PSIA-AASI FINANCES

Are On Solid Footing

by CRAIG ALBRIGHT
Vice President, Operations

As I wrote last season, the 2007–08 fiscal year presented many challenges, most notably the final steps involving the separation of operations from those of PSIA-AASI's longtime partner, the National Ski Patrol, as well as significant staff transitions and considerable investment in information technology. We also anticipate that significant upgrades to the PSIA-AASI website and implementation of new and much-needed association management software will be concluded by the end of the 2008–09 fiscal year. (Much of the investment in that development began during the 2007–08 fiscal year.)

In the face of such major changes, I'm pleased to inform PSIA and AASI members that both associations remained on solid financial footing during fiscal year 2007–08. Responsible leadership and management on the part of the national board of directors and our professional staff made this possible. PSIA-AASI continues to focus its efforts on member benefits and services in assisting you in your role as a teaching pro.

The following summarizes information drawn from an independent auditor's consolidated report of the associations and the American Snowsports Education Association Education Foundation (ASEA EF) for the 2007–08 fiscal year that began July 1, 2007, and ended June 30, 2008. All figures show combined gross income and expenses for PSIA-AASI and ASEA Education Foundation. To understand how revenue is generated and distributed, please consult the accompanying financial charts.

REVENUE

Revenue for the 2007–08 fiscal year was about even with that of the previous year: $2,641,130 in 2007–08, compared to $2,499,059 in 2006–07. These figures reflect gross revenue to the association.

Membership dues last year accounted for 44 percent of PSIA-AASI's total income, meaning that the membership contributed 44 cents for every dollar of the associations' income. The remaining 56 cents was generated through sales of catalog items (24 cents), sponsorship revenue (15 cents), advertising (3 cents), and education seminars (11 cents). Interest and miscellaneous revenue represented the remaining 3 cents. Last year, dues accounted for 46 percent of revenue, meaning that PSIA-AASI increased the amount of non-dues revenue in comparison to what was raised last year.

The board of directors feels it is important 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.

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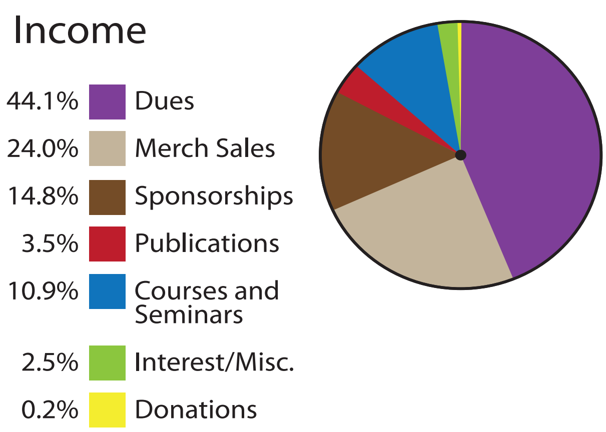

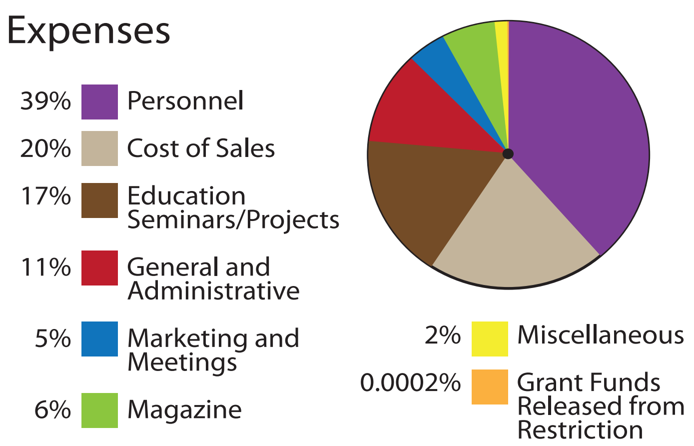

Worth Your While

kids (including the book's author Morning) who had been training in the mornings on the summer snowfields. By midmorning, the snow softened too much for racing, and the young skiers went to work driving loaders, operating backhoes, and pouring cement under the tutelage of their coach, foreman, and mentor. What could be more fun?

