SnowSports 360

PSIA-AASI REMAINS COMMITTED TO MEMBER SERVICES

By ED YOUNGLOVE, PSIA-AASI TREASURER

What a remarkable year 2010–11 proved to be for PSIA-AASI as we celebrated our first fifty years and fifty years (at least!) to come. Never was our vision more apparent and alive than in the faces, smiles, and personalities of those 50-year members attending the 50/50 anniversary event this past April in Snowmass, Colorado. These members are a testament to our collective passion for the mountain experience.

This past year reaffirmed the hard work and dedication of the national board of directors, our volunteers, our professional staff, and our remarkable members as we realized new milestones for the organization:

- PSIA-AASI membership at a record high of 31,576
- Launch of online registration for divisional events, resulting in a 37% increase in web portal usage and greater ease of registration for members
- Strong and comprehensive representation of PSIA-AASI at Interski 2011 in Austria, which helped solidify international respect for American snowsports instructors and created a conduit for sharing here at home the teaching perspectives of other skiing and riding nations.
- A successful 50/50, which, with 722 attendees, was the largest event in PSIA-AASI history.

The primary goal of PSIA-AASI is get people excited about snowsports, enabling you to develop both professionally and personally so that you can offer your 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 skiing or snowboarding.

DUES INCREASE ON THE HORIZON

No association lasts 50 years without strong leadership, nor can an association hope to serve its members for another 50 years without purposeful guidance and vision. As reported in the past few treasurer's reports, your association has made significant investments in its future and weathered some extreme organizational challenges, spending money out of savings to address these issues. Throughout, the PSIA-AASI Board of Directors has done its level best to focus on member needs, services, and resources—for the long-range future as well as the short term. To keep costs to the member as low as possible while still enhancing services, we've developed resources wisely, cut programs deemed optional, and raised non-dues revenue in the form of sponsorships, donations, and grants.

But we now stand at a crossroads. After carefully analyzing expectations and assessing the need for continued growth of opportunity for members and the association itself, the board has decided to increase membership dues by $11 in July 2012 and stop cutting programs. This decision was not taken lightly, but was determined necessary to not only continue, but improve, the level of service offered to PSIA-AASI members. Of course, as fellow members of PSIA-AASI, the board would not pass on to you an increase we would not be willing to pay ourselves. In addition, we're committed to not seeking one cent more in dues than is needed to support you, your education, certification, and association with skiing and snowboarding.

Like all businesses (and let's not forget that PSIA-AASI is in business to drive benefits to you), we have certain responsibilities to meet in exchange for your member dues. Among the most obvious are providing membership cards; *32 Degrees*; web services; and the training, publications, video resources, and other educational programs/materials that support your employment and professional development.

And then there are those responsibilities tied to the necessary cost of doing business, such as complying with legal requirements, providing insurance coverage for the association and its many components, and paying accounting fees and bank charges, to name a few. Also on that list is overhead we need to accept—manage and reduce where possible, and, in the end, accept as part of our business. (It's important to note that, like many employers these days, PSIA-AASI has reduced the headcount in its offices over the past few years, relying more on contractors and volunteer effort to get things done.)

As you would imagine, each year the staff must manage a substantial cash flow and budget as we purchase gear, produce the *Accessories Catalog*, ready systems for your orders, and work to ensure the product and services you seek are available and timely. We need to buy theses goods up front to have them ready for you. A slip in our cash flow may interrupt that supply chain—a member service issue we neither want nor can afford.

SnowSports 360

MORE PIECES OF THE PUZZLE

Consider, too, the unseen and subtle ways both the PSIA-AASI national office and your division work for you. We know that divisions are your personal contact to the association, as well as being the source for events and services that enable your professional and personal development. At the national level, PSIA-AASI funds the PSIA-AASI Teams; conducts research, development, and production of education materials; provides grants to help underwrite division events; adds division insurance premiums and bank fees to its own to get lower rates; creates and distributes photography, images, and recruiting materials; and more, all to provide better service to you.

Consumer initiatives are another critical component of what we do. For a relatively modest sum, and with the support of our sponsors, PSIA-AASI communicates the "Go With A Pro" message to at least 41 million households each year through professionally produced television and video programming—now available on The Snow Pros YouTube Channel. This—combined with participation with NSAA and SIA in Learn to Ski and Snowboard Month, partnership with Subaru to make Tip of the Day cards available to you free of charge through the PSIA-AASI *Accessories Catalog*, and, our involvement with the Your Mountain website—speak to how PSIA-AASI promotes you as a professional and the value of lessons to consumers.

