



# 2012 SNIA Annual Report

Financial Position and Statements



## LETTER FROM SNIA CHAIRMAN, TREASURER AND EXECUTIVE DIRECTOR

April 5, 2013

Dear SNIA Members, Industry Colleagues and Staff,

We are pleased to update you on the Storage Networking Industry Association (SNIA) and to present information on the financial position of SNIA for Fiscal Year 2012, beginning on December 1, 2011 through November 30, 2012. The financial statements and notes that follow represent the compilation and audit by SNIA's Accounting Firm of McCahan, Helfrick, Thiercof, & Butera of San Jose California.

The storage industry continues to deliver more capacity year-over-year than at previous years revenue levels. Industry-leading analyst firms report several percentage points in revenue growth coupled with double digit capacity growth. This trend has been ongoing since the start of the recession. With this revenue trend, software revenue annual growth is several percentage points ahead of hardware revenue. Additionally, with the trends of more social media content creation, big data for the enterprise, and enterprises retaining data for required periods of time, the outlook for capacity growth is as strong as ever.

As this affects SNIA, we have again completed the 2012 fiscal year with a small surplus. (Refer to page 14 for relevant information including adjustments to the 2011 report.) We are proud and confident to inform you that SNIA has the financial and organizational resources to continue to make relevant contributions to the information storage and data management solutions mission for coming years.

With the direction of the SNIA Board of Directors, the SNIA staff has managed expenses and expanded selected revenue-generation activities. SNIA has over \$2 Million in assets to carry forward and deliver the programs that our members expect from SNIA. One area of revenue growth is in new memberships and expanded membership programs or "technology communities" that we organize as Forums, Initiatives or Committees. These communities reflect the relevancy and vibrancy of SNIA standards and work efforts. Despite the ongoing risk that mergers and acquisitions can weaken this revenue source, you will see on page 13 that we have actually experienced an increase.

SNIA highlights for 2012 include the following:

- Another record-breaking annual four-day Storage Developer Conference and SMB2/SMB3 Plugfest with 400+ storage developers attending in Santa Clara
- SNIA cloud standard (Cloud Data Management Interface - CDMI), attained ISO recognition, and is tracking increased adoption
- SNIA Emerald™ Program advanced cross-industry planning with national bodies for energy efficiency programs
- SNIA Analytics and Big Data Committee held its inaugural Summit with a focus on the enterprise and storage infrastructure
- SNIA and CompTIA jointly launched a globally recognized IT professional credential, "CompTIA Storage + Powered by SNIA"
- SNIA started new technical work groups on non-volatile memory (NVM) and linear tape file system (LTFS)

As always, we acknowledge and sincerely thank our dedicated members, volunteers, staff, and industry alliances for their ongoing support of SNIA.



Wayne M. Adams  
Chairman, SNIA Board of Directors



Al Zmyslowski  
Treasurer, SNIA Board of Directors



Leo E. Leger  
Executive Director, SNIA

## SNIA 2011 - 2012 LEADERSHIP

### BOARD OF DIRECTORS\*

Wayne M. Adams Chairman EMC	Don Deel Non-voting Chairman of the Technical Council EMC	Peter Manning HP
David Dale Vice Chairman NetApp	Tony Di Cenzo Oracle	Jim Pappas Intel
SW Worth Secretary Microsoft	Glen Jaquette IBM	Gary Phillips Symantec
Rob Peglar Treasurer EMC Isilon	Skip Jones QLogic	Molly Rector Spectra Logic
	Leo Leger Non-voting Executive Director SNIA	Allan Zmyslowski Fujitsu

### TECHNICAL COUNCIL\*

Don Deel Chairman EMC	Craig Carlson QLogic	Dave Thiel Independent Consultant
Leah Schoeb Vice Chairperson Evaluator Group	Mark Carlson Oracle	Doug Voigt HP
Duane Baldwin IBM	Arnold Jones Non-voting Technical Council Managing Director SNIA	Steve Wilson Brocade
	Michael Ko Independent Consultant	Alan Yoder Huawei Technologies

