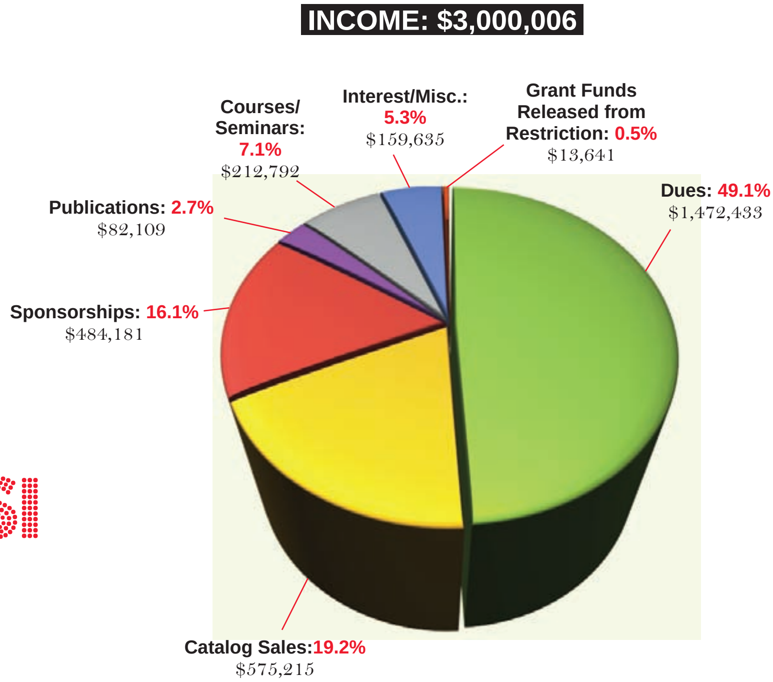
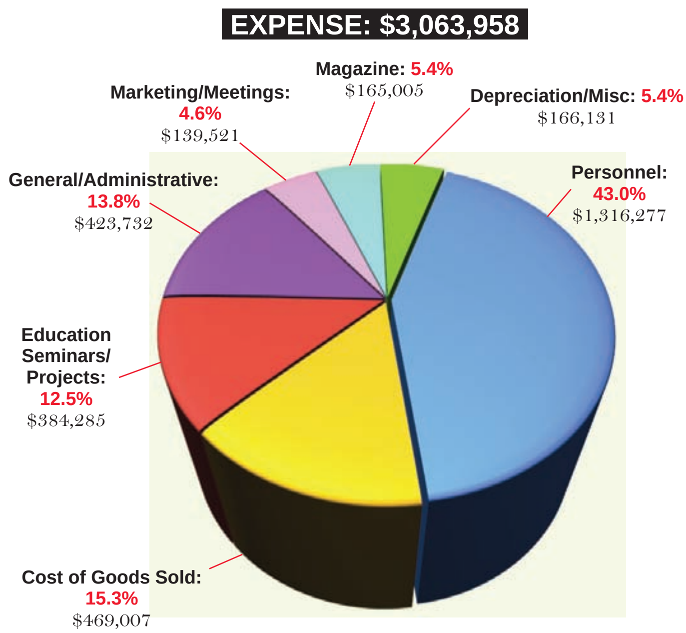
ENHANCED SERVICES, PROGRAMS DRIVE PSIA-AASI PROSPERITY

By **Ed Younglove, PSIA-AASI Treasurer**





The Great Recession continued into 2009–10, presenting PSIA-AASI with a number of financial challenges. With the economic climate in such turmoil, one might think that PSIA-AASI would struggle, yet the association prospered. Here is why:

- Membership reached a record high of 30,203! This marks the first time PSIA-AASI has broken the 30,000 member barrier.
- We've secured increased participation by sponsors, resulting in more programs for members and higher non-dues revenue for the association.
- We've improved existing services and launched new services to improve member access to the association and to each other.

PSIA-AASI remained on solid financial footing during fiscal year 2009–10. The national board of directors and our professional staff made this possible through responsible leadership and management. PSIA-AASI continues to focus its efforts on member benefits and services in assisting you in your role as a teaching professional.