And the race team was more of a race *family*. Dave had married a local cheerleader named Roma, and they soon had six kids running around their home in the former ski lodge at McGee Creek. Several of the McCoys and other local kids became U.S. Ski Team members, and Dave's fame as an inspirational coach spread. He was frequently dubbed head coach of the Far West and Western States teams, and athletes came from around the country to Mammoth to train with Dave. While Roma knit the team sweaters, the kids collected the honors: Poncho McCoy appeared in a mid-air tuck on a 1968 cover of *SKI*, and Penny McCoy won the only U.S. medal at the 1966 World Championships in Portillo, Chile. The most famous Mammoth racer, however, was Jill Kinmont, who was being touted as the next Andy Mead in ski publications and *Life* magazine. Just days after appearing on the cover of *Sports Illustrated*, Kinmont crashed at a race in Alta and suffered paralyzing injuries. Her determination to recover and contribute, no doubt learned from her years as a Mammoth racer, was well portrayed in the feature film *The Other Side of the Mountain.*

As in Richards' *Ski Pioneers*, the story of a resort founder and his mountain is told by the people who lived it, but this book's artful layout creates an elegant scrapbook that draws the reader into each little escapade. Morning's intimacy with the characters allowed her to collect previously unseen images and untold tales of adventure and camaraderie that were shared by Dave and his devotees. The author's own able writing is used sparingly to introduce each chapter, with every one of these introductions accompanied by a lovely, hand-tinted historical image. Additional text comes from letters, news clippings, and quotes from those who were there.

Various sections of the book describe the development of the lifts, the personalities of the ski schools, the daring of the ski patrols, the resourceful engineering, and the challenges presented by copious snowfalls that have shaped the modern resort of today. *Tracks of Passion* is the warm, personal album of an extended family brought together by a love of skiing, a wonderment of the High Sierra, and a deep respect for an enthusiastic leader who created one of the biggest ski resorts in the nation.

Chris I. Lizza lives in California and has had a long affiliation with Mammoth Mountain. In his youth he was a junior ski racer at Mammoth, and has served as a member of that resort's professional ski patrol for the past 20 years. Lizza is the author of South America Ski Guide.

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EXPENSES

Expenses in 2007–08 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 \$2,785,822 in 2007–08, compared to \$2,473,674 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. A major aim 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 2007–08 fiscal year, 23 percent of total expenditures, i.e., 23 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 77 cents of each dollar spent roughly broke down into: personnel (39 cents), cost of catalog sales (20 cents), marketing and meetings (5 cents), general and administrative expenses (11 cents), and miscellaneous and insurance costs (2 cents).

Overall, the associations finished the year with an operating loss \$144,692. These losses are due primarily to personnel shifts resulting from the split with NSP and capital investments in information technology. Total assets—otherwise known as member equity—increased from \$2,507,734 in 2006–07 to \$2,645,724 in 2007–08.

If you have questions about the PSIA-AASI financial statements or would like a copy of the 2007–08 audit, please write to:

Craig Albright
Operations Vice President
PSIA-AASI
133 South Van Gordon Street, Suite 200
Lakewood, CO 80228

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

Combined Financial Statements
and
Independent Auditors' Report
June 30, 2008 and 2007

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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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 statement of financial position of American Snowsports Education Association and American Snowsports Education Association-Education Foundation (collectively, the Organization) as of June 30, 2008, and the related statements of activities and cash flows for the year 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 audit. The combined financial statements of the Organization as of June 30, 2007, were audited by other auditors whose report dated September 25, 2007, expressed an unqualified opinion on those statements.

We conducted our audit 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 examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 audit provides 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 the Organization as of June 30, 2008, and the results of their operations and their cash flows for the year 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 11, 2008
Denver, Colorado

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

Combined Statements of Financial Position

	June 30, 2008	June 30, 2007
Assets		
Current assets		
Cash and cash equivalents	$ 1,008,169	$ 1,246,892
Accounts receivable	46,957	60,602
Inventory, net	313,616	337,066
Prepaid expenses	38,024	74,929
Total current assets	1,406,766	1,719,489
Non-current assets		
Property and equipment, net	1,238,958	788,245
Total assets	$ 2,645,724	$ 2,507,734
Liabilities and Net Assets		
Current liabilities		
Line-of-credit	$ 147,646	$ -
Accounts payable	149,542	115,686
Accrued liabilities	105,647	85,782
Due to related parties	152,159	96,926
Deferred revenue	214,785	187,861
Current portion of deferred compensation	45,860	45,860
Current portion of capital lease obligation	1,582	-
Total current liabilities	817,221	532,115
Non-current liabilities		
Deferred compensation, net of current portion	101,140	111,640
Capital lease obligations, net of current portion	8,076	-
Total liabilities	926,437	643,755
Commitments		
Net assets		
Unrestricted	1,714,287	1,863,979
Temporarily restricted	5,000	-
Total net assets	1,719,287	1,863,979
Total liabilities and net assets	$ 2,645,724	$ 2,507,734