\*Note: Companies associated as of September 2012 - end of 2011/2012 term

**FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANT FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Storage Networking Industry Association  
San Francisco, California

We have audited the accompanying statements of financial position of Storage Networking Industry Association (a California nonprofit organization) as of November 30, 2012 and 2011, and the related statements of activities, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Storage Networking Industry Association as of November 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McCahan, Helfrick, Thiercof & Butera  
Accountancy Corporation

San Jose, California  
March 15, 2013

# FINANCIAL STATEMENTS

## STATEMENTS OF FINANCIAL POSITION NOVEMBER 30, 2012 AND 2011

### ASSETS

	<u>2012</u>	<u>2011</u>
Cash and Cash Equivalents	\$ 315,707	\$ 232,204
Investments	2,271,311	2,199,269
Accounts Receivable - Membership, Net of Allowance	1,071,379	1,618,627
Accounts Receivable - Storage Networking World	63,284	79,927
Earned Revenue Receivable	10,637	51,925
Dividends Receivable	0	13,646
Prepaid Expenses	41,162	27,106
Property and Equipment - Net	<u>40,404</u>	<u>125,402</u>
Total Assets	<u>\$ 3,813,884</u>	<u>\$ 4,348,106</u>

### LIABILITIES AND NET ASSETS

#### Liabilities:

Accounts Payable	\$ 87,690	\$ 74,396
Deferred Revenue	1,196,791	1,670,294
Accrued Expenses and Other	180,755	161,513
Other Deferred Revenue	<u>68,037</u>	<u>79,700</u>
Total Liabilities	<u>1,533,273</u>	<u>1,985,903</u>

#### Net Assets:

##### Unrestricted:

##### Designated by Board of Directors -

For Forums and Initiatives	173,045	147,359
For Operating Reserve	1,200,000	1,200,000
Undesignated	<u>907,566</u>	<u>1,014,844</u>
Total Unrestricted	2,280,611	2,362,203
Temporarily Restricted	0	0
Permanently Restricted	<u>0</u>	<u>0</u>
Total Net Assets	<u>2,280,611</u>	<u>2,362,203</u>

Total Liabilities and Net Assets	<u>\$ 3,813,884</u>	<u>\$ 4,348,106</u>
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The accompanying notes are an integral part of these financial statements.

## FINANCIAL STATEMENTS

### STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011

	2012	2011
Unrestricted Net Assets:		
Support and Revenue:		
Memberships, Forums, and Initiatives	\$ 1,608,491	\$ 1,564,892
Storage Networking World and Other Events	426,309	461,640
Storage Management Initiative Programs	199,800	66,000
Sponsorships	239,961	255,248
Lab Fees	250,295	243,236
Administrative Fees	131,348	127,486
Certification Fees	88,548	119,689
Course Fees	96,407	152,418
Contributions	6,330	3,400
Participation	0	1,243
Other	95,300	60,364
Investment Income - Net	58,256	64,977
Total Unrestricted Revenues	3,201,045	3,120,593
Expenses:		
Program Services:		
Technology Center	244,837	229,631
Cloud Storage Initiative	96,444	205,260
Marketing Committee	198,558	160,400
Storage Management Initiative Programs	599,184	625,071
Analytic Big Data Committee	27,218	0
Education Committee	210,270	163,028
Storage Developers Conference	139,166	137,995
Green Storage Initiative	47,684	123,901
XAM Initiative	107,087	9,501
Ethernet Storage Forum	23,912	51,724
Conference Committee	29,280	34,366
Technical Council	59,535	16,609
Solid State Storage Initiative	82,657	87,261
Storage Security Industry Forum	9,610	11,041
Development Operation	10,761	13,644
Membership Committee	7,614	8,921
Storage Networking World	7,698	12,067
Data Protection Capacity and Optimization Committee	6,983	3,942
End User Council	2	95
Total Program Services	1,908,500	1,894,457

The accompanying notes are an integral part of these financial statements.

