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SNIA®

Advancing storage &
information technology

# 2016 Annual Report

## STORAGE NETWORKING INDUSTRY ASSOCIATION

SNIA's mission is to lead the storage industry in developing and promoting vendor-neutral architectures, standards and educational services that facilitate the efficient management, movement and security of information.

# LETTER FROM SNIA CHAIRMAN, TREASURER, AND EXECUTIVE DIRECTOR

September 25, 2017

Dear SNIA Members, Industry Colleagues, and Staff,

We are pleased to update you on the Storage Networking Industry Association (SNIA) and to present our 2016 Annual Report, with information on the financial performance and position of SNIA for Fiscal Year 2016, beginning on December 1, 2015 through November 30, 2016. The statements and notes that follow represent the compilation and audit by SNIA's Accounting Firm of MHTB Accountancy Group of Silicon Valley in San Jose, California.

2016 represented a year of considerable change for the enterprise storage systems market. According to industry analyst firm IDC, while revenue growth inceased within the group of original design manufacturers (ODMs) that sell to hyperscale data centers, sales of server-based storage declined 7.8%, and sales of external storage systems (still the largest market segment) also declined 7.8%. This yielded an overall decline of 6.7%. While the broader enterprise storage systems market has been impacted by headwinds, companies continue to increase their investments in several key areas, such as software-defined storage, cloud-based storage, all flash storage systems, and converged systems.[1] As a result, traditional enterprise storage vendors have aligned their portfolios to meet the shifting demands.

SNIA's year-end financial results reflect a small decrease in Net Assets – a 3.2% decrease in revenues, and a 1.0% decrease in expenses. (Refer to page 6 to see the details regarding our Net Assets position. Please note on page 5 that the expense decrease was primarily supported by decreased Operational Expenses.)

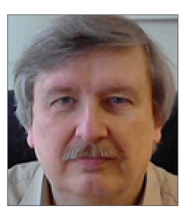
Mergers and acquisitions in the storage industry continued to impact our membership, however strong and relevant programs that drive industry participation in our technical initiatives brought in new participants, netting relatively flat membership revenue for the year. With consistent revenue streams, and our Reserve accounts maintained at more than $1.7 Million, we are again confident that SNIA has the financial and organizational resources to continue to fulfill our important mission.

**SNIA highlights for 2016 include the following:**

- New technology initiatives continued to attract the participation of new members – particularly in the area of solid state storage.
- New SNIA-developed ISO Standards published included:
    - Linear Tape File System (LTFS) v2.2 (ISO/IEC 20919)
    - Cloud Data Management Interface (CDMI) v1.1.1 (ISO/IEC 17826)
    - Transport Layer Security (TLS) for Storage Specification v1.0.1 (ISO/IEC 20648)
- The first Working Draft and Technical Position of the SNIA Swordfish™ specification were published. This spec helps to provide a unified approach for the management of storage and servers in hyperscale and cloud infrastructure environments, and is an extension of the DMTF Redfish Specification.
- SNIA absorbed the organizational stewardship of the SFF Technology Affiliate. This group develops technical specifications for storage media, storage networks, and pluggable solutions that complement existing industry standards work. The SFF committee, which has operated since 1990, is SNIA's first Technology Affiliate.
- SNIA technical events continued their trajectory of success during 2016:
    - Storage Developer Conference attracted 475 attendees to Santa Clara, CA in September
    - The Persistent Memory Summit drew 300 IT professionals to San Jose, CA in January
- SNIA Education showed modest growth. The SNIA Certification program was named a "Top storage certification for IT Pros" by Network World Magazine[2]

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

David Dale
Chairman, SNIA Board of Directors



Al Zmyslowski
Treasurer, SNIA Board of Directors

Michael Oros,
Executive Director, SNIA

[1] IDC Press Release, March 3, 2017

[2] Network World, "Top storage certifications for IT Pros" July 20, 2017

## BOARD OF DIRECTORS*

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Bill Martin
Non-voting
Co-Chairman of the Technical Council
Samsung SSI

Leo Leger
(retired December 2015)
Non-voting
Executive Director
SNIA

Michael Oros
(joined February 2016)
Non-voting
Executive Director
SNIA

J Michel Metz
Cisco

Rupin Mohan
HPE

Rob Peglar
Micron Technology, Inc.

