

2011-2012



WISCONSIN INSTITUTES OF DISCOVERY, MADISON, WI  
*PRO AV SPOTLIGHT AWARD WINNER FOR BEST EDUCATION AV PROJECT 2011*

**AVI**  
SYSTEMS

CORPORATE PROFILE

focused on your success

## GENERAL INFORMATION



### Corporate Name

AVI SYSTEMS, INC.

### FY 2011 Revenue:

\$89.6M

### Date Established:

1974

### Mission:

To design, integrate and service superior audio visual systems at a competitive price.



the better is bigger advantage

## HISTORY

- 1974** Launches audio visual equipment supply company in Bismarck, ND.
- '70s & '80s** Becomes premier dealer of audio, video, broadcast and presentation equipment.
- 1986** Adds offices in Des Moines, IA and Omaha, NE.
- 1990** Opens Minneapolis office for audio, video, presentation and conferencing systems integration.
- 1996** Adds Kansas City, KS location. Enters video conferencing market.
- 2000** Acquires Audio Systems Company in Bismarck, ND, adding sound masking, sound reinforcement and security systems.
- 2001** Establishes a Total Quality Initiative for the development of technical standards and processes.
- 2003** Gains a West Coast presence in a merger with Televideo San Diego.
- 2004** Acquires offices in Chicago, Milwaukee, Madison and Grand Rapids under the name AVI Midwest, LLC.
- 2005** Launches Advanced Managed Services group providing high-end AV/IT Engineering, enterprise control systems programming and project management.
- 2006** Continued succession planning results in bringing the overall percentage of the company owned by its employees to 71%.
- 2008** Audiovisual, Inc. and its subsidiaries begin to operate under the corporate name of AVI Systems, Inc. AVI Midwest and Televideo San Diego names are retired.
- 2009** Launches multiple AVI Systems branded products, Digital Signage, Asset Management and Conference Support. Jeff Stoebner assumes role as CEO.
- 2010** AVI Systems is now a 100% employee-owned company.
- 2011** Acquires Workplace AV Systems in Sioux Falls, SD.

## an esop company

AVI Systems is an employee-owned (ESOP) company with incentive-based compensation to reward employees for superior job performance. Our expertise in visual communications, broadcast, video production and video conferencing technologies allowed us to integrate over 1,500 individual projects during 2011.

- Approximately 99% of ESOP Association members are private, closely held companies.
- Employee ownership improves American competitiveness; it increases productivity through greater employee participation in the workplace; it strengthens our free enterprise economy and creates a broader distribution of wealth; and it maximizes human potential by enhancing the self-worth, dignity and well-being of our people.
- Employee owners have a different attitude about their company, their job and their responsibilities that makes them work more effectively and increases the likelihood that their company will be successful. Fundamentally, employee owners are more accountable for their job performance — and their fellow workers' job performance — simply because they have a common stake in the success of their company.
- Ownership is a powerful incentive for ordinary people to do extraordinary things.
- Stockholders alone do not build companies — employees build companies and employee owners build great companies.

Source: ESOP Association  
National Center for Employee Ownership



**employee-owned** AVI Systems is 100% owned by a workforce devoted to your satisfaction. As one of the top five system integrators in the U.S., with a national reputation of over 37 years of success, AVI Systems offers you a partner with staying power.

**scalable workforce** More than 125 engineers, project managers, installers and service technicians deliver a variety of projects both large and small, on time and within budget.

**unequaled standards** Maintaining the highest design and installation standards—and putting those standards in writing—enables us to deliver consistent craftsmanship time and time again.

**proven track record** With a wealth of experience designing and completing over 1,500 projects each year, we can bring your technology vision to life.

**brand authorization** We are authorized to integrate and service hundreds of manufacturers' products, which means you receive the products that fit your needs and budget.

**scope of installation** No matter what the industry — corporate, health care, education, justice or defense — we can deliver solutions to almost every vertical market. We understand the needs of your organization and have served others like you in the past.

