PSIA-AASI WEATHERS THE WEATHER

By **ED YOUNGLOVE, PSIA-AASI TREASURER**

No one would have foreseen the impact of weather during the 2011–12 season as wild variations in snowfall contributed to the worst overall year for the ski and snowboard industry in 20 years. Combine this with the general state of the economy and you might think PSIA-AASI would be in a difficult situation. Instead, PSIA-AASI finds itself in much better financial shape than expected, and with a bright outlook for the coming season. A few highlights:

- New fundraising initiatives jump-started the PSIA-AASI Education Foundation, highlighted by receipt of a $200,000 grant.
- The grant enabled the association to offer the *Movement Matrix* free to members, increasing the number of users from 1,351 to 6,696.
- For the fifth year in a row, PSIA-AASI membership set a record—with the numbers for 2011–12 coming in at 31,716.
- The PSIA-AASI Professional Development Department distributed education materials to thirty-three 501 (c) 3 adaptive programs, reaching 3,682 volunteer instructors.
- The association continued its support of the annual Learn to Ski and Snowboard Month, with organizers of the January event reporting $4.1 million in media value and 100,000 lessons given through the program.
- PSIA-AASI financed meetings of divisional representatives to develop or update certification standards for nine disciplines.

These examples are the tip of the iceberg when it comes to working on your behalf, made possible by the hard work and dedication of the national board of directors, volunteers, professional staff, and our remarkable members.

The primary goal of PSIA-AASI is to get people excited about snowsports, enabling you to develop both professionally and personally so that you can offer the best experience to your guests. We do this by ensuring we are the first place you come for information about snowsports, teaching, and the industry. We provide your connection and access to people, resources, and ideas that fuel your passion for teaching.

FINANCING MEMBER PROGRAMS

PSIA-AASI exists to provide programs that support you, the member, and we need resources to do so. The following summarizes information available to me as the association's treasurer and, thus, I pass it on to you.

It is drawn from an independent auditor's consolidated report of PSIA-AASI and the PSIA-AASI Education Foundation (the Foundation) for the 2011–12 fiscal year that began July 1, 2011, and ended June 30, 2012. All figures show combined gross income and expenses for PSIA-AASI and the Foundation. The accompanying financial charts may help you understand the following discussion about how revenue is generated and distributed.

REVENUE

Revenue for the 2011–12 fiscal year was up 3.4% from the previous year: $3,502,960 in 2011–12, compared to $3,386,468 in 2010–11. These figures reflect gross revenue to the association.

Non-dues revenue accounted for 56 percent of PSIA-AASI's total income. This means the membership contributed 44 cents for every dollar of the associations' income. The remaining 56 cents was generated through sales of catalog items (19 cents), sponsorship revenue (17.5 cents), advertising (2 cents), and education seminars (6.7 cents). Interest and miscellaneous revenue represented 5.2 cents. Grant funds released from restriction represented the biggest change—5.6 cents compared to the historical 0.4 cents.

The board of directors feels it is important that the organization's income activities reflect our values and that non-dues income remains tied to the activities of the membership. Some examples of those income sources include specially priced merchandise available through partnership programs and the *Accessories Catalog*, educational materials, and activities like PSIA National Academy, AASI Rider Rally, and the promotion of the value of membership to area management, suppliers, and the public. Because of the value we offer, instructors voted with their checkbooks in record numbers to be members.

EXPENSES

Out-of-pocket expenses in 2011–12 included general operating costs as well as the costs of publications, marketing, the cost of catalog goods sold, insurance, committees and education programs,

training programs, teams, research and development, legal and accounting activities, and member services. Those expenses were held in check, increasing only $8,574 from $3,388,977 in 2010–11 to $3,397,551 in 2011–12. That's a one-quarter of one percent increase.

All of PSIA-AASI's expenditures support the association's 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 ski area levels. Key to this is the association staff, which enables development and delivery of educational products, events, and programs; supports the work of our committees and teams; and raises non-dues revenue, including sponsorship and the aforementioned grant.

