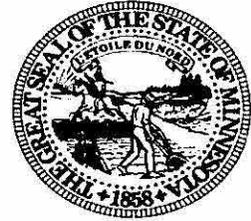


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Office of the Minnesota Secretary of State
Minnesota Public Benefit Corporation / Annual Benefit Report
Minnesota Statutes, Chapter 304A



Read the instructions before completing this form

Must be filed by March 31

Filing Fee: \$55 for expedited service in-person and online filings, \$35 if submitted by mail

The Annual Benefit Report covers the 12 month period ending on December 31 of the previous year.

Notice: Failure to file this form by March 31 of this year will result in the revocation of the corporation's public benefit status without further notice from the Secretary of State, pursuant to Minnesota Statutes, Section 304A.301

1. Corporate Name: (Required) Spoke N Gear, GBC Inc.

2. The public benefit corporation's board of directors has reviewed and approved this report.

3. In the field below, enter the information required by section 304A, 201 subd. 2 or 3 for the period covered by this report, (see instructions for further information): Note: Use additional sheets if needed. (Required)

See attached narrative

4. I, the undersigned, certify that I am the chief executive officer of this public benefit corporation. I further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

[Signature]

Signature of Public Benefit Corporation's Chief Executive Officer

march 24, 2016

Date (Must be dated within 30 days before the report is delivered to the Secretary of State for Filing)

Email Address for Official Notices

Enter an email address to which the Secretary of State can forward official notices required by law and other notices:

kirsten@cedar coffee company. com

Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

List a name and daytime phone number of a person who can be contacted about this form:

Kirsten Cruikshank | 218-830-1511

Contact Name

Phone Number

Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the MN Dept. of Agriculture's Corporate Farm Program.

Does this entity own, lease, or have any financial interest in agricultural land or land capable of being farmed?

Yes No

Print

Reset

**First Annual Benefit Report
of
SpokeNGear, GBC Inc.
a Minnesota Public Benefit Corporation**

**Submitted, with \$35.00 to
Office of the Minnesota Secretary of State - Business Services
Retirement Systems of Minnesota Building
60 Empire Drive, Suite 100
St Paul, MN 55103**

Date March 24, 2016*

****Must be dated within 30 days of the date the report is delivered to the SOS***

History of SpokeNGear GBC, Inc.

SpokeNGear GBC, Inc. (SpokeNGear) was incorporated in April 2014, by Daniel and Kirsten Cruikshank. The Articles of Incorporation were amended in January 2015 to state the purpose of pursuing general public benefit status for the company.

Daniel Cruikshank is one of the co-founders of Granite Gear, Inc. a company that manufactures backpacks and other sewn outdoor products. Granite Gear was founded in 1986 and focused on innovation and leadership in the outdoor industry. Cruikshank and his partner Jeff Knight sold the company in 2013. With the sale of the company, Cruikshank decided to form a new company focused on bicycle sales, rentals and repairs and formed SpokeNGear. The concept for the new business is the result of Cruikshank's passion for bicycling and quality outdoor gear, and the Cruikshank couples' passion for community. SpokeNGear will operate three brands under one roof: Spokengear Cyclery and Outdoor, Cedar Coffee Company and Cedaero.

When the store opens in May of 2016, SpokeNGear will offer quality products for residents of the north shore, as well as tourists, so they may lead active lifestyles and enjoy the great outdoors. SpokeNGear Cyclery will offer bicycle sales, rentals and repairs by a trained bike mechanic. SpokeNGear will also offer quality apparel, accessories and lightweight camping gear for bike packers and hikers.

The new store will be a gathering place for a growing community of cyclists and outdoor enthusiasts on the north shore. The building includes a coffee shop called Cedar Coffee Company, offering a full menu of espresso drinks made with locally roasted beans, and healthy breakfasts and lunches - with indoor and outdoor seating.

Cedaero Bicycle Bags, is a maker of innovative and custom bicycle bags for bicycle commuters and bike packers. Bags will be produced on-site by trained sewers.