**Pro Support** AVI Systems can help protect your investment with our systems support, product support, remote monitoring, asset tracking, on-site or in-shop emergency services, 800-help desk, training, broadcast repair center and re-certification to extend the life of your system.

**branded products and support** AVI Systems continues to evolve at the forefront of audio visual innovation by adding unique branded products and service offerings: Broadcast Repair Center, Digital Media Group, Pro Support and WatchDog.



## WORLD-CLASS PRO SUPPORT

AVI Systems' Pro Support team understands the intricacies involved with fully integrated audio visual systems because they design so many themselves. As a result, we can diagnose operator error, repair products and maintain entire systems in a more timely and affordable manner. In addition, AVI Systems helps protect our clients' investments with Asset Tracking—a database inventory of each client's audio visual equipment and accessories, their integration dates, serial numbers, service records and life expectancies. This makes support and budget planning much more precise and cost-effective. Plus, AVI Systems offers operator training for clients and their staff, potentially minimizing the impact of user error and extending the life of each system we support.



“Our Service Support Agreement is totally flexible, customized for our specific needs and far less than the cost of hiring an additional employee. It's made budgeting a much easier process for us.”

Bruce Browning  
Chief Engineer,  
School of Broadcasting  
Brown College



## a message from our ceo

### TODAY'S EVOLVING TECHNOLOGY REQUIRES TOMORROW'S UPDATED SUPPORT.

It's amazing to see how high-tech audio visual, collaboration and conferencing systems are being used to fuel businesses, classrooms and government today. Looking back over the past two decades, the uses have changed greatly. In some ways, this technology has become simpler; in other ways, it's far more complex. As much as we may not want to admit it, most households still struggle with “hooking up” their flat-screen TVs to their DVRs, DVD players and home networks. All the different high-resolution formats, the different cabling and connector formats, and network requirements make things tricky.

Because there are so many different users involved, keeping technology tuned up in the school district or global corporation is even trickier. That's where AVI Systems “Pro Support” has helped. Over the years, most of the calls that come into our support centers are related to user error rather than equipment problems or systems failure. Fortunately, AVI Systems' support staff is trained to help the user interact with their technology over the long haul. We've learned from our clients that they find this access to unlimited phone and onsite support invaluable to keeping their systems running smoothly. Because of this, we continue to refine our support agreements to offer even more robust service options. At AVI Systems, our service and support is specifically designed to help ordinary people who are using technology for extraordinary purposes: to teach, to manufacture, to consult, to govern or to grow their business.

Audio visual, collaboration and conferencing systems are mission critical in many organizations, and so is the support of these systems. AVI Systems is committed to continuing to provide the kind of customized support our commercial clients can depend on year after year.

Jeff Stuebner  
Chief Executive Officer  
AVI Systems, Inc.

### Our Pro Support Agreements extend coverage well beyond the manufacturer's warranty and provide:

- Unlimited telephone support
- Unlimited on-site support visits
- Unlimited operator training
- First response for on-site support visits
- Loaner projectors and flat screens (under 50")
- Continuing (two) “re-certifications” per year
- Recycling fees included
- Repair or replacement of hardware electronics guaranteed
- Transferability to new owners
- Asset Tracking and end-of-life reporting
- 24/7 remote monitoring with Watch Dog





OUR AUDIO VISUAL STANDARDS

To ensure quality, consistency, competitiveness and desired profitability for our clients, AVI Systems has established the following standard business practices to create a “better is bigger” company.

**for business** We employ a systems integration workflow process that guides us through every project from pre-sales support to final completion.

**for support** We perform system service in a timely and professional manner, so customers can concentrate on their businesses.

**for safety** We provide ongoing information, training and supervision that enable our employees to perform their duties safely.

**for installation** We utilize standard design-build practices that include aesthetic and functional consistency, increased efficiency, facilitation of future modifications and ease of future maintenance.