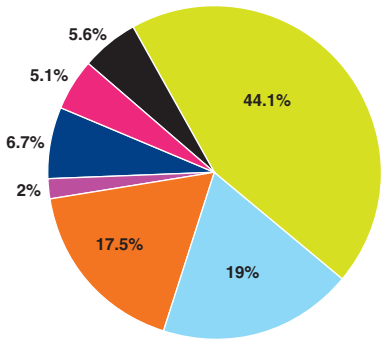
Expenditures—broken down as a percentage of each dollar spent—were as follows: personnel (39.2 cents), cost of catalog goods sold (14.8 cents), education seminars and programs (14.7 cents), marketing and meetings (3.7 cents), general and administrative expenses (15.5 cents), association magazine and editorial (5.7 cents) and miscellaneous (1.7 cents). Depreciation is a *non-cash* item that is added back in to overall expenses. Adding $168,671 in depreciation—accounting for 4.7 cents on the dollar—raises overall expenses to $3,566,222, only $3,780 more than in 2010–11.

THE BOTTOM LINE

PSIA-AASI operations generated positive cash flow of $138,128 as of June 30, 2012, and ended the fiscal year with cash gains of $48,145. Overall, the association finished the year with a net loss of $54,733, all of which is due to depreciation (again, a non-cash item that impacts *assets* as opposed to cash out of pocket). Total assets—otherwise known as member equity—increased from $3,377,683 in 2010–11 to $3,416,604 in 2011–12.

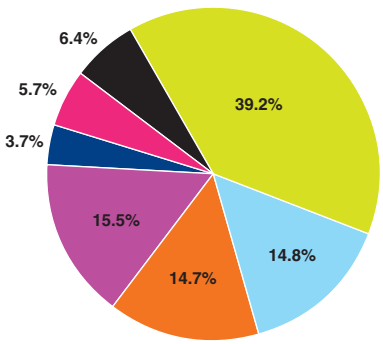
The associations' continued stable financial health is due largely to the efforts of volunteers and the hard work of your board of directors and staff, keeping PSIA-AASI moving in the right direction. As the cost of doing business continues to increase, we must remain vigilant to maintain our balance and structure in support of you, the member, and our mission as professionals to all stakeholders in the ski and snowboard industry. 32°

If you have questions or would like a copy of the 2011–12 independent audit, please write to: Ed Younglove, Treasurer, PSIA-AASI, 133 South Van Gordon Street, Suite 200, Lakewood, CO 80228
Alternatively, you can send an e-mail to: treasurer@thesnowpros.org.



INCOME

Dues	$1,544,006
Catalog sales	667,046
Sponsorships	612,475
Publications	69,322
Courses/seminars	234,805
Interest/Misc.	178,835
Grant funds released from restriction	196,471
Total	$3,502,960



EXPENSE

Personnel	$1,396,672
Cost of goods sold	528,313
Education seminars /Projects	523,122
General/Administrative	552,915
Marketing/Meetings	133,300
Magazine	202,851
Depreciation/Misc.	229,049
Total	$3,566,222

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

Combined Financial Statements
and
Independent Auditors' Report
June 30, 2012 and 2011

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

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

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INDEPENDENT AUDITORS' REPORT

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

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, 2012 and 2011, 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 also 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 combined 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, 2012 and 2011, 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 25, 2012
Denver, Colorado