When one looks at the amazing amount of services and products available through PSIA-AASI membership, the modest dues increase of $11 is easily justified. And I've not even mentioned the pro offers available to PSIA-AASI members—one of our more popular member benefits. If, as an active member, you buy one pair of skis, a snowboard, or a Patagonia jacket, you have more than paid for your year's dues in savings. Even after these benefits, the non-financial areas of prestige and publicity present growing opportunities for PSIA-AASI members valued way beyond annual dues.

It's incumbent upon the PSIA-AASI Board of Directors to give association members the best possible services with the resources available. In addition, we review what we did right or wrong last year and develop a program and budget for moving forward that increases the wins and lessens the losses.

I hope I've affirmed the value your PSIA-AASI dues provide. But many of you are likely wondering if the dues increase will go toward something specific. The answer is yes. During the coming years, members will notice a more concentrated effort in the refinement and expansion of the association's education programs. Education programs, the heart of what we offer, have been a victim of cuts in recent years. The board is unwilling to compromise the high level of service provided to PSIA-AASI members or the strength of the organization's education and professional development programs. Additionally, you will see continued service improvements. Whether it's national marketing campaigns, additional online services, or pro form availability, the value of a PSIA-AASI membership will continue to rise.

A FINER POINT ON FINANCES

So there you have it; the upcoming dues increase in a nutshell. All this talk of PSIA-AASI-oriented value, benefits, opportunities, and responsibilities might prompt a few of you to inquire further of the association's finances. 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 2010–11 fiscal year that began July 1, 2010, and ended June 30, 2011. 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 2010–11 fiscal year was up 12.9% from the previous year: $3,386,468 in 2010–11, compared to $3,000,006 in 2009–10. These figures reflect gross revenue to the association.

Record membership, Interski-related income, and the 50/50 event drove revenue to new heights. Membership dues last year accounted for less than half—45 percent—of PSIA-AASI's total income. This means that the membership contributed 45 cents for every dollar of the associations' income. The remaining 55 cents was generated through sales of catalog items (19 cents), sponsorship revenue (15 cents), advertising (3 cents), and education seminars (12 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 our 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 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, catalog sales outpaced those of the prior year despite a sluggish economy, and interest income continued to be low because of economic conditions.

Expenses

Expenses in 2010–11 included general operating costs as well as the costs of publications, marketing, the cost of catalog goods sold, insurance, the 50/50 event, committees and education programs, training programs, teams (to include attendance at Interski 2011), research and development, legal and accounting activities, and member services. Those expenses totaled $3,562,442 in 2010–11, compared to $3,063,958 the year before.

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 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 2010–11 fiscal year, 24 percent of total expenditures, i.e., 24 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 76 of each dollar spent roughly broke down into: personnel (39 cents), cost of catalog sales (14 cents), marketing and meetings (4 cents), general and administrative expenses (13 cents), and depreciation/miscellaneous (6 cents). It's worth noting that depreciation is a *non-cash* expense, which makes the proportion spent on education even higher.

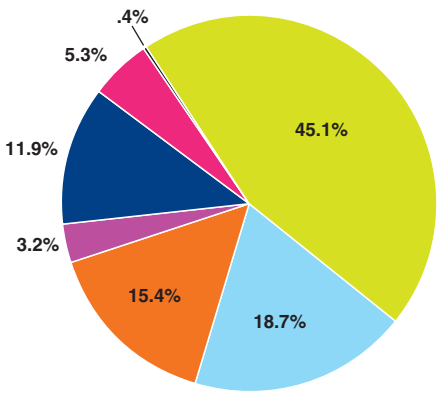
PSIA-AASI ended the 2010–11 fiscal year with cash losses of $58,117. Overall, the association's operations finished the fiscal year with a loss of $175,974, the majority of which was due to depreciation (which impacts *assets* more than cash flow).

Total assets—otherwise known as member equity—decreased from $3,422,803 in 2009–10 to $3,377,683 in 2010–11, primarily due to non-cash items such as depreciation and amortized technology costs.

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 snowsports industry.

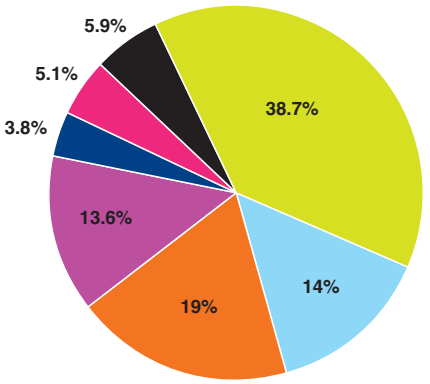
If you have questions or would like a copy of the 2010–11 independent audit, please write to:
Ed Younglove
Treasurer
PSIA-AASI
133 South Van Gordon Street, Suite 200
Lakewood, CO 80228

Alternatively, you can send an e-mail to: treasurer@thesnowpros.org.