**for programming** We stress ease of operation, which allows our clients to concentrate on their message, not on operating the equipment.

**for computer-aided design (CAD)** We create a set of good drawings and specifications that represent decisions made during the planning process, control costs during the estimating stage and document the contract between us.

**for quality** Our technical service standards promise that you are getting the best system, service and support available in the industry today.

**what do standards mean for you?**

- Create a measurement tool for excellence
- Help us focus and leverage the abilities of over a hundred and twenty-five technicians
- Enable us to comply with generally accepted safety practices
- Allow us to streamline our abilities to collaborate with other trades
- Reduce costs associated with reworks and return visits

OUR “BETTER IS BIGGER” PROVEN PROCESS

**PHASE 1: planning for your success**

Why is this stage so important? Understanding our clients’ functional and environmental audio visual requirements helps us determine the general scope of work, budgets and timelines necessary to take the next step. It also lays the foundation for establishing the relationship and expectations between the client, architect, contractor and us.

**PHASE 2: engineering for excellence**

Designs are drawn, details are configured and the technology components are selected. During this phase, equipment and material schedules and construction documents are created.

**PHASE 3: fabrication, programming and testing**

The integration of equipment takes place in our fabrication labs, where the systems are wired into racks, programmed and tested to ensure a smooth and fully functional field installation.

**PHASE 4: on-site integration and system launch**

During this stage, all structured cable and hardware are set in place, displays are mounted and audio reinforcement and equipment racks are installed and put to the test.

**PHASE 5: training and sign-off**

With the implementation process completed, the next important step is client training and system sign-off. Further adjustments and additional training often occur during the first year of operation.

**continuing support**

High-tech audio visual systems require continuing re-certification to ensure smooth operation and peak performance. AVI Systems offers our Pro Support services...Professionals Helping Professionals...to bring you a sense of security and peace of mind.

“This afternoon I happened to have a meeting in our conference room and used the audio system to make a call. My guests were impressed with the quality of the call and the style of the system (how it was virtually invisible). We have also been impressed with the AV system as a whole. It is easy to use, reliable, fast — and overall, you and your crew did a fantastic job of pulling it all together. You delivered what you promised!”

Michael Harger  
Network Operations Manager  
The Weitz Company

## expertise & credentials

AVI Systems' technical staff has a variety of certifications and designations that set us apart as one of the most qualified audio visual integration partners available. Some of our designations include:

CERTIFICATION	QUALIFICATIONS / INDUSTRY CERTIFICATIONS / MANUFACTURER CERTIFICATIONS
Diamond AVSP	InfoComm's AVSP System Integrator recognition program – highest level.
CTS	Certified Technology Specialist – General (over 50% of our employees carry this certification)
CTS-D	Certified Technology Specialist – Design
CTS-I	Certified Technology Specialist – Installation
CET	Certified Electronics Technician
IT	RCDD, MCSE, MCP, CCNA, CCNP, CompTIA A+, CompTIA Network+
Professional	BS-EET / BS-PS / EE / EIT / PE
Project Management	NSCA PM
Control Systems	AMX / Crestron / Xantech
VTC Systems	Cisco / Polycom / LifeSize / Vidyo
Audio DSP	Peavey / BSS / Biamp / Gentner / Crown
AVID ASCR	AVID
Projector	Sony / Barco / DP / Hughes / Synelec / NEC / Sharp
Professional AV	Sony / JVC / Extron / Altinex / 3M / Smart / Other
CAD	AutoCAD / VidCAD
Sound Modeling	EASE / TEF / JBL / Syn-Aud-Con / NICET LEVEL II AUDIO
Other	CSGM PROGRAMMING / PROCARE 6000 / Sencore / First Class FCC License
Misc.	<ul style="list-style-type: none"> <li>The highest software level of AMX and Crestron certifications</li> <li>Cisco Management Software</li> <li>On-staff MCSEs and CCNPs with network troubleshooting hardware and software</li> </ul>

## experience counts

AVI Systems designs and builds more projects regionally than any other audio visual firm. In FY 2011, we completed 1,570 individual projects.