# FINANCIAL STATEMENTS

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Unrestricted Net Asset (Continued):		
Expenses:		
Supporting Services:		
General and Administrative Expenses:		
Salaries and Related Expenses	1,021,350	1,083,719
Operations	344,177	323,880
Board of Directors	<u>8,610</u>	<u>22,706</u>
Total Supporting Services	<u>1,374,137</u>	<u>1,430,305</u>
Total Expenses	<u>3,282,637</u>	<u>3,324,762</u>
Changes in Unrestricted Net Assets	(81,592)	(204,169)
Changes in Temporarily Restricted Net Assets	0	0
Changes in Permanently Restricted Net Assets	<u>0</u>	<u>0</u>
Decrease in Net Assets	<u>\$ (81,592)</u>	<u>\$ (204,169)</u>

The accompanying notes are an integral part of these financial statements.

## FINANCIAL STATEMENTS

### STATEMENTS OF CHANGES IN NET ASSETS FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011

	<u>Total Net Assets</u>
Net Assets at November 30, 2010	\$ 2,566,372
Decrease in Net Assets for the Year Ended November 30, 2011, as Previously Reported	(109,953)
Prior Period Adjustment, as More Fully Described in Note K	<u>(94,216)</u>
Net Assets at November 30, 2011, as Restated	2,362,203
Decrease in Net Assets for the Year Ended November 30, 2012	<u>(81,592)</u>
Net Assets at November 30, 2012	<u><u>\$ 2,280,611</u></u>

The accompanying notes are an integral part of these financial statements.

# FINANCIAL STATEMENTS

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Decrease in Net Assets	\$ (81,592)	\$ (204,169)
Adjustments to Reconcile Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	91,328	105,885
Donated Equipment Placed in Service	(6,330)	(3,400)
Unrealized (Gain) on Investments	(11,233)	(22,324)
Realized Loss on Investments	2,326	11,062
(Increase) Decrease in Operating Assets:		
Accounts Receivable	547,248	(122,906)
Other Receivables	71,577	(52,716)
Prepaid Expenses	(14,056)	(3,944)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	13,294	(97,204)
Accrued Expenses and Others	19,242	77,941
Deferred Revenue	(473,503)	10,457
Other Deferred Revenue	(11,663)	79,700
Total Adjustments	<u>228,230</u>	<u>(17,449)</u>
Net Cash Provided (Used) by Operating Activities	<u>146,638</u>	<u>(221,618)</u>
Cash Flows from Investing Activities:		
Interest and Dividend Income Re-Invested	<u>(63,135)</u>	<u>(51,193)</u>
Net Cash (Used) by Investing Activities	<u>(63,135)</u>	<u>(51,193)</u>
Cash Flows from Financing Activities	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	83,503	(272,811)
Cash and Cash Equivalents at Beginning of Year	<u>232,204</u>	<u>505,015</u>
Cash and Cash Equivalents at End of Year	<u>\$ 315,707</u>	<u>\$ 232,204</u>

### Supplemental Disclosures of Cash Flow Information:

No payments were made for taxes or interest during the fiscal years ended November 30, 2012 or 2011.

The accompanying notes are an integral part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 30, 2012 AND 2011****NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES****Organization:**

Storage Networking Industry Association, a mutual benefit corporation, was incorporated on December 22, 1997 under the corporate laws of the State of California.

**Purpose and Operations:**

Storage Networking Industry Association (The Organization) is a United States of America based trade association engaged in the promotion, growth, and development of storage networking systems and technologies throughout the world. The Organization provides education, training, and market information to companies in the field of storage networking technologies as well as developing standards, specifications, and infrastructure. The Organization also acts as a referral and information network for such companies.

**Basis of Accounting:**

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization maintains its accounting records on a fiscal year commencing on December 1.

**Revenue:**

The Organization offers vendor, channel, and service provider memberships. Revenues are derived primarily from annual membership fees, sponsors, special events, contributions, and trade shows. Membership fees are recognized over the period to which the dues relate. New membership fees are recognized over a fiscal year beginning on the date of membership.