SpokeNGear Cyclery and Outdoor is located in a beautiful setting - a six-acre cedar grove in the city of Two Harbors, MN, just off the North Shore Scenic Drive that follows the Lake Superior Coastline. With plenty of parking, the store is at the intersection of two bicycle trails, and near a busy grocery store, box retail store and bank. The address is 1130 11th Street, Two Harbors, MN 55616.

The business has a commitment to source locally for equipment, food and supplies whenever possible. The bike shop will work closely with QBP, a Minnesota Company. The coffee shop will be working with Duluth Coffee Company, Sysco foods of MN and local suppliers whenever possible. Cedaero bags are made with fabrics sourced from companies in the United States.

Why made in the USA? - because of our commitment to the local economy. Purchasing materials produced locally and providing employment for people in our depressed geographic area that has been traditionally dependent on mining and lumber will help sustain the local economy. Buying locally as much as possible, and using local contractors, also saves on fossil fuels by eliminating transportation costs.

SpokeNGear's number one corporate value is authenticity. The owners, Dan and Kirsten Cruikshank, are family-oriented and focused on offering products and services that we believe in and trust. We strive to offer the finest products and services, and to be responsible to the environment, the community and to our employees.

Key Management

SpokeNGear currently employs five people:

- Dan Cruikshank is a co-founder of Granite Gear Inc. At Granite Gear Cruikshank worked in a variety of roles over 27 years. He was CFO, Designer, Marketing, Graphic Design, Operations, and presently he remains with the company as “Brand Ambassador”. Granite Gear began on a shoestring and grew to have \$6 million in annual sales.³³
- Kirsten Cruikshank has a Masters in Social Work and has worked for 27 years in Human Services Planning and Nonprofit Management. Her most recent employment was with Community Partners (15 years), a small nonprofit that helps older adults live independently in the Two Harbors area. Cruikshank grew Community Partners from its beginning in the year 2000 to a sustainable annual budget of \$125,000, raising grants and donations in order to serve 275 people per year with approximately 90 volunteers and a staff of three professionals.
- Mark Alsum has a BA in Fine Art and has worked in a variety of settings from contract painting to carpentry to Cirrus Aircraft. Mark approached Cruikshank about becoming a bicycle mechanic, attended Barnett Bicycle Institute, and returned to Two Harbors where the Cruikshanks hired him in September of 2015. Mark has been involved in development of the business including planning of the bike repair shop, painting and preparations, bicycle bag manufacturing and design.
- Erin Currier has a Master of Science Degree in Health and Nutrition Education, and recently joined the SpokeNGear staff as Kitchen Manager. She is involved in ordering equipment and supplies and menu planning for Cedar Coffee Company.
- Brian Moriarty has a Masters Degree in Student Affairs Administration in Higher Education. He has Management and Leadership experience, as well as experience as a Barista and Coffee Shop General Manager. He recently joined SpokeNGear as the Coffee Service Manager.
- The company will hire additional part time workers in the coffee shop, retail shop and the sewing shop in the spring when open.

Highlights of the Year 2015

- In January 2015, SpokeNGear’s Articles of Incorporation were amended to become a GBC. In 2015 SpokeNGear continued to develop as a new company. With personal financing made from the sale of Granite Gear, and additional financing support from National Bank of Commerce, ARDC, Northland Foundation, City of Two Harbors and IRRRB, the company has the capital to build a new building located in the middle of a cedar forest on a 6 acre lot purchased from the city of Two Harbors. The lot is in a development area that the city had wanted to develop for many years, but it had been difficult due to the dominance of wetlands in the area. Cruikshank saw the potential for the project due to the location of the bike trails, and the proximity to traffic on Hwy 61 and the major shopping area including Super One and Shopko. The business address is 1130 11th Street, Two Harbors, MN 55616.
- In the first quarter architectural plans for the building and the site were finalized with CF Designs. An avid cyclist herself, Cheryl Fosdick agreed to help with the project.