- The total technology value to these projects was \$47.6M.
- The average project size was \$30,000.
- 1,205 projects were under \$30,000 for a total technology value of \$11M.
- 102 projects were in excess of \$100,000 for a total technology value of \$22.9M.
- A project was commissioned every 1.5 hours.
- The largest project was \$1.1M.
- The second largest project was \$834K.

### Partial Client List

#### Bismarck

MINOT PUBLIC SCHOOLS  
MONTANA STATE FUND  
ND DISTRICT COURT  
SANFORD HEALTH

#### Chicago

ABBOTT  
EXELON  
MILLERCOORS  
UBS  
UNIVERSITY OF CHICAGO

#### Des Moines

ACT  
DES MOINES UNIVERSITY  
FARM BUREAU  
PELLA  
PIONEER

#### Grand Rapids

GREENLEAF TRUST  
MICHIGAN ARMY NATIONAL GUARD  
SPECTRUM HEALTH  
STATE OF MICHIGAN  
MICHIGAN STATE POLICE  
UNIVERSITY OF NOTRE DAME  
WESTERN MICHIGAN UNIVERSITY

#### Kansas City

FAA  
HNTB  
KANSAS CITY POWER & LIGHT  
LATHROP & GAGE  
WADDELL & REED

#### Madison

AMERICAN FAMILY INSURANCE  
BERBEE CORPORATE  
CDW  
SUB-ZERO FREEZER COMPANY  
UNIVERSITY OF WISCONSIN, MADISON

#### Milwaukee

HARLEY DAVIDSON  
JOHNSON CONTROLS  
KOHL'S CORPORATE HEADQUARTERS  
NORTHWESTERN MUTUAL LIFE

#### Minneapolis

CARGILL  
HENNEPIN COUNTY  
TARGET CORPORATION  
THRIVENT FINANCIAL  
UNIVERSITY OF ST. THOMAS  
3M COMPANY

#### Omaha

ALEGENT HEALTH  
BLUE CROSS  
CONAGRA FOODS  
TD AMERITRADE  
UNMC

#### San Diego

ABBOTT VASCULAR  
PROCOPIO  
SANDIA NATIONAL LABORATORIES  
SANFORD-BURNHAM RESEARCH CENTER  
U.S. NAVY



## key technologies integrated

Virtually every industry imaginable utilizes some form of audio visual technology—from colleges and universities to hotel and convention centers to corporate facilities nationwide and around the world. No matter what the market, our design engineers and technical support staff can create state-of-the-art environments that help our clients perform effectively, efficiently and impressively.



### serving the following industries and more...

- |                                |                    |
|--------------------------------|--------------------|
| Corporate                      | Telecommunications |
| Professional Service Companies | Manufacturing      |
| Education                      | Houses of Worship  |
| Broadcast & Production         | Large Venue        |
| Health Care                    | Hotels             |
| Defense                        | Entertainment      |
| Municipal & Government         | Retail             |
| Legal & Correctional           | Federal Government |
| Utility & Transportation       | Military Defense   |

for a closer look, tour [www.avisystems.com/ourportfolio](http://www.avisystems.com/ourportfolio)

## BUILDING RELATIONSHIPS

At AVI Systems, we pride ourselves on building strong relationships — not just with our clients, but also with our product partners. By working closely with quality manufacturers, we're able to help our clients receive the best products and prices available. Many of our suppliers have worked with AVI Systems for over 37 years, and we work hard to represent their products with integrity in every project we design. AVI Systems invests heavily in sales and services training for the products we carry, and we integrate them into our own AV Technology Centers in each of our offices.