The following summarizes information drawn from an independent auditor's consolidated report of PSIA-AASI and the PSIA-AASI Education Foundation (the Foundation) for the 2009–10 fiscal year that began July 1, 2009, and ended June 30, 2010. All figures show combined gross income and expenses for PSIA-AASI and the Foundation. The accompanying financial charts may help you understand the discussion that follows about how revenue is generated and distributed.

REVENUE

Revenue for the 2009–10 fiscal year was up 4.7% from the previous year: $3,000,006 in 2009–10, compared to $2,865,460 in 2008–09. These figures reflect gross revenue to the association.

Record membership meant increased dues revenue. Yet membership dues last year accounted for less than half—49 percent—of PSIA-AASI's total income. This means that the membership contributed 49 cents for every dollar of the associations' income. The remaining 51 cents was generated through sales of catalog items (19 cents), sponsorship revenue (16 cents), advertising (3 cents), and education seminars (7 cents). Interest, miscellaneous revenue, and grant funds released from restriction represented the remaining 6 cents.

The board of directors feels it is important that the organization's income activities reflect its values and that non-dues income remains tied to the activities of the membership. Some examples of the sources of that income include specially priced merchandise available through partnership programs and the *Accessories Catalog*, educational materials, and activities such as the PSIA National Academy, the AASI Rider Rally, and the promotion of the value of membership to area management, suppliers, and the public. Catalog sales rebounded from the prior year, although interest income continued to be low because of economic conditions.

EXPENSES

Expenses in 2009–10 included general operating costs as well as the costs of publications, marketing, the cost of catalog goods sold, insurance, education committees and programs, training programs, teams, research and development, legal and accounting activities, and member services. Those expenses totaled $3,063,958 in 2009–10, compared to $2,840,501 last year.

All of PSIA-AASI's expenditures support the associations' overall educational and promotional goals—and our fundamental commitment to serve members—by carefully directing those expenditures to address membership needs at the divisional, national, and snowsports area levels. One of our primary goals is to enhance educational products and support education programs as well as the work of our committees and teams. This commitment was illustrated by the fact that during the 2009–10 fiscal year, 18 percent of total expenditures, i.e., 18 cents of every dollar, was directly related to the associations' education programs as represented by training and events, teams, committees and programs, and publications.

The remaining 82 cents of each dollar spent roughly broke down into: personnel (43 cents), cost of catalog sales (15 cents), marketing and meetings (4 cents), general and administrative expenses (14 cents), and depreciation/miscellaneous (5 cents).

Overall, the associations' operations finished the year with a loss of $63,952. However, this figure doesn't mean a cash loss of that amount. Depreciation accounted for $154,860 of losses tallied, and is a *non-cash* expense. This impacts assets more than cash.

Total assets—otherwise known as member equity—increased from $3,234,795 in 2008–09 to $3,422,803 in 2009–10, primarily due to investments in technology and infrastructure to better serve you.

The associations' good financial health is due largely to the efforts of former PSIA-AASI Operations Vice President Craig Albright, who did terrific work overseeing financial issues during the past several years. His work, and the hard work of your board of directors and the association management and staff, keeps PSIA-AASI moving in the right direction.

If you have questions or would like additional information about the PSIA-AASI financial statements, please go to www.TheSnowPros.org to see a copy of the 2010 Annual Report. If you would like a copy of the 2009–10 audit, please write to:

Ed Younglove
Treasurer
PSIA-AASI
133 South Van Gordon Street,
Suite 200
Lakewood, CO 80228

AMERICAN SNOWSPORTS EDUCATION ASSOCIATION AND AMERICAN SNOWSPORTS EDUCATION ASSOCIATION-EDUCATION FOUNDATION

Combined Financial Statements
and
Independent Auditors' Report
June 30, 2010 and 2009

EKS&H
EHRHARDT • KEEFE
STEINER • HOTTMAN PC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