- Dan Cruikshank prepped the land to minimize the impact on the environment and preserve green space. He began by removing cedar trees. (5 cords of cedar trees were later milled by a local sawmill, sanded and used for the ceiling on the interior of the coffee shop). Hardwoods (5 cords) were also harvested to be used as firewood.
- Icecor's engineering services were engaged to plan for management of the wetlands. Army Corp of Engineers approved the wetland delineation plan. Cruikshank also worked with Lake County Land Commissioner and Lake County Soil and water to create a rain garden and plant native plants on the property.
- The City of Two Harbors secured funds from the IRRRB to extend utilities to the site and to help prepare the site for development. Country Trucking was the excavating contractor to complete the site preparation work per engineering specifications. Tim Anderson Construction was secured to build the building.
- Committed to pay prevailing wage of the entire construction project.
- A groundbreaking ceremony was held with all financial partners and contractors present. Plans for the eventual Cedar Coffee Company Coffee Shop were submitted to the Lake County Health Department for Plan review on July 8, and were approved. Construction began in July of 2015.
- Meanwhile, Cruikshank set up a workshop at his home and began working on designs for Cedaero Bicycle Bags, the new bag brand to be launched with the opening of SpokeNGear.

Third Party Standard

SpokeNGear Board of Directors has selected B Lab as its third party standard. B Lab is an independent nonprofit organization that serves a global movement of people using business as a force for good. Its vision is that one day all companies compete not only to be the best in the world, but the Best for the World® and as a result society will enjoy a more shared and durable prosperity. B Lab drives this systemic change by:

- 1) Building a global community of **Certified B Corporations™** who meet the highest standards of verified, overall social and environmental performance, public transparency, and legal accountability;
- 2) Promoting **Mission Alignment** using innovative corporate structures like the benefit corporation to align the interests of business with those of society and to help high impact businesses be built to last;
- 3) Helping tens of thousands of businesses, investors, and institutions **Measure What Matters**, by using the B Impact Assessment and B Analytics to manage their impact—and the impact of the businesses with whom they work—with as much rigor as their profits;
- 4) Inspiring millions to join the movement through story-telling by B the Change Media.

Since SpokeNGear is not operational yet, we have not participated in the full certification process with B lab. We have, however, registered with B lab, and completed the initial Impact Assessment. Our results of the impact assessment were as follows: 18 above average responses, 1 average response, and 32 below average responses. Of those questions with the below average result, most of them ask about policies and procedures that we still have under development, or they are questions that we cannot answer yet because we are not operational.

According to B-Lab, "The Assessment is a measurement of current and recent past performance on different dimensions of impact. The Assessment is not aimed at rewarding future intentions (e.g. the company plans to give away 5% of its profits to charity), as these items would be difficult to verify. As a result, many startups find the Assessment is useful as a learning tool to help shape policies or flag practices to incorporate into their company in the future. We encourage companies to begin assessing their impact from day one, and find that those companies that do experience significant score improvements over time."

With regard to the period covered by this report, January 1, 2015 to December 31, 2015, SpokeNGear pursued the general benefit purpose stated in its articles of incorporation in the following ways.