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

Combined Statements of Financial Position

	June 30, 2012	June 30, 2011
Assets		
Current assets		
Cash and cash equivalents	$ 1,393,503	$ 1,345,358
Accounts receivable	36,094	25,522
Due from related parties	388,173	336,982
Inventory, net	285,590	304,509
Prepaid expenses	168,484	41,183
Total current assets	2,271,844	2,053,554
Non-current assets		
Property and equipment, net	1,144,760	1,324,129
Total assets	$ 3,416,604	$ 3,377,683
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 76,116	$ 89,646
Accrued liabilities	103,100	125,443
Due to related parties	455,624	444,449
Deferred revenue	1,258,501	1,031,363
Current portion of deferred compensation	-	23,417
Current portion of capital lease obligations	4,445	4,119
Current portion of note payable	67,708	81,250
Total current liabilities	1,965,494	1,799,687
Non-current liabilities		
Capital lease obligations, net of current portion	362	4,807
Note payable, net of current portion	-	67,708
Total liabilities	1,965,856	1,872,202
Commitments		
Net assets		
Unrestricted	1,436,058	1,499,320
Temporarily restricted	14,690	6,161
Total net assets	1,450,748	1,505,481
Total liabilities and net assets	$ 3,416,604	$ 3,377,683

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,	
	2012	2011
Changes in unrestricted net assets		
Support and revenue		
Membership dues	$ 1,544,006	$ 1,528,802
Merchandise sales	667,046	633,462
Sponsorships	612,475	522,351
Publications	69,322	107,012
Courses and seminars	234,805	402,061
Miscellaneous	176,904	174,796
Interest	1,931	3,289
Net assets released from restrictions	196,471	14,695
Total unrestricted support and revenue	3,502,960	3,386,468
Expenses		
Salaries and related benefits	1,396,672	1,377,105
Merchandise	528,313	498,888
Education seminars and projects	523,122	677,581
General and administrative	552,915	482,752
Marketing and meetings	133,300	134,719
Membership publications	202,851	182,195
Depreciation	168,671	173,465
Miscellaneous	60,378	35,737
Total expenses	3,566,222	3,562,442
Change in unrestricted net assets	(63,262)	(175,974)
Changes in temporarily restricted net assets		
Contributions	205,000	14,375
Net assets released from restriction	(196,471)	(14,695)
Change in temporarily restricted net assets	8,529	(320)
Change in net assets	(54,733)	(176,294)
Net assets, beginning of year	1,505,481	1,681,775
Net assets, end of year	$ 1,450,748	$ 1,505,481

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, 2012	For the Years Ended June 30, 2011
Cash flows from operating activities		
Change in net assets	$ (54,733)	$ (176,294)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	168,671	173,465
Loss on sale of equipment	15,312	-
Changes in assets and liabilities		
Accounts receivable	(10,572)	11,343
Due from related parties	(51,191)	145,766
Inventory, net	18,919	52,122
Prepaid expenses	(127,301)	22,243
Accounts payable	(13,530)	6,670
Accrued liabilities	(22,343)	33,515
Due to related parties	11,175	150,489
Deferred revenue	227,138	58,344
Deferred compensation	(23,417)	(44,637)
	192,861	609,320
Net cash provided by operating activities	138,128	433,026
Cash flows from investing activities		
Purchases of property and equipment	(6,614)	(36,622)
Proceeds from sale of equipment	2,000	-
Net cash used in investing activities	(4,614)	(36,622)
Cash flows from financing activities		
Repayments of principal on note payable	(81,250)	(81,250)
Repayments of principal on capital lease agreements	(4,119)	(3,819)
Net cash used in financing activities	(85,369)	(85,069)
Net increase in cash and cash equivalents	48,145	311,335
Cash and cash equivalents - beginning of year	1,345,358	1,034,023
Cash and cash equivalents - end of year	$ 1,393,503	$ 1,345,358

Supplemental disclosure of cash flow information:

Cash paid for interest for the years ended June 30, 2012 and 2011 was $4,226 and $7,197, respectively.

Supplemental disclosure of non-cash activity:

During the years ended June 30, 2012 and 2011, the Organization made purchases of property and equipment of $0 and $11,862, respectively, which are included in accounts payable.

See notes to combined financial statements.

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

Notes to Combined Financial Statements

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 ("IRC"). 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 IRC.

