SNIA®
Advancing storage & information technology

STORAGE NETWORKING INDUSTRY ASSOCIATION

2018 Annual Report

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.

www.snia.org

LETTER FROM SNIA CHAIRMAN, TREASURER, AND EXECUTIVE DIRECTOR

June 19, 2019

Dear SNIA Members, Industry Colleagues, and Staff,

We are pleased to update you on the Storage Networking Industry Association (SNIA) and to present our 2018 Annual Report, with information on the financial performance and position of SNIA for Fiscal Year 2018, beginning on December 1, 2017 through November 30, 2018. 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.

2018 represented a year of considerable change for the enterprise storage systems market. The market for on-premises enterprise storage systems (which still represents the majority of the market) continued to decline, while storage services from the large hyperscalers again grew strongly in market share. The technology transition from disk to flash continued at an accelerated pace, with NVMe solutions entering the mainstream. And the architectural discontinuity driven by the availability of persistent memory devices got closer to reality.

SNIA's year-end financial results reflect a small decrease in Net Assets – a 1.7% increase in revenues, and an 8.2% 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 Program 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 a 6.3% increase in membership revenue for the year. With consistent revenue streams, and our Reserve accounts maintained at more than $1.8 Million, we are again confident that SNIA has the financial and organizational resources to continue to fulfill our important mission.

SNIA highlights for 2018 include the following:

- New technology initiatives continued to attract the participation of new members – particularly in the areas of Computational Storage and SFF Form Factors.
- New SNIA-developed Standards published included:
    - o SNIA Swordfish v1.0.6
    - o Real World Storage Workload (RWSW) IO Capture & Test Specification for Datacenter Storage Version 1.0.7
    - o LTFS Format Specification v2.4
    - o Solid State Storage Performance Test Specification (PTS) 2.0.1
    - o SNIA Emerald™ Power Efficiency Measurement Specification 3.0.2
- The SNIA SwordfishTM specification continued to move forward with a series of Plugfests and educational videos. 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 technical events continued their trajectory of success during 2018:
    - o Storage Developer Conference (SDC) attracted 450 attendees to Santa Clara, CA in September. SDC continued to grow as a global brand, with conferences in Tel Aviv in January and Bangalore in May.
    - o The Persistent Memory Summit drew 340 IT professionals to San Jose, CA in January.
- A Strategic Alliance was formed with Industry Associations DMTF and NVMe to coordinate standards for managing solid state drive (SSD) storage devices.
- Server System Infrastructure Forum (SSI) Assigned Specification Copyright to SNIA
- SNIA Education developed and published the new Advanced-level Storage Certification, the S10-510 SNIA Information Architect Exam
- SNIA continued to expand its Social Media presence, adding over 150 Educational videos on the SNIAVideo Youtube channel, which has received over 141,000 total views.
- SNIA continued publishing successful webcasts via the BrightTalk platform, including the "Everything you always wanted to ask about…" series

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

David Dale
Chair, SNIA Board of Directors

Rob Peglar
Treasurer, SNIA Board of Directors

Michael Oros
Executive Director, SNIA

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* Composition and Positions as per October 1, 2017 - Commencing 2018 Terms

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

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, 2018 and 2017, 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 financial position of Storage Networking Industry Association as of November 30, 2018 and 2017, 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
May 3, 2019

STATEMENTS OF FINANCIAL POSITION
NOVEMBER 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	$ 533,118	$ 386,510
Investments	1,782,096	1,800,156
Accounts Receivable, Net of Allowance	1,238,010	1,143,984
Prepaid Expenses	51,110	50,895
Property and Equipment - Net	44,373	84,790
Total Assets	$ 3,648,707	$ 3,466,335
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable	$ 0	$ 107,664
Deferred Revenue	2,075,062	1,912,253
Accrued Expenses	333,715	358,435
Member Deposits	186,000	0
Total Liabilities	2,594,777	2,378,352
Net Assets:		
Unrestricted:		
Designated by Board of Directors -		
For Forums and Initiatives	434,531	369,357
For Operating Reserve	1,000,000	1,200,000
Undesignated	(380,601)	(481,374)
Total Unrestricted	1,053,930	1,087,983
Temporarily Restricted	0	0
Permanently Restricted	0	0
Total Net Assets	1,053,930	1,087,983
Total Liabilities and Net Assets	$ 3,648,707	$ 3,466,335

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, 2018 AND 2017

	2018	2017
Unrestricted Net Assets:		
Support and Revenue:		
Memberships, Forums, and Initiatives	$ 2,014,593	$ 1,894,484
Events	269,407	171,369
Storage Management Initiative CTP	178,500	183,000
Sponsorships	132,540	174,130
Certification Fees	40,463	71,879
Other	11,483	6,620
Course Fees	0	5,091
Investment Income/(Loss) - Net	(18,060)	78,511
Total Unrestricted Revenues	2,628,926	2,585,084
Expenses:		
Program Services:		
Storage Management Initiative	651,528	822,012
Conference Department	259,432	217,615
Marketing Department	220,772	225,660
Technology Center	217,816	219,619
Solid State Storage Initiative	115,651	130,348
Membership Department	91,672	85,679
Green Storage Initiative	56,848	64,338
Education Department	54,038	47,032
SFF Committee	38,516	25,947
Cloud Storage Initiative	31,188	39,393
Ethernet Storage Forum	30,729	29,956
Storage Security Industry Forum	7,419	25,506
Data Protection Capacity and Optimization Committee	1,530	3,060
Total Program Services	1,777,139	1,936,165

