289.50
5/1/14		Equipment	Amazon	Hard Drives (2)		\$ 59.98
5/1/14		Costumes	Berger Specialty	Costume Trim		\$ 21.80
5/2/14		Equipment	Amazon	Hard Drives (2)		\$ 374.20
5/2/14		Sound Stage	Ben Kitay Studios	Stage Rental		\$ 4,000.00
5/2/14		Equipment	Fry's Electronics			\$ 49.02
5/2/14		Travel	Hotels.com	Terry/Tristan Housing		\$ 528.30
5/5/14		Entertainment	Marriott	Lunch with JG/Gary/Team		\$ 157.80
5/5/14		Fees	Kickstarter Fees	Misc. KS fee.		\$ 95.72
5/5/14		Entertainment	Marriott	Dinner with team		\$ 178.15
5/5/14		Equip Rental	Ryder	Truck Rental		\$ 1,395.00
5/5/14			Camadeus Film			\$ 431.64
5/5/14	Check		CASH	Petty Cash		\$ 1,000.00
5/5/14		Shipping	Fed Ex	Shipping		\$ 5.44
5/5/14		Shipping	Fed Ex	Shipping		\$ 53.66
5/7/14		Make Up	Kevin Haney	Make Up		\$ 900.00
5/7/14	#5733		The Film Group			\$ 871.25
5/7/14			Anderson Live Media			\$ 3,800.00
5/7/14	#5732	Cast	Metamorphic	1099 Payments		\$ 5,000.00
5/8/14		Equip. Rental	Catherine Cavanaugh	Camera Accessories		\$ 1,300.00
5/8/14			Robert Romero			\$ 900.00
5/9/14		Sound Stage	Ben Kitay Studios	Sound Stage		\$ 3,002.20
5/9/14	#5730	Salaries	Gary Peticone			\$ 2,000.00
5/12/14			Ryder	Truck Rental - Credit		\$ (190.46)
5/12/14	#5736		NPI Production Services			\$ 6,814.90
5/12/14	#5731	Salaries	Brad Look			\$ 3,207.91
5/12/14		Entertainment	Rubios			\$ 38.18
5/12/14		Entertainment	Yard House			\$ 89.50
5/12/14		Sets	Craig Sheeler	TOS Bridge Chair		\$ 2,000.00
5/13/14		Travel	Scott Johnson	Travel reimbursement		\$ 200.00
5/14/14	#1031	Marketing	Ryan Husk	Wondercon Table		\$ 814.00
5/14/14		Equipment	The Electronic Mailbox	2x drives		\$ 724.85
5/16/14			Atomic Production Supply			\$ 347.07
5/19/14		Sound Stage	Ben Kitay Studios	Sound Stage		\$ 2,125.80
5/20/14			Kickstarter		\$ (600.00)	