**AMERICAN SNOWSPORTS EDUCATION ASSOCIATION
AND AMERICAN SNOWSPORTS EDUCATION
ASSOCIATION-EDUCATION FOUNDATION**

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

7979 E. Tufts Avenue, Suite 400
Denver, Colorado 80237-2843
P: 303-740-9400 F: 303-740-9009

INDEPENDENT AUDITORS' REPORT

Board of Directors
American Snowsports Education Association
and American Snowsports Education
Association-Education Foundation
Lakewood, CO

We have audited the accompanying combined statements of financial position of American Snowsports Education Association and American Snowsports Education Association-Education Foundation (collectively, the "Organization") as of June 30, 2010 and 2009, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, 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 combined financial statements referred to above present fairly, in all material respects, the financial position of American Snowsports Education Association and American Snowsports Education Association-Education Foundation as of June 30, 2010 and 2009, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Ehrhardt Keefe Steiner + Hottman PC

Ehrhardt Keefe Steiner & Hottman PC

October 18, 2010
Denver, Colorado

AMERICAN SNOWSPORTS EDUCATION ASSOCIATION AND AMERICAN SNOWSPORTS EDUCATION ASSOCIATION-EDUCATION FOUNDATION

Combined Statements of Financial Position

	June 30, 2010	June 30, 2009
Assets		
Current assets		
Cash and cash equivalents	$ 1,034,023	$ 777,134
Accounts receivable	36,865	32,736
Due from related parties	482,748	375,855
Short-term investments	-	203,770
Inventory, net	356,631	397,666
Prepaid expenses	63,426	17,580
Total current assets	1,973,693	1,804,741
Non-current assets		
Property and equipment, net	1,449,110	1,430,054
Total assets	$ 3,422,803	$ 3,234,795
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 71,114	$ 101,926
Accrued liabilities	91,928	131,806
Due to related parties	293,960	63,530
Deferred revenue	973,019	753,802
Current portion of deferred compensation	42,459	40,437
Current portion of capital lease obligations	3,820	3,293
Current portion of note payable	81,250	81,250
Total current liabilities	1,557,550	1,176,044
Non-current liabilities		
Deferred compensation, net of current portion	25,595	68,053
Capital lease obligations, net of current portion	8,925	12,997
Note payable, net of current portion	148,958	230,208
Total liabilities	1,741,028	1,487,302
Commitments		
Net assets		
Unrestricted	1,675,294	1,739,246
Temporarily restricted	6,481	8,247
Total net assets	1,681,775	1,747,493
Total liabilities and net assets	$ 3,422,803	$ 3,234,795

See notes to combined financial statements.

AMERICAN SNOWSPORTS EDUCATION ASSOCIATION AND AMERICAN SNOWSPORTS EDUCATION ASSOCIATION-EDUCATION FOUNDATION

Combined Statements of Activities

	For the Years Ended June 30, 2010	2009
Changes in unrestricted net assets		
Support and revenue		
Membership dues	$ 1,472,433	$ 1,438,665
Merchandise sales	575,215	547,198
Sponsorships	484,181	442,238
Publications	82,109	132,231
Courses and seminars	212,792	197,872
Miscellaneous	155,192	92,806
Interest	4,443	12,697
Net assets released from restrictions	13,641	1,753
Total unrestricted support and revenue	3,000,006	2,865,460
Expenses		
Salaries and related benefits	1,316,277	1,209,315
Merchandise	469,007	464,004
Education seminars and projects	384,285	401,474
General and administrative	423,732	396,585
Marketing and meetings	139,521	119,679
Membership publications	165,005	170,090
Depreciation	154,860	64,164
Miscellaneous	11,271	15,190
Total expenses	3,063,958	2,840,501
Change in unrestricted net assets	(63,952)	24,959
Changes in temporarily restricted net assets		
Contributions	11,875	5,000
Net assets released from restriction	(13,641)	(1,753)
Change in temporarily restricted net assets	(1,766)	3,247
Change in net assets	(65,718)	28,206
Net assets, beginning of year	1,747,493	1,719,287
Net assets, end of year	$ 1,681,775	$ 1,747,493

See notes to combined financial statements.