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, 2018 AND 2017

	2018	2017
Unrestricted Net Asset (Continued):		
Expenses:		
Supporting Services:		
General and Administrative Expenses:		
Salaries and Related Expenses	802,696	851,184
Operations	11,375	10,132
Board of Directors	71,769	67,437
Total Supporting Services	885,840	928,753
Total Expenses	2,662,979	2,864,918
Changes in Unrestricted Net Assets	(34,053)	(279,834)
Changes in Temporarily Restricted Net Assets	0	0
Changes in Permanently Restricted Net Assets	0	0
Decrease in Net Assets	(34,053)	(279,834)
Net Assets - Beginning	1,087,983	1,367,817
Net Assets - Ending	$ 1,053,930	$ 1,087,983

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities:		
Decrease in Net Assets	$ (34,053)	$ (279,834)
Adjustments to Reconcile Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	40,208	40,557
Interest and Dividend Income Reinvested	(59,557)	(59,651)
Unrealized (Gain)/Loss on Investments	75,298	(40,724)
Realized Loss on Investments	2,319	21,864
Loss on Disposition of Assets	209	0
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(94,026)	466,583
Prepaid Expenses	(215)	(7,899)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(107,664)	107,664
Accrued Expenses and Others	(24,720)	80,330
Deferred Revenue	162,809	(79,178)
Member Deposits	186,000	0
Total Adjustments	180,661	529,546
Net Cash Provided by Operating Activities	146,608	249,712
Net Cash Provided by Investing Activities	0	0
Net Cash Flows from Financing Activities	0	0
Net Increase in Cash and Cash Equivalents	146,608	249,712
Cash and Cash Equivalents at Beginning of Year	386,510	136,798
Cash and Cash Equivalents at End of Year	$ 533,118	$ 386,510

Supplemental Disclosures of Cash Flow Information:

No payments were made for taxes or interest during the fiscal years ended November 30, 2018 or 2017

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018 AND 2017

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 1st.

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), startups ("small" vendors in business less than 4 years) 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, 2018 AND 2017

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.

Concentration of Credit Risk:
The Organization, during the course of operations, maintains cash balances in excess of federally insured limits. The account is insured by the Federal Deposit Insurance Corporation up to $250,000. The uninsured balance at November 30, 2018 and 2017 was $362,761 and $137,463, respectively.

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, 2018 and 2017, 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, 2017 AND 2016

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, 2018 and 2017 was $60,134 and $68,653, respectively.

Recent Accounting Pronouncements:
In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements for Not-for-Profit (NFPs) Entities (Topic 958), which will simplify and improve net asset classification requirements and the information presented in financial statements and notes about the NFPs liquidity, financial performance, and cash flows. This new guidance requires enhanced disclosures that include, among other things, amounts and purposes of governing board designations, analysis of expenses by both their natural classification and their functional classification, and methods used to allocate costs among program and support functions. This guidance should be applied on a retrospective basis, for all periods presented, in the year of adoption. ASU 2016-14 is effective for all not-for-profit entities for fiscal years beginning after December 15, 2017, with early adoption permitted. The organization is currently evaluating the impact the pronouncement may have on the financial statements.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments - Overall (Subtopic 825-10), which updates the standard to enhance reporting for financial instruments to provide users of financial statements with more decision-useful information. This guidance should be applied on a retrospective basis, for all periods presented, in the year of adoption. ASU 2016-01 is effective for non-public entities for fiscal years beginning after December 15, 2017. Early adoption is not permitted. The organization is currently evaluating the impact the pronouncement may have on the financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230) Restricted Cash, which updates the standard to include amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling changes in cash balances on the statement of cash flows. This guidance should be applied on a retrospective basis, for all periods presented, in the year of adoption. ASU 2016-18 is effective for non-public entities for fiscal years beginning after December 15, 2018, with early adoption permitted. The organization is currently evaluating the impact the pronouncement may have on the financial statements.

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018 AND 2017

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

Recent Accounting Pronouncements (Continued):
In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. In August, 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers: Topic 606: Deferral of Effective Date. This standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2018 with early adoption permitted. Further, in March 2016, the FASB issued 2016-08 an amendment to the accounting guidance related to revenue from contracts with customers - principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10 an amendment to the accounting guidance related to revenue from contracts with customers - identifying performance obligations and licensing. This guidance can be applied either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The new standard is effective for the Company on December 1, 2019. The organization is currently evaluating the impact the pronouncements may have on the financial statements.