5/20/14	#5734	Salaries	Stephen Martin	Stage Manager		\$ 1,063.16
5/20/14	#5735	Production	Crafty Caterer	Craft Services		\$ 460.00
5/23/14		Production		Damage to Dolly		\$ 2,450.18
6/2/14	#5737	Cast	Tony Todd	Promotional fee		\$ 2,000.00
6/2/14		Marketing	Sheraton Dusseldorf	Meals - FedCon		\$ 118.66
6/3/14		Marketing	Maritim Dusseldorf	Hotel charges		\$ 190.48
6/4/14		Marketing	Select Service	Meals - FedCon		\$ 19.59
6/19/14		Income	STRIPE DEPOSIT		\$ 12,888.55	
6/25/14		Perks	Hero Patches			\$ 4,500.00
6/26/14		Perks	Hero Patches			\$ 365.00
6/26/14		Income	STRIPE DEPOSIT		\$ 7,633.19	
6/27/14		Income	STRIPE DEPOSIT		\$ 45.75	
6/30/14		Income	STRIPE DEPOSIT		\$ 22.72	
7/2/14		Income	STRIPE DEPOSIT		\$ 288.60	
7/2/14		VFX	Tobias Richter	VFX		\$ 4,500.00
7/7/14		Perks	DRI Printing	Posters		\$ 532.20
7/7/14		Perks	In District Printing	T-Shirts		\$ 2,922.77
7/7/14		Perks	DRI Printing	Posters		\$ 599.13
7/7/14		Supplies	Fry's	Drive		\$ 98.09
7/7/14		Income	STRIPE DEBIT		\$ (57.96)	
7/8/14		Perks	Uline	Perk Supplies		\$ 676.02
7/9/14		Marketing	San Diego Comic Con	Ticket		\$ 165.00
7/11/14		Income	STRIPE DEPOSIT		\$ 1,374.91	
7/11/14		Pick Up	Cachet Productions	Pick Up		\$ 960.00
7/11/14		Pick Up	Independence Studios	Pick Up		\$ 500.00
7/14/14		Income	STRIPE DEPOSIT		\$ 68.47	
7/14/14		Marketing	Image Design	Signage		\$ 130.80
7/15/14		Costumes	International Silks	Fabric		\$ 123.44
7/16/14		Income	STRIPE DEPOSIT		\$ 458.06	
7/17/14		Travel	JG Hertzler	Travel reimbursement		\$ 617.50
7/18/14		Income	STRIPE DEPOSIT		\$ 103.77	
7/18/14		Costumes	Danskin	Undershirts for Tunics		\$ 150.06
7/18/14		Perks	Staples	Supplies		\$ 29.41
7/21/14		Perks	Fed Ex Office	Printing		\$ 475.64
7/21/14		Perks	Amazon	Supplies		\$ 262.37
7/21/14		Perks	Staples	Supplies		\$ 43.36
7/22/14		Meals	Chop Stop	Mark/Jesse/Diana		\$ 36.57
7/22/14		Perks	Uline	Supplies		\$ 1,184.73
7/22/14		Marketing	Constant Contact	Mailing List		\$ 55.00
7/22/14	1044	Post	Lembod	Sound Studio Rental		\$ 500.00
7/23/14		Marketing	Delta	Airfare		\$ 459.70
7/23/14		Marketing	Jesse Aikns	Gas Money		\$ 460.70
7/23/14		Marketing	Pier 1	Directors Chairs		\$ 113.35
7/24/14		Marketing	Bullfrog Printing	Flyers/Tickets		\$ 892.08
7/24/14		Marketing	Pier 1	Directors Chairs		\$ 80.95
7/28/14		Costumes	USA Sewing	Fabric		\$ 5,005.00
9/16/14		VFX	Tobias Richter	VFX		\$ 5,500.00
8/15/14		Post	Lembod	Sound Studio Rental		\$ 500.00
10/28/14		Art	Scott Cobb	Fee		\$ 1,500.00
6/30/15		Shipping	USPS	Perk Shipping		\$ 5,000.00
6/30/15		Perks		CDs		\$ 2,000.00
6/30/15		Perks		Blu-ray		\$ 4,925.00
					\$ 113,832.78	\$ 123,285.26
				Kickstarter	\$ 91,006.72	
				Backer Kit	\$ 22,826.06	
					\$ 113,832.78	
				Balance		\$ (9,452.48)

## II. AXANAR KICKSTARTER

The first Axanar Kickstarter was launched with some very specific goals in mind, namely building the infrastructure that would allow us to make Axanar and other Star Trek properties. So here is what we wrote in the Kickstarter as to where money raised would go:

### **SET CONSTRUCTION - \$100,000**

*We need to build a complete set of Starship sets from scratch. We are lucky to have two of the top set builders in Hollywood working on this. One worked on Star Trek for 15 years for Herman Zimmerman and also built the bridges of the Kelvin, Kobayashi Maru simulator and Enterprise in the JJ Star Treks. The other built the bridge of the SHIELD Helicarrier in **Avengers**.*

*(Remember, to get \$100,000, we need to raise approximately \$125,000)*

### **SOUND STAGE - \$125,000**

*We have two potential locations we are negotiating for to serve as our sound stage in Valencia, CA, just north of LA. This will be the permanent home of Axanar Productions and allow us to do more than just **Axanar**, from other adventures in the Star Trek universe and beyond.*