The Organization offers vendor and channel members the option of a voting or non-voting membership. Vendor and channel member companies sign up for the membership level based on their annual revenue as follows: large membership - revenue greater than \$500 million per year; medium membership - revenue between \$10 million and \$500 million per year; and small membership - revenue less than \$10 million per year. The yearly membership fee distinguishes the Vendor and Channel voting member companies from the non-voting companies. Additionally, non-voting fee-based memberships are available for individuals, end-users (IT departments of any company) and non-profit organizations such as colleges and universities. None of the membership fees that are collected are used for lobbying activities.

The Organization is involved in various industry events. For events in which the Organization is the 100% owner, revenue from attendee fees and sponsorships are recorded at the time of the event. For those events in which the Organization is not the 100% owner, revenues are recorded as the net amount received from the entity producing those events in the month in which the events occur.

# FINANCIAL STATEMENTS

## NOTES TO FINANCIAL STATEMENTS NOVEMBER 30, 2012 AND 2011

### NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Cash and Cash Equivalents:**

For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with maturities of three months or less at acquisition to be cash equivalents.

#### **Accounts Receivable:**

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance for doubtful receivables is based on management's evaluation of the aging of accounts and such other factors that deserve current recognition. Actual results could differ from these estimates. Receivables are charged against their respective allowance accounts when deemed to be uncollectible. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At November 30, 2012 and 2011, the allowance for doubtful accounts was approximately \$47,000 and \$65,000, respectively.

#### **Investments:**

The Organization maintains investment accounts at Well Fargo Advisors, which is governed by a formal investment policy. Investment accounts are composed primarily of fixed income securities such as money market funds, mutual funds, government and government sponsored entities (GSE) bonds, preferred stock and certificates of deposit and are carried at fair value. The money market funds included in the investment accounts are not considered to be cash equivalents because management intends to invest these funds in investments maturing in more than three months.

#### **Depreciable Assets:**

The Organization owns various property and equipment which is located at their administrative office in San Francisco, California and their technology center in Colorado Springs, Colorado. These assets are carried at cost or, if donated and placed in service, at the approximate fair value at the date of donation and depreciated over the estimated useful lives on the straight-line method. Major items and betterments are capitalized; minor items and repairs are expensed as incurred.

#### **Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Fair Value of Financial Instruments:**

The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable, deferred revenue, and accrued liabilities, approximates fair value due to the short maturity of these instruments.

**NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 30, 2012 AND 2011**

**NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Services:**

A portion of the Organization's functions and activities is conducted by unpaid volunteer officers and committees. The value of this contributed time is not reflected in the accompanying financial statements since the volunteer time does not meet the criteria for recognition under Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) for Contributed Services.

**Compensated Absences:**

Full-time employees of the Organization are entitled to personal time off (PTO) for vacation. For qualified employees, PTO is accrued at 80 hours per year for years one through two of employment, and 120 hours to 200 hours per year after two years of employment. The maximum PTO an employee can accrue is 120 hours the first two years of service and between 180 hours to 240 hours after two years of service. The Organization's accrued PTO at November 30, 2012 and 2011 was \$95,346 and \$94,216, respectively.

**Subsequent Events:**

Subsequent events have been evaluated through March 15, 2013, which is the date that the financial statements were available to be issued. With the exception of the matter discussed in Note F, there were no material subsequent events that required recognition or additional disclosure in these financial statements as of November 30, 2012.

**NOTE B - INCOME TAXES**

The Organization is exempt from Federal Income Tax under Internal Revenue Code Section 501(c)(6) and from California State Tax under Revenue and Taxation Code Section 23701(e). The Organization complies with other Internal Revenue reporting requirements regarding contributions received, payroll transactions, and payments to independent contractors.

Management evaluated all income tax positions taken and expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. As of November 30, 2012 and for the year then ended, management has determined that the Organization does not have any uncertain tax positions, accrued interest and penalties related to uncertain tax positions, or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. In the event that the Organization concludes that it is subject to interest and/or penalties arising from uncertain tax positions, the Organization will present interest and/or penalties as a component of income taxes.