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, 2008	For the Years Ended June 30, 2007
Changes in unrestricted net assets		
Support and revenue		
Membership dues	$ 1,164,211	$ 1,151,908
Merchandise sales	634,287	607,569
Sponsorships	391,038	374,465
Publications	92,148	77,449
Courses and seminars	287,028	181,737
Miscellaneous	27,752	35,516
Interest	38,666	70,415
Net assets released from restrictions	500	-
Total unrestricted support and revenue	2,635,630	2,499,059
Expenses		
Salaries and related benefits	1,082,972	835,535
Merchandise	568,023	521,000
Education seminars and projects	473,747	344,768
General and administrative	316,083	258,467
Marketing and meetings	128,041	204,752
Membership benefits	170,529	227,227
Miscellaneous	45,927	81,925
Total expenses	2,785,322	2,473,674
Change in unrestricted net assets	(149,692)	25,385
Changes in temporarily restricted net assets		
Contributions	5,500	-
Net assets released from restriction	(500)	-
Change in temporarily restricted net assets	5,000	-
Change in net assets	(144,692)	25,385
Net assets, beginning of year	1,863,979	1,838,594
Net assets, end of year	$ 1,719,287	$ 1,863,979

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, 2008	2007
Cash flows from operating activities		
Change in net assets	$ (144,692)	$ 25,385
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	40,388	39,230
Changes in assets and liabilities		
Accounts receivable	13,645	(9,153)
Inventory	23,450	(6,313)
Prepaid expenses	36,905	(25,965)
Accounts payable	(794)	5,891
Accrued liabilities	19,865	(24,684)
Due to related parties	55,233	-
Deferred revenue	26,924	(5,239)
Deferred compensation	(10,500)	24,300
	205,116	(1,933)
Net cash provided by operating activities	60,424	23,452
Cash flows from investing activities		
Purchases of property and equipment	(446,793)	(8,872)
Net cash used in investing activities	(446,793)	(8,872)
Cash flows from financing activities		
Net advances on line-of-credit	147,646	-
Net cash provided by financing activities	147,646	-
Net (decrease) increase in cash and cash equivalents	(238,723)	14,580
Cash and cash equivalents - beginning of year	1,246,892	1,232,312
Cash and cash equivalents- end of year	$ 1,008,169	$ 1,246,892

Supplemental disclosure of cash flow information:

Cash paid for interest for the year ended June 30, 2008 was $1,148.

Supplemental disclosure of non-cash activity:

During the year ended June 30, 2008, the Organization made purchases of property and equipment of $34,650, which is included in accounts payable at June 30, 2008.

During the year ended June 30, 2008, the Organization purchased equipment through a capital lease totaling $9,658.

See 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. The corporation 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 corporation 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

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three class of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted amounts are assets 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 monies restricted by donors specifically for certain time periods, purposes or programs.

Permanently restricted amounts are assets that must be maintained by the Organization as required by the donor; but the Organization is permitted to use or expend part or all of any income derived from those assets. At June 30, 2008, the Organization had no permanently restricted assets.

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

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. As of the balance sheet date, balances of cash and cash equivalents exceeded the federally insured limit by approximately $918,000.

Accounts Receivable

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, 2008 and 2007, no allowance for uncollectible amounts was deemed necessary.

Inventories

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, 2008, no impairment was deemed necessary.

Deferred Revenue

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

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

Revenue Recognition

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

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, 2008 and 2007 was $45,015 and $44,050, 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, 2008, the Organization did not incur taxes for unrelated trade or business income.

Note 2 - Balance Sheet Disclosures

Inventories are summarized as follows:

	June 30, 2008	June 30, 2007
Educational materials	$ 215,091	$ 212,839
Garments	45,591	36,293
General snowsport merchandise	85,303	88,649
Clearance	631	6,785
Less reserve for obsolete inventory	(33,000)	(7,500)
	$ 313,616	$ 337,066

Note 2 - Balance Sheet Disclosures (continued)

Property and equipment consist of the following:

	June 30, 2008	June 30, 2007
Building and improvements	$ 855,322	$ 848,921
Furniture and fixtures	672,180	187,480
Land	199,840	199,840
	1,727,342	1,236,241
Less accumulated depreciation	(488,384)	(447,996)
	$ 1,238,958	$ 788,245

Depreciation expense for the years ended June 30, 2008 and 2007 was $40,388 and $39,230, respectively.