*(Remember, to get \$125,000, we need to raise approximately \$155,000)*

### **SOUND STAGE RENOVATION - \$50,000**

*Converting this space to be a sound stage will cost approximately \$50,000. This includes dropping a grid system for lights and baffling, sound-proofing and other modifications to the building. Depending which space we get will determine what exactly we need to do, but this is a rough estimate.*

*(Remember, to get \$ 50,000, we need to raise approximately \$62,000)*

### **AXANAR PRE-PRODUCTION COSTS - \$ 50,000**

*This includes costume manufacture (\$20,000), VFX pre-visualization and modeling (\$15,000), and makeup (\$15,000). These are all costs we incur before we ever shoot a day on set. These are just pre-production costs to get these departments going.*

*(Remember, to get \$50,000, we need to raise approximately \$62,000)*



Many people do not remember that we specifically stated this and so they incorrectly assume that the money was to go to production costs. This is due to either the fact that it was over a year ago that the Kickstarter ended, or due to a failure to read and understand the specifics of the Kickstarter (often a combination of the two!). What this teaches us is we have to consistently communicate to our donors.

So, we outlined \$325,000 in costs for infrastructure that we would need to raise roughly \$400,000 for. (Remember, you always lose 20-25% to Kickstarter and payment processing fees as well as perk cost and shipping). And that was before we found out what everything would really cost and what we didn't even know we needed.

So where did that money actually go? Well, here is a rough breakdown. (Note an accountant is reviewing the finances next month as we prepare our tax returns, but this gives a good idea what we spent money on. Updated financials will be provided when available.

These financials cover the period of 4/1/2014 – 7/31/2015. We will release financials for the Axanar Indiegogo, which cover 7/31/14 to present in Q1 when we release the first part of Axanar and launch our next fundraiser.

**INCOME**

Kickstarter Donations	\$638,471.00	
Kickstarter/Payment Fees	\$67,426.14	
Net Donations		<b>\$571,044.86</b>

**EXPENSES**

## Salaries

1099	\$17,420.00
Alec Peters	\$38,166.57
Diana Kingsbury	Deferred till 2016
Robert Burnett	\$5,000.00
Curtis Laseter	\$9,800.00
Salaries	<u>\$48,042.31</u>

\$118,428.88

Advertising	\$6,246.83
Auto	\$9,163.62
Bank Fees	\$958.00
Building Renovation	\$49,674.48
Cleaning Services	\$986.00
Computer Repair	\$413.32
Computer Software	\$684.86
Convention Expenses	\$2,670.00
Corporate Expenses	\$908.00
Equipment	\$20,598.44
Equipment Rental	\$14,557.43
Event Cost	\$1,061.52
Facility Fees	\$271.77
Film Festival Fees	\$2,180.88
Furniture	\$643.10
Insurance	\$9,320.52
Internet Fees	\$2,351.19
Legal	\$2,728.00
Perks	\$25,142.03
Music	\$1,950.00

Office Supplies	\$1,052.37
Phone	\$6,810.45
Prelude to Axanar Costs	\$7,000.00
Printing	\$8,006.85
Make Up	\$15,000.00
Rent	\$196,510.41
Set Construction	\$36,372.56
Shipping	\$5,403.32
Shipping Supplies	\$2,388.83
Supplies	\$4,324.12
Travel	\$9,018.29
Union Fees	\$3,099.00
Utilities	\$8,446.21

\$574,371.28

\$(3,326.42)

## SALARIES

Unlike other fan films which use all volunteers, or no full time personnel, Axanar has both Alec Peters and Diana Kingsbury working full time, and since the beginning of 2015, Dean Newberry, our construction coordinator as well. There is just too much work to do Axanar part time. And that is why the quality of Axanar is so good.

The salaries Axanar is paying are incredibly low. Everyone is working for a fraction of what they could get anywhere else because we love this project.

### **III. HOW AXANAR HAS CHANGED**

When I first came up with the idea for Axanar in 2010, it was over lunch with James Cawley on the set of Star Trek: New Voyages (the grand daddy of all Star Trek fan films). James had invited me up to the set to play Garth in a scene in an episode they were filming. James is the one who pushed me to write a script for the Garth story I had first written 20 years earlier. And so when it was conceived, “Axanar” was going to simply be a fan film like any other.

