STORAGE NETWORKING INDUSTRY ASSOCIATION

2011 Annual Report

Financial Position and Statements

SNIA™

Advancing storage & information technology

LETTER FROM THE 2011 SNIA CHAIRMAN AND SNIA EXECUTIVE DIRECTOR

April 2, 2012

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 2011, beginning on December 1, 2010 through November 30, 2011. 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.

As our storage industry demonstrated early signs of recovery, SNIA's financial position in 2011 continued its position of fiscal good health. We followed 2010 - a year with a Profit and Loss (P&L) result of a small surplus for re-investment - with another fiscal year with a net P&L break-even performance (with a GAAP-prescribed allowance for depreciation). We are proud to report that SNIA has the financial and organizational resources to continue to make relevant contributions to the information management solutions advocacy mission we serve.

We have once again demonstrated prudent expense management and leveraged revenue-generation activities to run our association in 2011 without needing to reduce our investment reserves. Together with our $ 1.2 Million charter-mandated operating reserve account, we have in excess of $2 Million in assets to secure and support the programs our member companies and industry analysts, etc., expect from SNIA. Despite the trend of mergers and acquisitions, we were not as affected as some organizations in terms of holding our membership revenue contribution in line.

Our revenue was close to budget and the break-even outcome was enabled by some $200,000 in additional revenues over 2010 from a strong and successful SNIA-produced Storage Developer Conference, some increase revenues from our partnership with Computerworld in the twice-annual SNW events, and other successful sponsorship programs in 2011.

Projections for FY 2012 indicate that without planning to use any of our reserves, we are again budgeting and operating for a break-even financial position. Our membership revenue projection as of April 1, 2012 based on renewals for our new fiscal year, is on plan. We have exciting programs such as an industry-recognized Cloud standard (Cloud Data Management Interface - CDMI), a Green storage, energy-efficiency measurement program called Emerald, plans to offer KMIP testing, as well as a intentions to lead in the burgeoning area of Big Data. We are also expecting to see our collaboration with training/certification leader CompTIA result in the global acceptance of our new, jointly developed industry credential, "CompTIA Storage + Powered by SNIA," launched in January of 2012.

We acknowledge and sincerely thank our loyal members, volunteers, staff, and friends for their ongoing support of SNIA.

Regards,

Wayne M. Adams
Chairman, SNIA Board of Directors

Leo E. Leger
Executive Director, SNIA

SNIA 2010 - 2011 LEADERSHIP

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FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT FOR THE YEARS ENDED NOVEMBER 30, 2011 AND 2010

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, 2011 and 2010, and the related statements of activities and 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, 2011 and 2010, 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 13, 2012

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION
NOVEMBER 30, 2011 AND 2010

ASSETS

	2011	2010
Cash and Cash Equivalents	$ 232,204	$ 505,015
Investments	2,199,269	2,136,814
Accounts Receivable - Membership, Net of Allowance	1,618,627	1,495,721
Accounts Receivable - Storage Networking World	79,927	65,960
Accrued Revenue	51,925	14,497
Dividends Receivable	13,646	12,325
Prepaid Expenses	27,106	23,162
Property and Equipment - Net	125,402	227,887
Total Assets	$ 4,348,106	$ 4,481,381

LIABILITIES AND NET ASSETS

	2011	2010
Liabilities:		
Accounts Payable	$ 74,396	$ 171,600
Deferred Revenue	1,670,294	1,659,837
Accrued Expenses	67,297	83,572
Other Deferred Revenue	79,700	0
Total Liabilities	1,891,687	1,915,009
Net Assets:		
Unrestricted:		
Designated by Board of Directors -		
For Forums and Initiatives	147,359	354,469
For Operating Reserve	1,200,000	1,200,000
Undesignated	1,109,060	1,011,903
Total Unrestricted	2,456,419	2,566,372
Temporarily Restricted	0	0
Permanently Restricted	0	0
Total Net Assets	2,456,419	2,566,372
Total Liabilities and Net Assets	$ 4,348,106	$ 4,481,381