- SpokeNGear was not in full operation in 2015. However its owners, Dan Cruikshank and Kirsten Cruikshank, pursued social purpose and public benefit in the following ways:
- Collaborated with all local partners including the City of Two Harbors, Lake County Land Commissioner, Lake County Soil and Water, Levy Tree Service, ICECOR, and others to be a good steward of the land, preserve as many trees as possible and plan for proper wetlands management of the 6-acre site we purchased from the City of Two Harbors.
- Worked with the architect and contractors to make the building as energy efficient as possible so as to minimize our footprint on the earth. We made choices to insulate the building, use natural light, use energy efficient appliances and LED lighting.
- Met with the Lake County Land Use Commissioner to discuss the development of mountain bike trails in Lake County.
- Participated in the annual meeting of the Gitchi Gammi Trail Association (GGTA), the group promoting expansion and use of the bike trail along the North Shore of Lake Superior. Paid the GGTA annual membership fees, \$ 20.00.
- Membership in Adventure Cycling Association, \$55.00.
- Participated in a Bike Educational Program at the Minnehaha Elementary School. Cruikshank assisted with bike safety inspections and taught children the ABC's of bike safety (Check Air, Brakes and Chain).
- Participated in meetings along with representatives of the City of Two Harbors, Law Enforcement, Chamber of Commerce and others to prepare the "Bicycle Friendly Community" application.
- Contributed \$250 for sponsorship of the 2015 "Heck of the North" Gravel Bike Race in August, and made a donation of \$250.00 in gift certificate prizes for winners. Volunteered at a checkpoint, assisting racers as needed along the course. Participated in the "Heck Epic" event in October by sharing information about SpokeNGear and Cedaero at the race registration, and by riding in the 200 mile race from Two Harbors to Ely and Back in two days.
- Contributed financially to the Two Harbors Area Chamber of Commerce, a local nonprofit that promotes tourism and economic development in the area, \$265.

- Provided trail maintenance as volunteers on a designated section of the Superior Hiking Trail.
- Participated as a Mentor in Rock Solid Robotics, a FIRST Robotics program promoting STEM Education at the Two Harbors High School. As a business that owns sewing manufacturing equipment, an important part of Cruikshank's mentorship is to teach students how to cut and sew the fabric bumpers needed for the robot. Supplies for the bumpers were provided by SpokeNGear.
- Dan Cruikshank was a Den Leader with the Cub Scouts Webelos, promoting student leadership and stewardship of the outdoors.
- Kirsten Cruikshank participated in the leadership team for "Live Well Lake County", an organization that is organized as part of the Statewide Health Improvement Program (SHIP), and exists to promote healthy eating and active living in Lake County.
- Kirsten and children, Rosalie and Reed, volunteer to help deliver "Meals on Wheels" and "Health in a Bag" a local food distribution program for low income elderly.

The following is a description of how we believe we succeeded in achieving the goals of our specific benefit purpose. Describe in detail the outcomes, with statistics and outcomes, where possible.

- Collaborated with fourteen local partners to be a good steward of the land and minimize the footprint of our business on the earth. (See detail above)
- Contributed \$840.00 to outdoor related events and membership in mission driven organizations (see detail above).
- Provided a living wage for one employee (and multiple building contractors) in 2015.
- Officers, Dan and Kirsten Cruikshank, and their children, provided leadership and service to ten mission- related community service organizations.

The following is a description of what prevented us from achieving the specific benefit purpose, to the extent that we did not pursue or create the specific benefit purpose in this reporting year.

We have not participated in the B labs full self assessment and certification process because we are still under development and have not opened our store yet as we had planned. Delays in financing, extensive site engineering, site preparation, and utilities extension lead to the delay in opening our store. With the completion of the building and recent ordering of all of our equipment, we are on target to open in May of 2016.

CERTIFICATION BY THE BOARD OF DIRECTORS

By participating in all of the activities listed above, the officers of SpokeNGear GBC, Inc. contribute to the public good of the community. As the business opens and begins selling quality products and services, we will demonstrate a greater commitment to the environment, our employees and our community.

The undersigned, being all the directors of SpokeNGear GBC, Inc., hereby acknowledge and certify that we have reviewed and approved the enclosed First Annual Report.


Daniel Cruikshank


Kirsten Cruikshank

SUBMISSION:

I, the undersigned, certify that I am the PRESIDENT of this public benefit corporation. I further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.


Daniel Cruikshank

For further information contact:

Kirsten Cruikshank, kirsten@cedarcoffee.com
SpokeNGear and Cedar Coffee Company
702 Old Drummond Road
Two Harbors, MN 55616
218-830-1511



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Steve Simon

Steve Simon
Secretary of State