But as we went on, we knew we weren’t going to be happy just doing a fan film. We wanted it to not have any of the same shortcomings that plague so many fan films, namely a weak story and poor acting. And, while New Voyages had clearly set and then raised the bar on what a fan film is, we thought we could make something that was even closer to a Hollywood production.

This meant engaging professionals. Prelude to Axanar had many professionals involved, both in front and behind the camera. It had to in order to look as good as it did. And after the success of Prelude to Axanar, it was clear we had to do even better as our fans had now come to expect something quite different from what they had seen in other fan films.

A big part of this process was to create our own studio...to rent a building, convert it to a sound stage, and build our sets there. Originally, I’d planned on shooting everything on the sets of Star Trek: New Voyages, where James Cawley had generously offered to let us film. We would have converted their sets to look less like TOS, shot the film, then gone into post-production on it (and frankly, Axanar would probably have been done by now, if we’d stuck to the original plan).

But then, Prelude to Axanar director Christian Gossett said no, he couldn’t shoot

there—not even at the new facility I had helped James rent and move into. He said there wasn't enough room to do what he wanted and the sound stage was too small. He also didn't want to use James' crew, which was comprised of all amateurs. Christian felt our only option was to find a facility in Los Angeles. This decision changed Axanar *dramatically*, as it suddenly meant that the first Axanar Kickstarter would have to pay for the infrastructure, not the production.

Again, if we hadn't made this decision, then we could have had Axanar done by now, and probably for the money we had already raised. The quality wouldn't perhaps be quite as good as we had hoped, but we certainly *could* have gone that route. However, in the end, it was agreed that more time and more money would equal greater quality.

## IV. HOW EXPENSES HAVE RISEN

Axanar is a fan film in that we are not the rights holders to the subject of our films, namely Star Trek. We do not own the intellectual property; CBS does. And that means that we cannot profit from Axanar, ever. We can raise donations to pay our expenses, but at the end of the day, there are certain things we can't do... and our company making a profit from anything we produce based on Star Trek is one of them.

Axanar is a professional production in that we do pay people who work on the production. This is not a group of fans getting together and having a great time playing Star Trek (although we certainly enjoy it). That means we do things like a studio would. And of course, it also means things cost more. We don't cut corners, and we think the results speak for themselves. Prelude to Axanar is the only Star Trek fan film that looks like it came from a modern Hollywood studio.

But, behaving like a professional production means *everything* costs more money. No other fan film has production insurance like we do. (We pay \$12,000 a year for that, alone.) Our volunteers are actually covered by Worker's Compensation Insurance! As with any business, all utilities cost more, and there are numerous permits and periodic inspections which must be paid. Plus, we're based in Los Angeles, where *everything* costs more. But in the end, what you get is a higher-quality production.

Here are the areas costs have risen and why:

### RENT

We estimated \$125,000 for the first year's rent because we were negotiating a lease while the Kickstarter was going on that was about that amount. Sadly, that deal fell through when the landlord changed, and it then took us six months to

find and secure a suitable alternative, which is costing us \$181,000 for the first year. Not only was the rent higher than we'd anticipated, but we also had to put down a three-month deposit. So, instead of spending \$125,000, we had to spend \$181,000.

## **STUDIO RETROFITTING**

There were a lot more expenses than originally planned in turning the warehouse into a studio. We incurred additional expenses for two main reasons.

**Government Red Tape** - As of the writing of this document in September 2015, we have been working for six months trying to get the city and county to approve our plans for building out our offices and wardrobe/makeup rooms. Tenant improvements should have been easy, but the city and county want you to jump through innumerable hoops, and this meant hiring an architect, which ran \$11,000 (and even that was a third of our first quote!). Government fees have been over \$3,000 so far.

**Enlarged scope of work** - Right off the bat we decided to fill in the loading dock, which was worthless to us, and so we covered it to make more usable space. Then we had to put "elephant" doors on the roll-up metal loading doors as the metal doors would cause major sound problems. In addition, the buildout of the offices—which we thought would be inexpensive—has turned into a bigger project because of government requirements.