Molly Rector
Data Direct Networks

Michelle Tidwell
(joined November 2015)
IBM

Jim Williams
Oracle

SW Worth
Microsoft

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Bill Martin
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Chin-Fah Heoh
Non-voting
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Storage Networking Academy

Arnold Jones
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SNIA

Fred Knight
NetApp

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SNIA Europe Representative
NetApp

Peter Murray
Load Dynamix

Yukinori Sakashita
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SNIA Japan Representative
Hitachi

Leah Schoeb
Intel

Udayan Singh
Non-voting
SNIA India Representative
Tata Consultancy Services

Dave Thiel
Non-voting
Dave Thiel Consultant, LLC

Doug Voigt
HPE

Steve Wilson
Non-voting
Brocade

Alan Yoder
Individual

* Composition and Positions as per October 1, 2016 - Commencing 2016 Terms

## FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Storage Networking Industry Association
Colorado Springs, Colorado

We have audited the accompanying financial statements of Storage Networking Industry Association (a California nonprofit organization), which comprise the statements of financial position as of November 30, 2016 and 2015, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fmancial position of Storage Networking Industry Association as of November 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

MHTB Accountancy Group of Silicon Valley

San Jose, California
June 14, 2017

## STATEMENTS OF FINANCIAL POSITION
## NOVEMBER 30, 2016 AND 2015

### ASSETS

| | 2016 | 2015 |
|---|---|---|
| Cash and Cash Equivalents | $ 136,798 | $ 24,627 |
| Investments | 1,721,645 | 1,827,760 |
| Accounts Receivable - Membership, Net of Allowance | 1,610,567 | 1,419,377 |
| Prepaid Expenses | 42,996 | 48,426 |
| Property and Equipment - Net | 125,347 | 142,183 |
| Total Assets | $3,637,353 | $3,462,373 |

### LIABILITIES AND NET ASSETS

| | 2016 | 2015 |
|---|---|---|
| Liabilities: | | |
| Deferred Revenue | $ 1,991,431 | $ 1,512,453 |
| Accrued Expenses and Other | 260,648 | 280,391 |
| Other Deferred Revenue | 0 | 28,602 |
| Total Liabilities | 2,252,079 | 1,821,446 |
| Net Assets: | | |
| Unrestricted: | | |
| Designated by Board of Directors - | | |
| For Forums and Initiatives | 554,251 | 468,226 |
| For Operating Reserve | 1,300,000 | 1,200,000 |
| Undesignated | (468,977) | (27,299) |
| Total Unrestricted | 1,385,274 | 1,640,927 |
| Temporarily Restricted | 0 | 0 |
| Permanently Restricted | 0 | 0 |
| Total Net Assets | 1,385,274 | 1,640,927 |
| Total Liabilities and Net Assets | $ 3,637,353 | $ 3,462,373 |

The accompanying notes are an integral part of these financial statements

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
## FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015

| | 2016 | 2015 |
|---|---|---|
| Unrestricted Net Assets: | | |
| Support and Revenue: | | |
| Memberships, Forums, and Initiatives | $ 1,821,728 | $ 1,869,764 |
| Storage Management Initiative CTP | 270,000 | 345,000 |
| Events | 286,570 | 301,643 |
| Sponsorships | 274,698 | 233,638 |
| Administrative Fees | 102,532 | 104,359 |
| Certification Fees | 150,703 | 96,935 |
| Course Fees | 34,182 | 82,265 |
| Other | 52,151 | 81,911 |
| Investment Income - Net | 43,885 | 20,600 |
| Total Unrestricted Revenues | 3,036,449 | 3,136,115 |
| | | |
| Expenses: | | |
| Program Services: | | |
| Storage Management Initiative | 715,703 | 593,338 |
| Marketing Department | 301,967 | 252,104 |
| Technology Center | 236,722 | 192,102 |
| Storage Developer Conference | 156,376 | 164,877 |
| Solid State Storage Initiative | 102,650 | 93,205 |
| Data Storage Innovation Conference | 95,271 | 97,123 |
| Storage Security Industry Forum | 65,850 | 86,727 |
| Green Storage Initiative | 54,671 | 126,845 |
| Education Department | 51,627 | 124,446 |
| Membership Department | 47,348 | 31,411 |
| Technical Council | 42,063 | 36,435 |
| Cloud Storage Initiative | 37,125 | 61,804 |
| Conference Department | 30,434 | 28,982 |
| Ethernet Storage Forum | 28,111 | 33,715 |
| SFF Committee | 12,211 | 0 |
| Development Operation | 8,137 | 15,009 |
| Data Protection Capacity and Optimization Committee | 4,280 | 11,689 |
| Analytic Big Data Committee | 0 | 7,772 |
| Total Program Services | 1,990,546 | 1,957,584 |