### KEY MANUFACTURERS INTEGRATED

### PARTNER DESIGNATION

Cisco (formerly Tandberg)	Authorized Technology Provider (ATP) – Advanced Select Certified Partner Small Business Specialization Authorized Digital Media Specialist Partner
Polycom	Channel Partner Certification Platinum Level CSP Certified Service Partner
Crestron Electronics	Platinum Partner Level
SMART Technologies	Technical Solutions Provider
Extron Electronics	Engineered Systems Reseller (ESR) Platinum/Platinum (PL/PL)
Hitachi American LTD	Select Partner
AMX	Platinum + Partner (highest level)
Sonic Foundry	Certified Partner (highest level)
Biamp Systems	Select Certified Audia Integrator/Partner Countries Only Reward Partner
Da-Lite Screen Co.	VIP
Christie Digital	Platinum Partner
LifeSize Communications	Expert Partner
Chief (Milestone AV)	Elite Partner
Sony	Product Production Reseller
Vidyo	Premier Partner



Total assets as of March 31, 2011 were \$27.2 million, an increase of approximately \$5.2 million when compared to the prior year. Revenue for the fiscal year ending March 31, 2011 was \$89.6 million, an increase of 16% when compared to the prior fiscal year. We think there is enough economic and political uncertainty to rationalize staying bearish in terms of our revenue growth expectations; as a result, we will manage our business on the premise that revenue in the next 12 to 18 months is going to be modest.

Prudent balance sheet management has been a core principle of the Company throughout its history. Given our size and the fact that we are a privately owned company, we tend to focus on and actively manage liquidity and leverage as a means to keep the Company financially sound, and we use metrics relevant to liquidity and leverage as a means to measure and monitor our effectiveness. Over the course of fiscal year 2011, we made significant progress in both areas.

In terms of liquidity, we continually monitor current assets for downside risk, take the composition of our working capital into consideration, and use working capital (in dollars), our current ratio and other commonly used metrics applicable to working capital management to evaluate both risk and how well we are executing on our short-term balance sheet objectives. At the end of fiscal year 2011, the Company had approximately \$7.0 million of working capital and a current ratio of 1.6 to 1.0, numbers we have determined are more than adequate to support the operations and short-term liquidity needs of the Company.

To monitor leverage, the metric we view as being most important is "debt to tangible net worth." History has taught us that a "debt to tangible net worth" ratio somewhere in the range of 2.0 – 6.0 to 1.0 strikes a balance between managing our debt prudently and properly leveraging shareholder equity. The Company's "debt to tangible net worth" ratio as of March 31, 2011 was 1.2 to 1.0. By design, this short-term ratio is significantly more conservative than the amount of leverage AVI Systems will use to support its operations long term.

Randi Borth  
Chief Financial Officer  
AVI Systems, Inc.



AVI SYSTEMS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2011 AND 2010

	2011	2010
<b>Assets</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 4,240,631	\$ 4,999,156
Accounts Receivable	13,716,501	11,550,893
Costs & Estimated Earnings in Excess of Billings	553,164	494,932
Inventories	653,650	728,452
Prepaid Expenses	82,917	157,946
	<b>19,246,863</b>	<b>17,931,379</b>
<b>OTHER ASSETS</b>		
Security Deposits	139,138	152,941
Security Deposits	3,556,472	-
Intangible Assets, Net	3,077,586	3,077,586
	<b>6,773,196</b>	<b>3,230,527</b>
<b>PROPERTY &amp; EQUIPMENT, NET</b>	<b>1,194,107</b>	<b>870,294</b>
	<b>\$ 27,214,166</b>	<b>\$ 22,032,200</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities On Long-Term Debt	\$ 652,094	\$ 610,254
Accounts Payable	4,250,837	3,180,658
Billings in Excess of Costs & Estimated Earnings	167,317	178,999
Accrued Expenses	3,765,118	2,816,914
Unearned Maintenance Contract Revenue	3,381,725	3,612,739
	<b>12,217,091</b>	<b>10,399,564</b>
<b>LONG-TERM DEBT</b>	<b>690,979</b>	<b>1,343,074</b>
<b>EQUITY</b>		
Common Stock	386	386
Additional Paid In Capital	2,034,342	2,034,342
Retained Earnings	24,761,238	20,744,704
	26,795,966	22,779,432
Less: Treasury Stock	(12,489,870)	(12,489,870)
Total Equity	<b>14,306,096</b>	<b>10,289,562</b>
	<b>\$27,214,166</b>	<b>\$ 22,032,200</b>