## **SET CONSTRUCTION**

Building the sets to be studio-quality is not a cheap process. While other productions do a wonderful job building sets that look like TOS with just volunteers, that won't work for us for a number of reasons.

1. Our sets must “fly”. That means everything has to be able to move, and to be taken down and put back up. (Thus, our bridge can be taken apart by section, and it is all on wheels. No other bridge set out there does that.)
2. Our sets cannot be left standing. Both of the full TOS sets in the US are built in buildings in the middle of the countryside in small towns where rent is cheap, so it’s feasible for them to build sets that are only used for their fan productions 2-4 times a year. At Axanar, we are building a fully-functioning sound stage that we will also be able to rent out to support the production and the studio. That means no standing sets.
3. Our sets are built by professional carpenters with studio experience. They know what the requirements are to make these sets sturdy and able to last the rigors of being moved around.

Thus, building our sets is a much-more expensive process. Fortunately, we have been managing our resources well, but with a locked script finally in, we now know how many sets we have to build, and there are a lot. The initial budget of \$100,000 is certainly low. The entire process of set construction will cost \$150-200,000 when all is said and done.

## **EMPLOYEE COSTS**

Axanar has become a full time venture for some of us. And as such, all full-time employees need to get paid. We did not anticipate this when we launched our Kickstarter. But immediately it became apparent that with almost 10,000 donors and a lot of perks to be delivered (and a store to run and fulfill), we needed a full-time fulfillment person, and that was Diana Kingsbury.

In addition, I have been working full-time on Axanar since the Kickstarter last year. There is an enormous amount of work to do in order to get a studio up and running and put together a movie. It is safe to say that Diana and I each work *at least* 60 hours a week on Axanar (which doesn’t count all of the time we spend at



conventions promoting Axanar to fans and soon-to-be fans!).

Dean Newberry started working full-time in February (along with Curtis Laseter, the construction coordinator for Babylon 5 who left us in April for another job), but the construction salaries are accounted for in the set construction totals.

Also, Rob Burnett, our Director for Axanar, is put on salary when he is working full-time for Axanar, such as when he did the Vulcan scene.

No one is making a lot. It is fair to say we are all working for a fraction of our previous salaries. But these expenses were not anticipated in the Kickstarter, and so are noted here.

## V. LESSONS LEARNED

In this section we deal with some of the key things we've learned.

### **DONOR TYPES**

Understanding our donors is important to making them happy. While it's impossible to generalize, we can put our donors into three rough groups.

**Highly-Engaged** - Donors who follow our project closely, read every update we send out, read our website and the blogs there, including my Captain's Log and Diana's Fulfillment blog, and maybe join the Facebook Axanar Fan Group and follow us in the Axanar Facebook Donors Group. Many of these donors are the engine that runs Axanar fandom.

**Laid-Back** - This group doesn't follow us closely, but stays in touch from time to time. They may read our updates, or check out the Axanar Fan Group occasionally, but they are content to just sit back and wait for the film. They donate because they love Star Trek, love what we are doing, and they aren't very demanding.

**Occasional** - These donors don't read or follow anything. They may have shut off their updates because they don't want to get them, or they aren't on Facebook. They donated and really don't want to stay on top of what is happening. And, while that is perfectly fine, some of these donors, one day realize "Hey, where's my stuff?" or "Wait, they are asking for more money? Where's the film?" because they haven't read any of the numerous updates we have sent or published alerting everyone to what's happening.

**Highly-Engaged** and **Laid-Back** Donors don't need us to tell them anything; they know we care, know we work our asses off, and know what we are doing because they read our content.

**Occasional** donors need STUFF. Because they don't pay attention to updates, emails, Facebook or our website, they aren't in the loop about what is happening. They just want to get their stuff (including the movie), and that is how they know we are doing our job. (This group impacts Diana's time a great deal as they email her and require *a lot* of explanation since they haven't been keeping up.)

Now, we can't change people's behavior. And we can't expect everyone to be one of the first two groups. But the third group does have an impact on our time and efficiency.

### **Where we could have been better**

It is always important to note where you can improve.