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, 2011 AND 2010

	2011	2010
Unrestricted Net Assets:		
Support and Revenue:		
Memberships, Forums, and Initiatives	$1,564,892	$1,805,390
Storage Networking World and Other Events	461,640	347,278
Storage Management Initiative Programs	66,000	278,900
Sponsorships	255,248	186,910
Lab Fees	243,236	287,697
Administrative Fees	127,486	176,382
Certification Fees	119,689	167,941
Course Fees	152,418	51,880
Contributions	3,400	57,344
Participation	1,243	58,963
Other	60,364	62,053
Investment Income - Net	64,977	50,000
Total Unrestricted Revenues	3,120,593	3,530,738
Expenses:		
Program Services:		
Technology Center	229,631	280,635
Cloud Storage Initiative	205,260	236,197
Marketing Committee	160,400	215,285
Storage Management Initiative Programs	625,071	662,511
Education Committee	163,028	116,511
Storage Developers Conference	137,995	111,313
Green Storage Initiative	123,901	97,780
XAM Initiative	9,501	71,825
Ethernet Storage Forum	51,724	62,865
Conference Committee	34,366	52,968
Technical Council	16,609	53,287
Solid State Storage Initiative	87,261	41,531
Storage Security Industry Forum	11,041	21,594
Development Operation	13,644	18,739
Membership Committee	8,921	15,207
Storage Networking World	12,067	3,458
Data Protection Capacity and Optimization Committee	3,942	6,798
End User Council	95	1,349
Total Program Services	1,894,457	2,069,853

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, 2011 AND 2010

	2011	2010
Unrestricted Net Assets (Continued):		
Expenses:		
Supporting Services:		
General and Administrative Expenses:		
Salaries and Related Expenses	989,503	1,145,973
Operations	323,880	353,350
Board of Directors	22,706	12,250
Total Supporting Services	1,336,089	1,511,573
Total Expenses	3,230,546	3,581,426
Changes in Unrestricted Net Assets	(109,953)	(50,688)
Changes in Temporarily Restricted Net Assets	0	0
Changes in Permanently Restricted Net Assets	0	0
Decrease in Net Assets	(109,953)	(50,688)
Net Assets - Beginning	2,566,372	2,617,060
Net Assets - Ending	$2,456,419	$ 2,566,372

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities:		
Decrease in Net Assets	$(109,953)	$ (50,688)
Adjustments to Reconcile Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	105,885	216,105
Donated Equipment Placed in Service	(3,400)	(57,344)
Unrealized (Gain) Loss on Investments	(22,324)	2,761
Realized Gain on Investments	11,062	9,781
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(122,906)	(525,635)
Other Receivables	(52,716)	79,230
Prepaid Expenses	(3,944)	(7,965)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(97,204)	9,284
Accrued Expenses	(16,275)	(130,219)
Deferred Revenue	10,457	513,497
Other Deferred Revenue	79,700	0
Total Adjustments	(111,665)	109,495
Net Cash Provided (Used) by Operating Activities	(221,618)	58,807
Cash Flows from Investing Activities:		
Cash Payments for Purchase of Property and Equipment	0	(136,319)
Loss from Disposition of Assets	0	23,461
Interest and Dividend Income Re-Invested	(51,193)	(71,305)
Net Cash (Used) by Investing Activities	(51,193)	(184,163)
Cash Flows from Financing Activities	0	0
Net Decrease in Cash and Cash Equivalents	(272,811)	(125,356)
Cash and Cash Equivalents at Beginning of Year	505,015	630,371
Cash and Cash Equivalents at End of Year	$232,204	$505,015

Supplemental Disclosures of Cash Flow Information:

No payments were made for taxes or interest during the fiscal years ended November 30, 2011 or 2010.

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

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

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 members the option of 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.

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

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.

Allowance for Doubtful Accounts:
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. At November 30, 2011 and 2010, the allowance for doubtful accounts was $65,018 and $0, respectively.

Investments:
The Organization maintains an investment account at MorganStanley SmithBarney, a company 51% owned by Morgan Stanley and 49% by Citigroup, which is governed by a formal investment policy, is 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 account 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.

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 (FASB) Accounting Standards Codification 958-605, Contributed Services.

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

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

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.

Uncertain Tax Positions:
The Organization adopted the new accounting for uncertainty in income taxes guidance on December 1, 2009. The adoption of that guidance resulted in no change to net assets, deferred income taxes, or accrued taxes.

As of November 30, 2011 and for the year then ended, the Organization did not have any uncertain tax positions or accrued interest and penalties related to uncertain tax positions. 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 2007 for U.S. Federal income tax returns and 2006 for California state income tax returns.

Subsequent Events:
Subsequent events have been evaluated through March 13, 2012, which is the date that the financial statements were available to be issued. Accordingly, there were no material subsequent events to be recorded or disclosed as of November 30, 2011.

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.