INCOME

Dues	$1,528,802
Catalog sales	633,462
Sponsorships	522,351
Publications	107,012
Courses/seminars	402,061
Interest/Misc.	178,085
Grant funds released from restriction	14,695
Total	**$3,386,468**



EXPENSE

Personnel	$1,377,105
Cost of goods sold	498,888
Education seminars/Projects	677,581
General/Administrative	482,752
Marketing/Meetings	134,719
Magazine	182,195
Depreciation/Misc.	209,202
Total	**$3,562,442**

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

Combined Financial Statements
and
Independent Auditors' Report
June 30, 2011 and 2010

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

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

Table of Contents

EKS&H
EHRHARDT • KEEFE
STEINER • HOTTMAN PC
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, 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, 2011 and 2010, 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 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, 2011 and 2010, 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 7, 2011
Denver, Colorado

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

Combined Statements of Financial Position

	June 30, 2011	June 30, 2010
Assets		
Current assets		
Cash and cash equivalents	$ 1,345,358	$ 1,034,023
Accounts receivable	25,522	36,865
Due from related parties	336,982	482,748
Inventory, net	304,509	356,631
Prepaid expenses	41,183	63,426
Total current assets	2,053,554	1,973,693
Non-current assets		
Property and equipment, net	1,324,129	1,449,110
Total assets	$ 3,377,683	$ 3,422,803
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 89,646	$ 71,114
Accrued liabilities	125,443	91,928
Due to related parties	444,449	293,960
Deferred revenue	1,031,363	973,019
Current portion of deferred compensation	23,417	42,459
Current portion of capital lease obligations	4,119	3,820
Current portion of note payable	81,250	81,250
Total current liabilities	1,799,687	1,557,550
Non-current liabilities		
Deferred compensation, net of current portion	-	25,595
Capital lease obligations, net of current portion	4,807	8,925
Note payable, net of current portion	67,708	148,958
Total liabilities	1,872,202	1,741,028
Commitments		
Net assets		
Unrestricted	1,499,320	1,675,294
Temporarily restricted	6,161	6,481
Total net assets	1,505,481	1,681,775
Total liabilities and net assets	$ 3,377,683	$ 3,422,803

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,	
	2011	2010
Changes in unrestricted net assets		
Support and revenue		
Membership dues	$ 1,528,802	$ 1,472,433
Merchandise sales	633,462	575,215
Sponsorships	522,351	484,181
Publications	107,012	82,109
Courses and seminars	402,061	212,792
Miscellaneous	174,796	155,192
Interest	3,289	4,443
Net assets released from restrictions	14,695	13,641
Total unrestricted support and revenue	3,386,468	3,000,006
Expenses		
Salaries and related benefits	1,377,105	1,316,277
Merchandise	498,888	469,007
Education seminars and projects	677,581	384,285
General and administrative	482,752	423,732
Marketing and meetings	134,719	139,521
Membership publications	182,195	165,005
Depreciation	173,465	154,860
Miscellaneous	35,737	11,271
Total expenses	3,562,442	3,063,958
Change in unrestricted net assets	(175,974)	(63,952)
Changes in temporarily restricted net assets		
Contributions	14,375	11,875
Net assets released from restriction	(14,695)	(13,641)
Change in temporarily restricted net assets	(320)	(1,766)
Change in net assets	(176,294)	(65,718)
Net assets, beginning of year	1,681,775	1,747,493
Net assets, end of year	$ 1,505,481	$ 1,681,775

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,	
	2011	2010
Cash flows from operating activities		
Change in net assets	$ (176,294)	$ (65,718)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	173,465	154,860
Changes in assets and liabilities		
Accounts receivable	11,343	(4,129)
Due from related parties	145,766	(106,893)
Inventory, net	52,122	41,035
Prepaid expenses	22,243	(45,846)
Accounts payable	6,670	(61,201)
Accrued liabilities	33,515	(39,878)
Due to related parties	150,489	230,430
Deferred revenue	58,344	219,217
Deferred compensation	(44,637)	(40,436)
	609,320	347,159
Net cash provided by operating activities	433,026	281,441
Cash flows from investing activities		
Purchases of property and equipment	(36,622)	(143,527)
Proceeds from short-term investments	-	203,770
Net cash (used in) provided by investing activities	(36,622)	60,243
Cash flows from financing activities		
Repayments of principal on note payable	(81,250)	(81,250)
Repayments of principal on capital lease agreements	(3,819)	(3,545)
Net cash used in financing activities	(85,069)	(84,795)
Net increase in cash and cash equivalents	311,335	256,889
Cash and cash equivalents - beginning of year	1,034,023	777,134
Cash and cash equivalents - end of year	$ 1,345,358	$ 1,034,023

(Continued on the following page)

See notes to combined financial statements.