In addition, in June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958), to clarify and improve the scope and the accounting guidance for contributions received and contributions made when applying the guidance in Subtopic 958-605, Not-for-Profit Entities Revenue Recognition and amendments in ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance should be applied on a modified prospective basis and can be applied retrospectively at the date of adoption. ASU 2018-08 is effective for non-public entities for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as the recipient, or December 15, 2019, for transactions in which the entity serves as the resource provider. Early adoption is permitted. The Company is currently evaluating the impact the pronouncement may have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which will require leases to be recorded as an asset on the balance sheet for the right of use of the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2019, with early adoption permitted. The organization is currently evaluating the impact the pronouncement may have on the financial statements.

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, 2018 and

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018 AND 2017

NOTE B - INCOME TAXES (Continued)

2017, and for the years 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.

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 Level 3 inputs have the lowest priority. For the years ended November 30, 2018 and 2017, the Organization's investments were all Level 1 and consisted of the following:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Money funds	$ 187,067	$ 187,067	$ 289,576	$ 289,576
Stocks, options, & ETF's	816,475	764,156	792,061	777,932
Corporate bonds	445,160	439,715	271,026	276,464
Government & GSE bonds	93,999	90,918	93,999	93,384
Foreign bonds	25,049	24,854	0	0
Certificate of deposit	0	0	51,492	50,444
Preferred stocks	81,033	74,834	107,075	109,362
Mutual funds	215,340	200,552	201,952	202,994
Total Investments	$ 1,864,123	$ 1,782,096	$ 1,807,181	$ 1,800,156

The following summarizes the investment return and its classification in the statement of activities for the years ended November 30, 2018 and 2017:

	2018	2017
Interest and dividends	$ 59,558	$ 59,651
Unrealized gains / (losses)	(75,298)	40,724
Realized gains / (losses)	(2,319)	(21,864)
Total Investment Income/(Loss) - Net	$ (18,059)	$ 78,511

See Accountant's Audit Report

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018 AND 2017

NOTE D - DEFERRED REVENUE

The Organization offers annual voting and non-voting memberships to companies and individuals. The membership term typically begins at the start of Organizations fiscal year (December 1st) and continues for a period of one year. New membership begins upon the invoice date and continues for a period of one year and the Organization will prorate the second year of membership to align invoicing with the Organizations fiscal ear. 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.

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 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.

On September 3, 2018, the Organization exercised its renewal option and extended the terms of the lease for an additional 32 months, from June 1, 2019 through January 31, 2022, at a monthly base rental rate of $6,479 plus common area expenses. The renewal includes provisions for increases to the base rent on an annual basis.

At November 30, 2018 the minimum rental payments due under this lease are as follows:

Year ending November 30,		
2019	$	76,798
2020		78,694
2021		80,591
2022		13,590
	$	249,673

The total rental expense was $88,285 and $91,856 for the years ended November 30, 2018 and 2017, respectively.

NOTE F - PROPERTY AND EQUIPMENT

The Organization capitalizes all expenditures for property and equipment in excess of $5,000. 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, 2018 and 2017:

See Accountant's Audit Report

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018 AND 2017

NOTE F - PROPERTY AND EQUIPMENT (Continued)

	2018	2017
Machinery and equipment - donated	$ 129,446	$ 153,074
Machinery and equipment - other	323,679	380,646
Office furniture and equipment	36,521	41,365
Total property and equipment	489,646	575,085
Accumulated depreciation	(445,273)	(490,295)
Total property and equipment, net	$ 44,373	$ 84,790

Depreciation expense on the property and equipment was $40,208 and $40,557 at November 30, 2018 and 2017, 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, 2018 and 2017.

NOTE H - MEMBERSHIPS, FORUMS, AND INITIATIVES REVENUE

Memberships, forums, and initiatives revenue for the years ended November 30, 2018 and 2017 is comprised as follows:

	2018	2017
Association Memberships	$ 1,215,054	$ 1,117,451
SFF Committee	133,276	93,748
Solid State Storage Initiative	119,076	93,457
Storage Management Initiative	420,750	421,806
Green Storage Initiative	54,000	78,000
Cloud Storage Initiative	42,258	49,125
Ethernet Security Industry Forum	25,179	21,212
Storage Security Industry Forum	5,000	19,685
Total Membership	$ 2,014,593	$ 1,894,484

See Accountant's Audit Report

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018 AND 2017

NOTE I – SPONSORSHIP REVENUE

Sponsorship revenue for the years ended November 30, 2018 and 2017 consist of the following:

	2018	2017
Storage Developers Conference	$ 110,540	$ 162,630
Solid State Storage Initiative	20,000	11,500
Leadership	2,000	0
Total Sponsorship Revenue	$ 132,540	$ 174,130

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 $26,946 and $23,639 for the years ended November 30, 2018 and 2017, respectively.

NOTE K – RECLASSIFICATIONS

Certain amounts for the year ended November 30, 2017 have been reclassified in the comparative financial statements to be comparable to the presentation for the year ended November 30, 2018. These reclassifications had no effect on the change in net assets.

NOTE L - PRIOR PERIOD ADJUSTMENT

Net assets as of the beginning of the fiscal year have been adjusted to increase accrued expenses and decrease unrestricted net assets for adjustments not previously recognized in prior years. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreased net assets by $17,457.

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 3, 2019, 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, 2018.

See Accountant's Audit Report