The accompanying notes are an integral part of these financial statements

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
## FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015

| | 2016 | 2015 |
|---|---|---|
| Unrestricted Net Asset (Continued): | | |
| Expenses: | | |
| Supporting Services: | | |
| General and Administrative Expenses: | | |
| Salaries and Related Expenses | 1,075,673 | 1,033,633 |
| Operations | 185,991 | 321,661 |
| Board of Directors | 39,892 | 13,341 |
| Total Supporting Services | 1,301,556 | 1,368,635 |
| Total Expenses | 3,292,102 | 3,326,219 |
| Changes in Unrestricted Net Assets | (255,653) | (190,104) |
| Changes in Temporarily Restricted Net Assets | 0 | 0 |
| Changes in Permanently Restricted Net Assets | 0 | 0 |
| Decrease in Net Assets | (255,653) | (190,104) |
| Net Assets - Beginning | 1,640,927 | 1,831,031 |
| Net Assets - Ending | $ 1,385,274 | $ 1,640,927 |

The accompanying notes are an integral part of these financial statements

**STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

| | 2016 | 2015 |
|---|---|---|
| Cash Flows from Operating Activities: | | |
| Decrease in Net Assets | $ (255,653) | $ (190,104) |
| Adjustments to Reconcile Net Assets to Net Cash | | |
| Provided by Operating Activities: | | |
| Depreciation and Amortization | 37,618 | 41,930 |
| Cash Transfer from Investments | 150,000 | 150,000 |
| Interest and Dividend Income Reinvested | (66,841) | (71,390) |
| Unrealized Loss on Investments | 5,977 | 41,888 |
| Realized Loss on Investments | 16,979 | 8,902 |
| (Increase) Decrease in Operating Assets: | | |
| Accounts Receivable | (191,190) | (370,769) |
| Prepaid Expenses | 5,430 | (3,086) |
| Increase (Decrease) in Operating Liabilities: | | |
| Accrued Expenses and Others | (19,743) | 54,399 |
| Deferred Revenue | 478,978 | 251,541 |
| Other Deferred Revenue | (28,602) | 7,000 |
| Total Adjustments | 388,606 | 110,415 |
| Net Cash Provided (Used) by Operating Activities | 132,953 | (79,689) |
| Cash Flows from Investing Activities: | | |
| Purchase of Property and Equipment | (20,782) | 0 |
| Net Cash (Used) by Investing Activities | (20,782) | 0 |
| Cash Flows from Financing Activities | 0 | 0 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 112,171 | (79,689) |
| Cash and Cash Equivalents at Beginning of Year | 24,627 | 104,316 |
| Cash and Cash Equivalents at End of Year | $ 136,798 | $ 24,627 |

Supplemental Disclosures of Cash Flow Information:

No payments were made for taxes or interest during the fiscal years ended November 30, 2016 or 2015.

The accompanying notes are an integral part of these financial statements

**NOTES TO FINANCIAL STATEMENTS**
**NOVEMBER 30, 2016 AND 2015**

## 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 activity.

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.

See Accountant’s Audit Report

**NOTES TO FINANCIAL STATEMENTS**
**NOVEMBER 30, 2016 AND 2015**

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, 2016 and 2015, the allowance for doubtful accounts was approximately $38,400.

Investments:

The Organization maintains investment accounts at Wells 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 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.

See Accountant's Audit Report

**NOTES TO FINANCIAL STATEMENTS**
**NOVEMBER 30, 2016 AND 2015**

## 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 begin earning vacation time on their hire date. For qualified employees, vacation time 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 vacation time 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 vacation expense at November 30, 2016 and 2015 was $56,042 and $92,426, respectively.

Subsequent Events:

Management has evaluated subsequent events through April 5, 2017, which is the date that the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in these financial statements as of November 30, 2016, except as noted below and in footnote K.

Subsequent to the release of the financial statements it was discovered that additional expenses relating to the fiscal year ended November 30, 2016 had not been accrued and a classification error was discovered on a member invoice as detailed in footnote K. Subsequent events relating to the revision were evaluated though June 14, 2017, which is the date that the financial statements were available to be reissued.

## NOTE B - INCOME TAXES

The Organization is exempt from Federal Income Tax under Internal Revenue Code Section 50l(c)(6) and from California State Tax under Revenue and Taxation Code Section 2370l(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, 2016 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 fmancial 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.

**NOTES TO FINANCIAL STATEMENTS**
**NOVEMBER 30, 2016 AND 2015**

## NOTE C - 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 Level3 inputs have the lowest priority. For the years ended November 30, 2016 and 2015, the Organization's investments were all Level l and consisted of the following:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value |
| Money funds | $ 175,407 | $ 175,407 | $ 150,306 | $ 150,306 |
| Stocks, options, & ETF's | 568,776 | 548,700 | 554,056 | 544,000 |
| Corporate bonds | 354,449 | 355,283 | 460,146 | 456,110 |
| Government & GSE bonds | 195,099 | 187,151 | 247,204 | 239,093 |
| Certificate of deposits | 152,397 | 151,244 | 152,397 | 152,118 |
| Preferred stocks | 131,968 | 128,721 | 125,572 | 129,602 |
| Mutual funds | 191,517 | 175,139 | 180,214 | 156,531 |
| Total investments | $ 1,769,613 | $ 1,721,645 | $ 1,869,895 | $ 1,827,760 |