AMERICAN SNOWSPORTS EDUCATION ASSOCIATION AND AMERICAN SNOWSPORTS EDUCATION ASSOCIATION-EDUCATION FOUNDATION

Combined Statements of Cash Flows

	For the Years Ended June 30, 2010	2009
Cash flows from operating activities		
Change in net assets	$ (65,718)	$ 28,206
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	154,860	64,164
Changes in assets and liabilities		
Accounts receivable	(4,129)	14,221
Due from related parties	(106,893)	(375,855)
Inventory	41,035	(84,050)
Prepaid expenses	(45,846)	20,444
Accounts payable	(61,201)	(63,379)
Accrued liabilities	(39,878)	26,159
Due to related parties	230,430	(88,629)
Deferred revenue	219,217	539,017
Deferred compensation	(40,436)	(38,510)
	347,159	13,582
Net cash provided by operating activities	281,441	41,788
Cash flows from investing activities		
Purchases of property and equipment	(143,527)	(230,281)
Purchases of short-term investments	-	(203,770)
Proceeds from short-term investments	203,770	-
Net cash provided by (used in) investing activities	60,243	(434,051)
Cash flows from financing activities		
Advances on line-of-credit	-	177,354
Repayments of principal on note payable	(81,250)	(13,542)
Repayments of principal on capital lease agreements	(3,545)	(2,584)
Net cash (used in) provided by financing activities	(84,795)	161,228
Net increase (decrease) in cash and cash equivalents	256,889	(231,035)
Cash and cash equivalents - beginning of year	777,134	1,008,169
Cash and cash equivalents- end of year	$ 1,034,023	$ 777,134

(Continued on the following page)

See notes to combined financial statements.

Combined Statements of Cash Flows

(Continued from the previous page)

Supplemental disclosure of cash flow information:

Cash paid for interest for the years ended June 30, 2010 and 2009, was $9,957 and $8,253, respectively.

Supplemental disclosure of non-cash activity:

During the years ended June 30, 2009, the Organization purchased equipment through capital leases totaling $9,216.

During the year ended June 30, 2009, the Organization exchanged computer equipment with a net book value of $5,963 with a related entity, in lieu of payment of accounts payable of the same amount.

During the year ended June 30, 2009, a line-of-credit in the amount of $325,000 was converted to a note payable.

During the years ended June 30, 2010 and 2009, the Organization made purchases of property and equipment of $30,389 and $21,726, respectively, which are included in accounts payable.

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The American Snowsports Education Association ("ASEA"), a non-profit corporation, was incorporated in 1961 for the purposes of promotion, education, and setting of standards for ski instruction by professional ski instructors. ASEA is a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code. ASEA sells supplies, equipment, and manuals to its members throughout the United States and in foreign countries.

The American Snowsports Education Association-Education Foundation (the "Foundation") was incorporated in 1972 for the purposes of cooperating with ASEA in educating its members and potential members in all aspects of ski instruction and coaching, to carry on research, and to produce publications regarding skiing and ski instruction. The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Principles of Combination

ASEA and the Foundation are governed by a common board of directors. Therefore, the accompanying combined financial statements include the accounts of ASEA and the Foundation (collectively, the "Organization"). All intercompany accounts and transactions have been eliminated in combination.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three class of net assets: unrestricted, temporarily restricted, and permanently restricted.

> Unrestricted amounts are currently available at the discretion of the Board of Directors for use in the Organization's operations and other sources invested in property and equipment.
>
> Temporarily restricted amounts are restricted by donors specifically for certain time periods, purposes, or programs.
>
> Permanently restricted amounts must be maintained by the Organization as required by the donor, but the Organization is permitted to use or expend the income derived from those assets. At June 30, 2010 and 2009, the Organization had no permanently restricted assets.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization continually monitors its positions with, and the credit quality of, the financial institutions with which it invests.