NOTE C - CONCENTRATION OF CREDIT RISK

The Organization may, during the course of operations, maintain cash deposits in excess of federally insured limits. Effective July 22, 2010, the basic limit on federal insurance coverage was permanently increased from $100,000 to $250,000 per depositor. In addition, 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, 2011 and 2010, the uninsured balance was $0 and $278,038, respectively.

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

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, 2011 and 2010, the Organization's investments were all Level 1 and consisted of the following:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Cash balance	$ 78	$ 78	$ 128	$ 128
Money fund	555,564	555,564	459,025	459,025
Corporate bonds	297,347	304,947	80,133	87,402
Government & GSE bonds	465,677	485,963	0	0
Certificates of Deposit	748,689	746,506	1,411,430	1,410,473
Preferred Stock	102,977	106,211	39,348	42,836
Mutual fund	0	0	140,138	136,950
Total investment	$ 2,170,332	$ 2,199,269	$ 2,130,202	$ 2,136,814

The following summarizes the investment return and its classification in the statement of activities for the years ended November 30, 2011 and 2010:

	2011	2010
Interest and dividends	$ 54,579	$ 62,542
Unrealized gains(losses)	22,324	(2,761)
Realized losses	(11,926)	(9,781)
Total investment return	$ 64,977	$ 50,000

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.

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.

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE F - OPERATING LEASES (Continued)

The Organization leases a facility and various personal property located in Colorado Springs, Colorado for use as a technology center. On October 7, 2008 the third and final term extension was executed and the lease was extended through January 31, 2010. Monthly lease payments, which remain unchanged at $2,916.67, were payable on the first of each month. The lease was not renewed.

On October 9, 2009, the Organization entered into a thirty-six month license agreement for a facility located on the LSI Corporation, a Voting Member of the Organization's Board of Directors, campus in Colorado Springs, Colorado for use as an alternate technology center. The lease was effective on January 1, 2010 and will expire 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 February 21, 2007 the Organization entered into a thirty-six month operating lease for a copier, payable in monthly installments of approximately $314, ending March 2010. The lease was not renewed.

At November 30, 2011, the minimum rental payments due under these leases are as follows:

Year ending November 30,

2012	$ 70,000
2013	33,333
2014	2,500
2015 and thereafter	
	$105,833

The total rental expense was $70,629 and $73,070 for the years ended November 30, 2011 and 2010, respectively.

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2011	2010
Machinery and equipment - Donated	$ 618,682	$ 615,282
Machinery and equipment - Other	319,428	319,428
Office furniture and equipment	101,386	101,386
	1,039,496	1,036,096
Accumulated depreciation	(914,093)	(808,209)
	$ 125,403	$ 227,887

Depreciation expense totaled $105,885 and $216,105 at November 30, 2011 and 2010.

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE G - PROPERTY AND EQUIPMENT (Continued)

During the current year, no equipment was deemed obsolete. For the year ended November 2010, equipment deemed obsolete was written down to fair value, which was determined to be $0. The fair value adjustment was $0 and $67,694 for the years ended November 30, 2011 and 2010, respectively.

NOTE H - CONTRIBUTIONS

In March 2006, the Organization launched 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 revenue in the year received at fair value.

Contributions received for the years ended November 30, 2011 and 2010 were $3,400 and $57,344, respectively.

NOTE I - MEMBERSHIPS, FORUMS, AND INITIATIVES REVENUE

Memberships, forums, and initiatives revenue for the years ended November 30, 2011 and 2010 is comprised as follows:

	2011	2010
Association Memberships	$ 1,036,047	$ 1,079,347
Storage Management Initiative	140,379	153,958
Ethernet Storage Forum	38,879	60,517
Storage Security Industry Forum	18,333	24,966
XAM Initiative	10,000	54,625
Green Storage Initiative	68,625	125,717
Solid State Storage Initiative	60,417	110,517
Cloud Storage Initiative	173,254	175,219
Data Protection and Capacity	18,958	20,000
End User Council	0	524
Total	$ 1,564,892	$ 1,805,390

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

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 $14,503 and $11,775 for the years ended November 30, 2011 and 2010, respectively.

Any forfeitures are used to first pay administrative expenses and then to reduce the employers contributions. The balance in the forfeiture account at November 30, 2011 and 2010 was $0 and $8,168, respectively.

NOTE K - RECLASSIFICATIONS

Certain amounts for the year ended November 30, 2010 have been reclassified in the comparative financial statements to be comparable to the presentation for the year ended November 30, 2011. These reclassifications had no effect on changes to unrestricted net asset resulting from current activities.

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