The Organization files income tax returns in the U.S. Federal jurisdiction, and in the state of California. With few exceptions, the Organization is no longer subject to income tax examinations by tax authorities for years before 2008 for U.S. Federal income tax returns and 2007 for California state income tax returns.

# FINANCIAL STATEMENTS

## NOTES TO FINANCIAL STATEMENTS NOVEMBER 30, 2012 AND 2011

### NOTE C - CONCENTRATION OF CREDIT RISK

The Organization may, during the course of operations, maintain cash deposits in excess of federally insured limits. All funds in a “non-interest-bearing transaction account” are insured fully by the Federal Deposit Insurance Corporation from December 31, 2010 through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC’s general deposit insurance. At November 30, 2012 and 2011, the uninsured balance was \$0 and \$0, respectively.

### NOTE D - INVESTMENTS

The Organization follows fair value standards that establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of the three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. For the years ended November 30, 2012 and 2011, the Organization’s investments were all Level 1 and consisted of the following:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Cash balances	\$ 0	\$ 0	\$ 78	\$ 78
Money funds	725,054	725,054	555,564	555,564
Corporate bonds	441,115	460,530	297,347	304,947
Government & GSE bonds	424,521	444,192	465,677	485,963
Certificates of deposits	501,322	502,365	748,689	746,506
Preferred stocks	139,130	139,170	102,977	106,211
Total investments	<u>\$ 2,231,142</u>	<u>\$ 2,271,311</u>	<u>\$ 2,170,332</u>	<u>\$ 2,199,269</u>

The following summarizes the investment return and its classification in the statement of activities for the years ended November 30, 2012 and 2011:

	2012	2011
Interest and dividends	\$ 43,513	\$ 54,579
Unrealized gain / (losses)	17,623	22,324
Realized gains / (losses)	<u>(2,880)</u>	<u>(11,926)</u>
Total investments return	<u>\$ 58,256</u>	<u>\$ 64,977</u>

### NOTE E - DEFERRED REVENUE

The Organization offers annual voting and non-voting memberships to companies and individuals. The membership term begins upon the invoice date and continues for a period of one year. Income from membership dues is recognized over the period to which the dues relate. The portion that covers the period subsequent to the end of the Organization’s fiscal year is recorded as deferred revenue on the Statement of Financial Position.

**NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 30, 2012 AND 2011**

**NOTE F - OPERATING LEASES**

On August 4, 2008, the Organization entered into a sublease agreement to sublet alternate space for its administrative offices in San Francisco, California. The sublease began on January 1, 2009 and continues in force for a term of sixty months. The monthly base rent is \$2,340 for the first two years and \$2,500 for the remainder of the lease term.

On October 9, 2009, the Organization entered into a thirty-six month license agreement for a facility located on the LSI Corporation's campus in Colorado Springs, Colorado for use as a technology center. LSI Corporation is a Voting Member of the Organization's Board of Directors. The lease was effective on January 1, 2010 and expires on December 31, 2012. The monthly lease payments of \$3,333.33 are to be paid on the first of each month. In addition to the monthly lease payment, the Organization is responsible for the actual costs of electricity it uses in connection with the occupancy of the facility, not to exceed \$30,000 per year.

On November 1, 2012 the Organization entered into a lease amendment with LSI Corporation to extend the Term of the lease for an additional period of thirty-six months until December 15, 2015. Under this amendment, all other terms, conditions and covenants set forth in the Original Agreement were remained unchanged. However, in January 2013, LSI Corporation notified the Organization that it was exercising its right under the lease amendment to early terminate the lease Term. The Organization is scheduled to terminate its LSI Corporation lease at the end of 2013.

At November 30, 2012, the minimum rental payments due under these leases are as follows:

Year ending November 30,

2013	\$ 70,000
2014	2,500
2015 and thereafter	0
	<u>\$ 72,500</u>

The total rental expense was \$70,805 and \$70,629 for the years ended November 30, 2012 and 2011, respectively.