Note 3 - Line-of-Credit

The Organization has a $325,000 line-of-credit agreement with a bank. The line-of-credit converts to a term note in April 2009, at which time the monthly payment amount will be determined in order to fully repay the note by April 2013. Interest accrues at the bank's prime rate (5% at June 30, 2008) and is payable monthly. The line-of-credit is collateralized by all personal property of the Organization. The line-of-credit has a balance of $147,646 at June 30, 2008.

Note 4 - Capital Leases

The Organization has acquired office equipment under the provisions of a long-term lease. For financial reporting purposes, minimum lease payments relating to the asset have been capitalized. The lease expires on June 30, 2013. Amortization of the leased property is included in depreciation expense.

The asset under capital lease has cost and accumulated amortization as follows at June 30, 2008:

Copier	$ 9,658
Less accumulated amortization	-
	$ 9,658

Note 4 - Capital Leases (continued)

Maturities of the capital lease obligation is as follows:

Year Ending June 30,		
2009	$	2,472
2010		2,472
2011		2,472
2012		2,472
2013		2,405
Total minimum lease payments		12,293
Amount representing interest		2,635
Present value of net minimum lease payments		9,658
Less current portion		1,582
Long-term capital lease obligation	$	8,076

Note 5 - Restrictions on Net Assets

Temporarily restricted net assets at June 30, 2008 consist of monies donated to the Organization for the development of two new educational materials.

Note 6 - Income Taxes

For the years ended June 30, 2008 and 2007, there were no income taxes due from trade or business activities. As of June 30, 2008, net operating loss carryforwards of approximately $263,500 are available to reduce future unrelated business income. The operating loss carryforwards begin to expire in the year ended June 30, 2009 and each year until June 30, 2027. As of June 30, 2008 and 2007, deferred tax assets of approximately $52,700 and $51,700, 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 in the unrecorded deferred tax assets for the years ended June 30, 2008 and 2007 was $1,000 and $3,200, 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, 2008	June 30, 2007
Program expenses		
Educational programs	$ 968,580	$ 776,892
Publications	704,938	662,180
Total program expenses	1,673,518	1,439,072
Supporting services		
Management and general	651,740	626,890
Merchandise	376,448	350,881
Membership development	83,616	56,831
Total supporting services	1,111,804	1,034,602
	$ 2,785,322	$ 2,473,674

Note 8 - Commitments

Deferred Compensation Agreement

In October 1999, ASEA entered into an agreement with its 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%. For the year ended June 30, 2007, ASEA recorded $24,300 of deferred compensation related to this agreement. Effective June 30, 2007, the former Executive Director retired. As of June 30, 2008 and 2007, the aggregate deferred compensation was $147,000 and $157,500, respectively.

Note 9 - Related Party Transactions

Divisions

As of June 30, 2008 and 2007, the Organization owed ASEA's divisions $152,159 and $96,926, respectively, for annual dues collected on the divisions' behalf.

Note 9 - Related Party Transactions (continued)

National Ski Patrol

In January of 1990, the Board of Directors approved the consolidation of administrative functions with the National Ski Patrol ("NSP"), a not-for-profit organization. The related entities are sharing facilities, personnel and office administrative and warehouse functions.

The salaries and payroll costs allocated to ASEA for the years ended June 30, 2008 and 2007, and the outstanding advances to/from NSP as of June 30, 2008 and 2007 are as follows:

	June 30,	
	2008	2007
Salaries and payroll costs	$ 1,061,722	$ 835,536
ASEA payable to NSP	$ 11,939	$ 16,642
ASEA-EF payable to NSP	$ 302	$ 7,356

Effective July 1, 2008, the Organization and NSP terminated the joint services agreement.

Note 10 - Employee Benefit Plan

The Organization maintains a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code, covering all employees. After one year of service, employees may contribute up to the amount stipulated in the federal annual guidelines. Annual contributions by the Organization are discretionary and are determined by the board of directors. For the years ended June 30, 2008 and 2007, the Organization contributed $22,836 and $17,636, respectively, to the plan.