AVI SYSTEMS, INC. AND SUBSIDIARIES  
KEY FINANCIAL METRICS  
AS OF MARCH 31, 2011 AND 2010

	2011	2010
<b>Liquidity</b>		
Working Capital in Dollars	\$ 7,029,772	\$ 7,531,815
Current Ratio	1.6 To 1.0	1.7 To 1.0
Accounts Receivable Turnover in Days	51 Days	52 Days
Accounts Payable Turnover in Days	22 Days	19 Days
<b>Long-Term Debt-Paying Ability</b>		
Debt Coverage Ratio	6.9 Times	5.3 Times
Debt to Tangible Net Worth	1.2 To 1.0	1.6 to 1.0
Debt to Equity	0.9 To 1.0	1.1 to 1.0
<b>Pre-Approved Bonding Capacity</b>		
Single Job	\$ 3,000,000	\$ 3,000,000
Aggregate	\$ 12,000,000	\$ 10,000,000



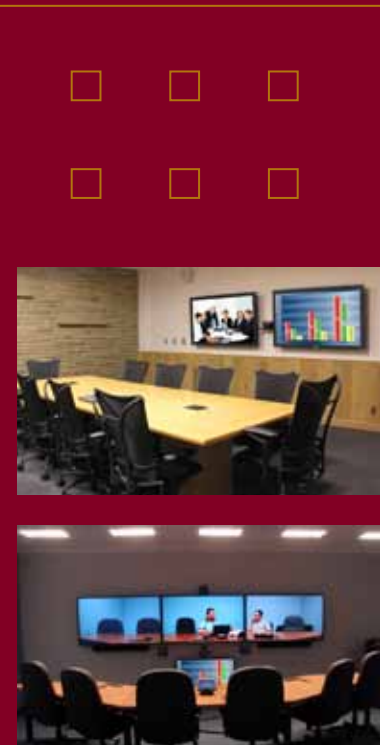


Large venues

conference rooms

BOARDROOMS

SOLUTIONS



VIDEO CONFERENCING

DISTANCE LEARNING / EDUCATIONAL CLASSROOMS



TRAINING ROOMS







*HOUSES OF WORSHIP*

*BROADCAST & PRODUCTION*

*AUDITORIUMS*



*COMMAND CENTERS*



*DIGITAL SIGNAGE*





avi systems Locations



**CALIFORNIA**

San Diego  
858-695-7888

**ILLINOIS**

Chicago  
630-477-2300

**IOWA**

Des Moines  
515-254-9850  
  
Davenport  
563-333-3000

**KANSAS**

Kansas City  
913-495-9494

**MICHIGAN**

Grand Rapids  
616-631-4500

**MINNESOTA**

Minneapolis  
952-949-3700

Rochester  
952-949-6056

**NEBRASKA**

Omaha  
402-593-6500

**NEW MEXICO**

Albuquerque  
505-845-2000

**NORTH DAKOTA**

Bismarck  
701-258-6360

Grand Forks  
701-772-0270

**SOUTH DAKOTA**

Sioux Falls  
605-367-3767

**WISCONSIN**

Madison  
608-221-8888

Milwaukee  
262-207-1300

AVI SYSTEMS, INC.

[www.avisystems.com](http://www.avisystems.com)