The following summarizes the investment return and its classification in the statement of activities for the years ended November 30, 2016 and 2015:

| | 2016 | 2015` |
|---|---|---|
| Interest and dividends | $ 66,841 | $ 71,390 |
| Unrealized gain / (losses) | (5,977) | (41,888) |
| Realized gains / (losses) | (16,979) | (8,902) |
| Total investments return | $ 43,885 | $ 20,600 |

## NOTE D - 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.

See Accountant's Audit Report

**NOTES TO FINANCIAL STATEMENTS**
**NOVEMBER 30, 2016 AND 2015**

## NOTE E - OPERATING LEASES

During August 2013, the Organization entered into a sixty-six month lease agreement with Kasha, LLC subject to an early termination option at the option of Kasha, LLC. This lease is for the new technology center which is located in Colorado Springs, Colorado. There is no monthly base rent due the first six months. Starting on the seventh month the monthly base rent will be $5,057 and will increase on an annual basis for the life of the lease. In compliance with the generally accepted accounting procedures of the United States, the total lease obligation of $341,325 will be amortized on a straight-line basis over the life of the lease.

At November 30, 2016 the minimum rental payments due under this lease are as follows:

| Year ending November 30, | | |
|---|---|---|
| 2017 | $ | 71,109 |
| 2018 | | 74,902 |
| 2019 | | 18,963 |
| | $ | 164,974 |

The total rental expense was $90,343 and $105,666 for the years ended November 30,2016 and 2015, respectively.

## NOTE F - 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, 2016 and 2015:

| | 2016 | 2015 |
|---|---|---|
| Machinery and equipment - donated | $ 153,074 | $ 153,074 |
| Machinery and equipment - other | 380,646 | 359,864 |
| Office furniture and equipment | 41,365 | 41,365 |
| Total property and equipment | 575,085 | 554,303 |
| Accumulated depreciation | (449,738) | (412,120) |
| Net total property and equipment | $ 125,347 | $ 142,183 |

Depreciation expense on the property and equipment was $41,930 and $36,515 at November 30, 2016 and 2015, respectively.

## NOTE G - 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. There were no contributions received for the years ended November 30, 2016 and 2015.

See Accountant's Audit Report

**NOTES TO FINANCIAL STATEMENTS**
**NOVEMBER 30, 2016 AND 2015**

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

Memberships, forums, and initiatives revenue for the years ended November 30, 2016 and 2015 is comprised as follows:

| | 2016 | 2015 |
|---|---|---|
| Association Memberships | $ 1,069,505 | $ 1,129,385 |
| Storage Management Initiative | 517,888 | 438,805 |
| Solid State Storage Initiative | 82,785 | 111,236 |
| Green Storage Initiative | 72,500 | 69,375 |
| Storage Security Industry Forum | 21,458 | 21,875 |
| Ethernet Security Industry Forum | 16,250 | 34,317 |
| Cloud Storage Initiative | 35,042 | 64,771 |
| SFF Committee | 6,300 | 0 |
| Total Memberships, Forums, and Initiatives | $ 1,821,728 | $ 1,869,764 |

## NOTE I - 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 $26,280 and $26,010 for the years ended November 30,2016 and 2015, respectively.

## NOTE J - RECLASSIFICATIONS

Certain amounts for the year ended November 30, 2015 have been reclassified in the comparative financial statements to be comparable to the presentation for the year ended November 30, 2016. These reclassifications had no effect on the change in net assets.

## NOTE K- SUBSEQUENT DISCOVERY OF FACTS

Subsequent to the release of the financial statements it was discovered that additional expenses of $36,084 relating to the fiscal year ended November 30, 2016 had not been accrued. An adjustment was made to properly accrue the expenses in the financial statements.

In addition, a classification error was discovered on a member's invoices for the fiscal years ending November 30, 2016 and 2015 which resulted in membership income of $5,000 and $5,000, respectively, to be incorrectly recorded to the Storage Security Industry Forum (SSIF) rather than the Solid State Storage Initiative (SSSI).

See Accountant's Audit Report

**NOTES TO FINANCIAL STATEMENTS**
**NOVEMBER 30, 2016 AND 2015**

NOTE K- SUBSEQUENT DISCOVERY OF FACTS (Continued)

Administrative fees associated with these invoices of$1,250 and $1,250 for November 30, 2016 and 2015 were also incorrectly classified to SSIF rather than SSSI because of the invoicing error. The error was corrected and income and related administrative fees were correctly restated in the financial statements and Note H for the years ended November 30, 2016 and 2015.

As a result of the subsequently discovered facts, the audited financial statement dated April 5, 2017 was revised and available to be reissued June 14, 2017.