**NOTE G - PROPERTY AND EQUIPMENT**

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. As stated in Depreciable Property section of Note A, Property and equipment is stated at cost less accumulated depreciation and consists of the following at November 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Machinery and Equipment - donated	\$ 625,011	\$ 618,681
Machinery and Equipment - other	319,428	319,428
Office furniture and equipment	<u>101,386</u>	<u>101,386</u>
Total property and equipment	1,045,825	1,039,495
Accumulated depreciation	<u>(1,005,421)</u>	<u>(914,093)</u>
Net total property and equipment	<u>\$ 40,404</u>	<u>\$ 125,402</u>

Depreciation expense on the property and equipment was \$91,328 and \$105,885 at November 30, 2012 and 2011, respectively.

# FINANCIAL STATEMENTS

## NOTES TO FINANCIAL STATEMENTS NOVEMBER 30, 2012 AND 2011

### NOTE H - CONTRIBUTIONS

The Organization has the SNIA Technology Center Champions Program to encourage and recognize contributions to the technical infrastructure expansion of the Technology Center in Colorado Springs, Colorado. In-kind contributions under this program consist of donated computer systems software and equipment which are recorded as contributions at fair value at the date of donation. Such contributions are reported as revenue and increases in unrestricted net assets in the year received. Contributions received for the years ended November 30, 2012 and 2011 were \$6,330 and \$3,400, respectively.

### NOTE I - MEMBERSHIPS, FORUMS, AND INITIATIVES REVENUE

Memberships, forums, and initiatives revenue for the years ended November 30, 2012 and 2011 is comprised as follows:

	<u>2012</u>	<u>2011</u>
Association Memberships	\$ 1,083,134	\$ 1,036,047
Storage Management Initiative	164,157	140,379
Ethernet Security Industry Forum	58,821	38,879
Storage Security Industry Forum	7,396	18,333
XAM Initiative	0	10,000
Green Storage Initiative	81,733	68,625
Solid State Storage Initiative	74,578	30,417
Cloud Storage Initiative	138,672	173,254
Data Protection and Capacity	<u>0</u>	<u>18,958</u>
Total Memberships, Forums, and Initiatives	<u>\$ 1,608,491</u>	<u>\$ 1,534,892</u>

### NOTE J - DEFERRED COMPENSATION AND PROFIT SHARING PLAN

The Organization maintains a qualified deferred compensation and profit sharing plan under Section 401(k) of the Internal Revenue Code. The Plan covers substantially all employees meeting certain eligibility requirements. Employees may contribute a percentage of their eligible compensation to the Plan, up to the maximum permitted by the Internal Revenue Code. The Organization made matching contributions of \$24,752 and \$14,503 for the years ended November 30, 2012 and 2011, respectively.

**NOTES TO FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2012 AND 2011**

**NOTE K – PRIOR PERIOD ADJUSTMENT**

The unrestricted net assets as of December 1, 2011 has been reduced to correct an error made in failing to account for compensated future absences in fiscal year ended November 30, 2011 by including in accrued liabilities accrued vacation costs totaling \$94,216 that should have been expensed to conform with generally accepted accounting principles. The correction of this error had no effect on net changes in unrestricted net assets for fiscal year-end 2012.

The fiscal year-end 2011 statement of financial position, statement of activities and changes in net assets, and statement of cash flows were restated as shown below to reflect this correction of an error.

	<u>As Previously Reported</u>	<u>As Restated</u>	<u>Effect of Change</u>
Statement of Financial Position:			
Accrued Expenses and Other	\$ 67,297	\$ 161,513	\$ 94,216
Undesignated Net Assets	1,109,060	1,014,844	(94,216)
Statement of Activities and Changes in Net Assets:			
Salaries and Related Expenses	\$ 989,503	\$ 1,083,719	\$ 94,216
Total Supporting Services	1,336,089	1,430,305	94,216
Changes in Unrestricted Net Assets	(109,953)	(204,169)	(94,216)
Net Assets - Ending	2,456,419	2,362,203	(94,216)
Statement of Cash Flows:			
Decrease in Net Assets	\$ (109,953)	\$ (204,169)	\$ (94,216)
Increase (Decrease) in Operating Liabilities			
Accrued Expenses and Others	(16,275)	77,941	94,216