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Short-Term Investments

The Organization reports its investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values with realized gains and losses included in the statements of activities.

The Organization's short-term investments as of June 30, 2009, consisted of certificates of deposit which matured during the year ended June 30, 2010.

Fair Value Measurements

The Organization values its financial assets and liabilities based on the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. These classifications (Level 1, 2, or 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity. At June 30, 2010, the Organization had no financial assets or liabilities that were required to be measured at fair value on a recurring basis. At June 30, 2009, all of the Organization's short-term investment balances, which consisted of certificates of deposit were classified as Level 2, as they were valued based on prices available on comparable securities of the issuer or other issuers with similar credit ratings.

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable relate to amounts due from customers for sales of products and services. At the time the accounts receivable are originated, the Organization considers a reserve for doubtful accounts based on the creditworthiness of the customers. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Organization on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. As of June 30, 2010 and 2009, no allowance for uncollectible amounts was deemed necessary.

Inventory

Inventory consists of education materials, clothing, and other general snowsport merchandise and is stated at the lower of cost or market, determined on a weighted average.

Property and Equipment

Property and equipment is stated at cost. The Organization capitalizes purchases of $1,000 or more. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets, ranging from 5 to 39 years.

Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Organization looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. As of June 30, 2010 and 2009, no impairment was deemed necessary.

Deferred Revenue

Deferred revenue consists of annual membership dues collected which relate to the following fiscal year.

Revenue Recognition

The Organization recognizes revenue as services are provided and goods are shipped.

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expense for the years ended June 30, 2010 and 2009, was $133,344 and $109,576, respectively.

Income Taxes

The Organization is exempt from Federal income tax under Section 501(c)(6) ("ASEA") and 501(c)(3) (the "Foundation") of the Internal Revenue Code, and qualifies for the charitable contribution deduction. Income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2010 and 2009, the Organization did not incur taxes for unrelated trade or business income.

The Organization adopted guidance related to uncertainty in income taxes on July 1, 2009. After evaluating the tax positions taken by the Organization, none are considered to be uncertain; therefore, no amounts have been recognized as of June 30, 2010 or 2009.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expense. No interest or penalties have been assessed as of June 30, 2010 or 2009.

Tax years that remain subject to examination by tax authorities include 2006 and 2007 through the current period for state and federal tax reporting purposes, respectively.

Subsequent Events

The Organization has evaluated all subsequent events through October 18, 2010, which is the date the financial statements were issued.

Note 2 - Balance Sheet Disclosures

Inventories are summarized as follows:

	June 30, 2010	June 30, 2009
Educational materials	$ 191,649	$ 208,308
Garments	114,497	103,257
General snowsport merchandise	100,028	128,745
Clearance	3,457	5,356
Less reserve for obsolete inventory	(53,000)	(48,000)
	$ 356,631	$ 397,666

Property and equipment consist of the following:

	June 30, 2010	June 30, 2009
Building and improvements	$ 893,666	$ 893,666
Software	733,437	597,564
Furniture, fixtures, and equipment	319,093	281,050
Land	199,840	199,840
	2,146,036	1,972,120
Less accumulated depreciation	(696,926)	(542,066)
	$ 1,449,110	$ 1,430,054

Depreciation expense for the years ended June 30, 2010 and 2009, was $154,860 and $64,164, respectively.

Note 3 - Note Payable

The Organization's $325,000 line-of-credit was converted to a note payable in April 2009. The note requires monthly principal and interest payments of $6,771 and matures April 2013. Interest accrues at the bank's prime rate (3.25% at June 30, 2010). The term note is collateralized by all personal property of the Organization. The balance was $230,208 and $311,458 at June 30, 2010 and 2009, respectively.

Note 3 - Note Payable (continued)

Maturities of the note payable are as follows:

Year Ending June 30,	
2011	$ 81,250
2012	81,250
2013	67,708
	$ 230,208

Note 4 - Capital Leases

The Organization has acquired office equipment under the provisions of long-term leases. For financial reporting purposes, minimum lease payments relating to the assets have been capitalized. The leases expire at various periods through August 2013. Amortization of the leased property is included in depreciation expense.