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 classes 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, 2012 and 2011, 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)

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, 2012 and 2011, 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 are 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 3 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, 2012 and 2011, no impairment was deemed necessary.

Deferred Revenue

Deferred revenue consists of annual membership dues collected that 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 combined 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 combined 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, 2012 and 2011 was $78,910 and $126,587, 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 IRC, 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, 2012 and 2011, the Organization did not incur taxes for unrelated trade or business income.

The Organization applies a more-likely-than-not measurement methodology to reflect the combined financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. 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, 2012 or 2011.

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, 2012 or 2011. Tax years that remain subject to examination by tax authorities include 2008 and 2009 through the current period for state and federal tax reporting purposes, respectively.

Subsequent Events

The Organization has evaluated all subsequent events through October 25, 2012, which is the date the combined financial statements were available to be issued, and has determined there are no events requiring disclosure.

Note 2 - Balance Sheet Disclosures

Inventories are summarized as follows:

	June 30, 2012	June 30, 2011
Educational materials	$ 129,307	$ 154,602
Garments	119,327	115,675
General snowsport merchandise	90,353	86,156
Clearance	1,075	3,076
Other	528	-
Less reserve for obsolete inventory	(55,000)	(55,000)
	$ 285,590	$ 304,509

Property and equipment consist of the following:

	June 30, 2012	June 30, 2011
Building and improvements	$ 897,713	$ 898,112
Software	740,719	740,719
Furniture, fixtures, and equipment	320,927	354,904
Land	199,840	199,840
	2,159,199	2,193,575
Less accumulated depreciation	(1,014,439)	(869,446)
	$ 1,144,760	$ 1,324,129

Note 3 - Note Payable

The Organization has a note payable that 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, 2012). The term note is collateralized by all personal property of the Organization. The balance was $67,708 and $148,958 at June 30, 2012 and 2011, respectively.

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.

Note 4 - Capital Leases (continued)

The assets under capital lease have cost and accumulated amortization as follows at June 30, 2012:

Equipment	$ 18,874
Less accumulated amortization	(15,099)
	$ 3,775

Maturities of the capital lease obligation are as follows:

Year Ending June 30,	
2013	$ 4,655
2014	364
Total minimum lease payments	5,019
Amount representing interest	(212)
Present value of net minimum lease payments	4,807
Less current portion	(4,445)
Long-term capital lease obligation	$ 362

Note 5 - Restrictions on Net Assets

Temporarily restricted net assets at June 30, 2012 and 2011 consist primarily of monies donated to the Organization for the development of new educational materials.

Note 6 - Income Taxes

For the years ended June 30, 2012 and 2011, there were no income taxes due from trade or business activities. As of June 30, 2012, net operating loss carryforwards of approximately $262,000 are available to reduce future unrelated business income. The operating loss carryforwards begin to expire in the year ended June 30, 2012 and during various years until June 30, 2030. As of June 30, 2012 and 2011, deferred tax assets of approximately $52,400 and $63,400, 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 (decrease) increase in the unrecorded deferred tax assets for the years ended June 30, 2012 and 2011 was $(11,000) and $5,200, 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,	
	2012	2011
Program expenses		
Educational programs	$ 1,330,549	$ 1,456,108
Program publications	739,963	699,283
Total program expenses	2,070,512	2,155,391
Supporting services		
Management and general	864,643	807,168
Merchandise	447,129	417,834
Membership development	183,938	182,049
Total supporting services	1,495,710	1,407,051
	$ 3,566,222	$ 3,562,442

Note 8 - Related Party Transactions

Divisions

As of June 30, 2012 and 2011, the Organization owed ASEA's divisions $455,624 and $444,449, respectively, for annual dues collected on the divisions' behalf. As of June 30, 2012 and 2011, ASEA's divisions owed the Organization $388,173 and $336,982, respectively, for annual dues collected on the Organization's behalf.

Note 9 - 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, 2012 and 2011, the Organization contributed $33,564 and $33,287 to the Plan, respectively.