- 1) It wasn't until after our Indiegogo that we started to deliver the Blu-rays from Prelude—the most important perk from our very first Kickstarter and we were unable to get it out before our third campaign. We feel that this could have been a huge positive if we had gotten Prelude released on time; not doing so made some people question our ability to deliver, and this almost certainly meant fewer donations.
- 2) We told everyone at the start of the second Kickstarter that NO perks would ship until ALL of the perks were ready (meaning after the feature film was completed)—having learned a costly lesson in fulfilling Prelude, of how ridiculously-expensive multiple shipments are (which means how much extra money *isn't* able to go into production)—but this has also hurt us with the Type 3 donors who didn't pay attention to the wording of the

Axanar Kickstarter, haven't been following our progress or any of the dozens of updates, but merely judged us by what we delivered (or didn't deliver, as the case may be).

- 3) Changing from Backerkit (the online checkout system we used following the Prelude Kickstarter) to Ares Digital (our own checkout system, which was some time in the making) meant the Axanar Kickstarter donors weren't sent through checkout for over a year, further eroding some donors' confidence.

## VI. ACCOMPLISHMENTS

So what have we accomplished in the past year and a half?

**Prelude to Axanar** - We successfully funded this project and executed what most consider the best Star Trek fan film ever. Prelude has been winning film festival awards all over the country and remains a fan favorite with over 1.5 million views on You Tube.

**The Prelude to Axanar Blu-ray** - The Blu-ray perk for Prelude to Axanar is as good as any disc of its kind. Created by the three producers who created the Star Trek: The Next Generation Blu-rays, it proves that Axanar is world-class.

**Ares Studios** - We funded and created a film studio. While not yet finished, Ares Studio will have everything needed to make movies for years to come.

**Infrastructure** - We built the infrastructure that will allow us to make great Star Trek and great science fiction films for years to come. Our fundraising operation is now one of the most sophisticated to come out of crowd-sourcing.

**Ares Digital** - This technology, which is the entire back-end of fulfillment operations, is critical to any crowd-funded project. Its creation not only gives Ares Studio an advanced product that will make donors' lives easier, by putting all their perks and information in one, easily-accessible web page, but it allows Ares Studios to create a product it can eventually distribute to other crowd-funded projects as well. This will create a new revenue stream for Ares Studios.

From top to bottom, Axanar Productions has blazed a new trail and raised expectations. We thank our loyal donors for the ability to do this with you.

## VII. 2016 PLANS

What are our 2016 plans?

**Axanar Shoot** - We will shoot the first part of Axanar in February, with an expected release in April 2016. We will then raise the money for the rest of the film, which we will release before 2016 is over (hopefully by September 8, the 50<sup>th</sup> Anniversary of Star Trek!).

**The Four Years War Anthology** - This book is well underway with a group of NY Times best selling authors. The project will be Kickstarted and be a hardcover, slipcase edition. We plan on the Kickstarter in Q1 2016 and delivery of the book in Q3 2016.

**The Ships of Axanar** - A large hard cover, coffee-table style book, this book will harken back to the "Ships of the Star Fleet" books of the '80s and '90s, and give an in-depth look at every ship that fought in the Four Years War. We expect to Kickstart this book in early 2016 and deliver it in Fall 2016.

**Sci-Fi Film School** - We would like to hold this event in spring 2016, to be followed immediately by AxaCon. The film school will be a five-day event, where participants will learn all the ins and outs of film production, and be able to go in-depth on an area they find most interesting, such as editing, acting, directing, etc. The event will be taught by Axanar cast and crew, and be at Ares Studios, utilizing the Ares sets.

**AxaCon** - The Sci-Fi Film School will be followed immediately by AxaCon, so those interested can stay for both events. AxaCon will start with a Friday trip to Star Trek filming locations Vasquez Rocks and Tillman Japanese Gardens (Starfleet HQ). Saturday will be traditional panels and autograph signings, and

Sunday attendees will have the opportunity to film on the Ares Sets. This will be a truly unique event!

So a hearty THANK YOU to all of our donors that made this wild ride possible. We hope this has given you additional insights into the operation your donations have helped create, and makes you that much more excited for what is still to come!

Sincerely,

The Axanar Team