The assets under capital lease have cost and accumulated amortization as follows at June 30, 2010:

Equipment	$ 18,874
Less accumulated amortization	(7,550)
	$ 11,324

Maturities of the capital lease obligation is as follows:

Year Ending June 30,	
2011	$ 4,655
2012	4,655
2013	4,655
2014	364
Total minimum lease payments	14,329
Amount representing interest	(1,584)
Present value of net minimum lease payments	12,745
Less current portion	(3,820)
Long-term capital lease obligation	$ 8,925

Note 5 - Restrictions on Net Assets

Temporarily restricted net assets at June 30, 2010 and 2009 consist of monies donated to the Organization for the development of new educational materials.

Note 6 - Income Taxes

For the years ended June 30, 2010 and 2009, there were no income taxes due from trade or business activities. As of June 30, 2010, net operating loss carryforwards of approximately $291,000 are available to reduce future unrelated business income. The operating loss carryforwards begin to expire in the year ended June 30, 2010, and during various years until June 30, 2030. As of June 30, 2010 and 2009, deferred tax assets of approximately $58,200 and $61,600, respectively, have not been recorded for the tax benefits of the net operating loss carryforwards due to the uncertainty of the realization of the deferred tax benefits. The net increase (decrease) in the unrecorded deferred tax assets for the years ended June 30, 2010 and 2009 was $(3,400) and $8,900, respectively.

Note 7 - Functional Allocation of Expenses

The following is a summary of expenses by functional classifications. All expenses reported in the combined statements of activities have been allocated to programs or supporting services based on the percentage of the time spent by personnel on the activity or the amount of building space used by the activity, as applicable.

	June 30,	
	2010	2009
Program expenses		
Educational programs	$ 1,044,046	$ 983,595
Program publications	654,751	621,789
Total program expenses	1,698,797	1,605,384
Supporting services		
Management and general	788,856	676,996
Merchandise	401,984	409,615
Membership development	174,321	148,506
Total supporting services	1,365,161	1,235,117
	$ 3,063,958	$ 2,840,501

Note 8 - Commitments

Deferred Compensation Agreement

In October 1999, ASEA entered into an agreement with its former Executive Director pursuant to which he could elect to retire on or about July 1, 2002, at which time ASEA would commence paying him 25% of his average annual compensation each year for a period of four and one-half years thereafter. In May of 2001, ASEA amended the agreement to extend the elective retirement date to June 30, 2005. In June of 2003, the agreement was amended a second time to extend the retirement date to June 30, 2007, and increase the percentage of annual compensation to 50%. Effective June 30, 2007, the former Executive Director retired. As of June 30, 2010 and 2009, the aggregate deferred compensation was $68,054 and $108,490, respectively.

Note 9 - Related Party Transactions

Divisions

As of June 30, 2010 and 2009, the Organization owed ASEA's divisions $293,960 and $63,530, respectively, for annual dues collected on the divisions' behalf. As of June 30, 2010 and 2009, ASEA's divisions owed the Organization $482,748 and $375,855, respectively, for annual dues collected on the Organization's behalf.

In January 2009, the Organization provided office space and other administrative support services to a related entity. During the years ended June 30, 2010 and 2009, the Organization received $34,749 and $42,795, respectively, for services provided to the related entity, which is recorded in miscellaneous income in the combined statement of activities.

Note 10 - Employee Benefit Plan

The Organization participates in a safe harbor 401(k) plan (the "Plan"). Employees are eligible to participate in the Plan upon the completion of the earlier of 500 hours of service within a three-month period or 1,000 hours of service, and may contribute up to the amount stipulated in the federal annual guidelines. The Organization is required to make an annual safe harbor matching contribution equal to 100% of each employee's salary deferral, not to exceed 4% of compensation. For the years ended June 30, 2010 and 2009, the Organization contributed $38,831 and $31,319 to the Plan, respectively.