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

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, 2011 and 2010, was $7,197 and $9,957, respectively.

Supplemental disclosure of non-cash activity:

During the years ended June 30, 2011 and 2010, the Organization made purchases of property and equipment of $11,862 and $30,389, respectively, which are included in accounts payable.

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. 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, 2011 and 2010, 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, 2011 and 2010, 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 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, 2011 and 2010, 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, 2011 and 2010, was $126,587 and $133,344, 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, 2011 and 2010, 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 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, 2011 or 2010.

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, 2011 or 2010.

Tax years that remain subject to examination by tax authorities include 2007 and 2008 through the current period for state and federal tax reporting purposes, respectively.

Subsequent Events

The Organization has evaluated all subsequent events through October 7, 2011, which is the date the 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, 2011	June 30, 2010
Educational materials	$ 154,602	$ 191,649
Garments	115,675	114,497
General snowsport merchandise	86,156	100,028
Clearance	3,076	3,457
Less reserve for obsolete inventory	(55,000)	(53,000)
	$ 304,509	$ 356,631

Property and equipment consist of the following:

	June 30, 2011	June 30, 2010
Building and improvements	$ 898,112	$ 893,666
Software	740,719	733,437
Furniture, fixtures, and equipment	354,904	319,093
Land	199,840	199,840
	2,193,575	2,146,036
Less accumulated depreciation	(869,446)	(696,926)
	$ 1,324,129	$ 1,449,110

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, 2011). The term note is collateralized by all personal property of the Organization. The balance was $148,958 and $230,208 at June 30, 2011 and 2010, respectively.

Maturities of the note payable are as follows:

Year Ending June 30,	
2012	$ 81,250
2013	67,708
	$ 148,958

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, 2011:

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

Maturities of the capital lease obligation is as follows:

Year Ending June 30,	
2012	$ 4,655
2013	4,655
2014	364
Total minimum lease payments	9,674
Amount representing interest	(748)
Present value of net minimum lease payments	8,926
Less current portion	(4,119)
Long-term capital lease obligation	$ 4,807

Note 5 - Restrictions on Net Assets

Temporarily restricted net assets at June 30, 2011 and 2010, consist of monies donated to the Organization for the development of new educational materials.

Note 6 - Income Taxes

For the years ended June 30, 2011 and 2010, there were no income taxes due from trade or business activities. As of June 30, 2011, net operating loss carryforwards of approximately $317,000 are available to reduce future unrelated business income. The operating loss carryforwards begin to expire in the year ended June 30, 2011, and during various years until June 30, 2030. As of June 30, 2011 and 2010, deferred tax assets of approximately $63,400 and $58,200, 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, 2011 and 2010, was $5,200 and $(3,400), 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,	
	2011	2010
Program expenses		
Educational programs	$ 1,456,108	$ 1,044,046
Program publications	699,283	654,751
Total program expenses	2,155,391	1,698,797
Supporting services		
Management and general	807,168	788,856
Merchandise	417,834	401,984
Membership development	182,049	174,321
Total supporting services	1,407,051	1,365,161
	$ 3,562,442	$ 3,063,958

Note 8 - Commitments

Deferred Compensation Agreement

In October 1999, ASEA entered into an agreement with its former Executive Director whereby 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 2001, ASEA amended the agreement to extend the elective retirement date to June 30, 2005. In June 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, 2011 and 2010, the aggregate deferred compensation was $23,417 and $68,054, respectively.

Note 9 - Related Party Transactions

Divisions

As of June 30, 2011 and 2010, the Organization owed ASEA's divisions $444,449 and $293,960, respectively, for annual dues collected on the divisions' behalf. As of June 30, 2011 and 2010, ASEA's divisions owed the Organization $336,982 and $482,748, respectively, for annual dues collected on the Organization's behalf.

During the year ended June 30, 2010, the Organization received $34,749 for services provided to a related entity, which is recorded in miscellaneous income in the combined statement of activities. As of July 1, 2010, the related entity had moved out of the office space.

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, 2011 and 2010, the Organization contributed $33,287 and $38,831 to the Plan, respectively.