

**COMBINED FINANCIAL STATEMENTS**

**YOGA ALLIANCE REGISTRY D/B/A  
YOGA ALLIANCE FOUNDATION**

**YAPLUS D/B/A YOGA ALLIANCE**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**CONTENTS**

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Combined Statements of Financial Position, as of December 31, 2020 and 2019	4
EXHIBIT B - Combined Statements of Activities and Changes in Net Assets, for the Years Ended December 31, 2020 and 2019	5
EXHIBIT C - Combined Statement of Functional Expenses, for the Year Ended December 31, 2020	6
EXHIBIT D - Combined Statement of Functional Expenses, for the Year Ended December 31, 2019	7
EXHIBIT E - Combined Statements of Cash Flows, for the Years Ended December 31, 2020 and 2019	8
NOTES TO COMBINED FINANCIAL STATEMENTS	9 - 19
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Combining Schedule of Financial Position, as of December 31, 2020	20
SCHEDULE 2 - Combining Schedule of Activities and Change in Net Assets, for the Year Ended December 31, 2020	21



## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Yoga Alliance Registry d/b/a Yoga Alliance Foundation  
YAplus d/b/a Yoga Alliance  
Arlington, Virginia

We have audited the accompanying combined financial statements of the Yoga Alliance Registry d/b/a Yoga Alliance Foundation and YAplus d/b/a Yoga Alliance (collectively, the Organizations), which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

#### **Management's Responsibility for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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 audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organizations as of December 31, 2020 and 2019, and the combined changes in their net assets and their combined cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814  
(301) 951-9090 • WWW.GRFCPA.COM

### Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Combining Schedule of Financial Position on page 20 and the Combining Schedule of Activities and Change in Net Assets on page 21 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

September 13, 2021

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**COMBINED STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020 AND 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 8,018,244	\$ 7,510,782
Accounts receivable	27,885	29,294
Prepaid expenses	<u>215,308</u>	<u>182,112</u>
Total current assets	<u>8,261,437</u>	<u>7,722,188</u>
<b>FIXED ASSETS</b> , net of accumulated depreciation and amortization of \$4,026,653 and \$3,801,047 in 2020 and 2019, respectively	<u>1,554,046</u>	<u>1,293,074</u>
<b>OTHER ASSETS</b>		
Investments	10,021,241	9,240,338
Security deposit	36,208	36,208
Trademarks	<u>302,812</u>	<u>214,791</u>
Total other assets	<u>10,360,261</u>	<u>9,491,337</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 20,175,744</u></b>	<b><u>\$ 18,506,599</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 255,771	\$ 333,267
Accrued salaries and related benefits	244,237	188,185
Deferred revenue	4,669,174	4,683,733
Deferred rent liability	34,962	25,323
Deferred tenant improvement allowance	<u>45,168</u>	<u>43,261</u>
Total current liabilities	<u>5,249,312</u>	<u>5,273,769</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred rent liability, net of current portion	296,988	327,701
Deferred tenant improvement allowance, net of current portion	<u>180,673</u>	<u>216,303</u>
Total long-term liabilities	<u>477,661</u>	<u>544,004</u>
Total liabilities	5,726,973	5,817,773
<b>NET ASSETS</b>		
Without donor restrictions	<u>14,448,771</u>	<u>12,688,826</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 20,175,744</u></b>	<b><u>\$ 18,506,599</u></b>

See accompanying notes to combined financial statements.

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b><u>Without Donor Restrictions</u></b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>REVENUE AND SUPPORT</b>		
Membership dues	\$ 9,195,665	\$ 8,988,459
Membership fees	2,307,481	2,814,401
Contributions	85,926	135,153
Investment income, net	789,426	1,153,511
Other revenue	<u>1,423</u>	<u>-</u>
Total revenue and support	<u>12,379,921</u>	<u>13,091,524</u>
<b>EXPENSES</b>		
Program Services	8,956,921	6,560,349
Supporting Services:		
Management and General	<u>1,663,055</u>	<u>2,783,037</u>
Total expenses	<u>10,619,976</u>	<u>9,343,386</u>
Changes in net assets	1,759,945	3,748,138
Net assets at beginning of year	<u>12,688,826</u>	<u>8,940,688</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 14,448,771</u></b>	<b><u>\$ 12,688,826</u></b>

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Program Services</b>	<b>Supporting Services Management and General</b>	<b>Total Expenses</b>
Salaries and wages	\$ 3,682,462	\$ 909,253	\$ 4,591,715
Professional fees	2,243,409	77,259	2,320,668
Employee benefits	659,627	179,234	838,861
Information technology	475,124	172,677	647,801
Grant	528,000	-	528,000
Occupancy	306,441	112,733	419,174
Office expenses	298,133	104,444	402,577
Payroll taxes	249,685	71,812	321,497
Advertising and promotion	196,098	71	196,169
Depreciation and amortization	214,325	11,280	225,605
Travel	60,801	9,497	70,298
Insurance	28,334	10,423	38,757
Repairs and maintenance	7,687	2,828	10,515
Conferences, conventions and meetings	6,795	1,544	8,339
<b>TOTAL</b>	<b>\$ 8,956,921</b>	<b>\$ 1,663,055</b>	<b>\$ 10,619,976</b>

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Program Services</b>	<b>Supporting Services Management and General</b>	<b>Total Expenses</b>
Salaries and wages	\$ 2,723,783	\$ 1,561,048	\$ 4,284,831
Professional fees	1,114,323	214,975	1,329,298
Employee benefits	485,330	290,198	775,528
Information technology	375,025	201,256	576,281
Grant	181,000	-	181,000
Occupancy	198,229	109,598	307,827
Office expenses	464,496	72,543	537,039
Payroll taxes	196,165	108,723	304,888
Advertising and promotion	256,120	109,360	365,480
Depreciation and amortization	423,248	22,275	445,523
Travel	84,195	61,762	145,957
Insurance	20,788	11,493	32,281
Repairs and maintenance	7,491	4,142	11,633
Conferences, conventions and meetings	30,156	15,664	45,820
<b>TOTAL</b>	<b>\$ 6,560,349</b>	<b>\$ 2,783,037</b>	<b>\$ 9,343,386</b>



**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**COMBINED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 1,759,945	\$ 3,748,138
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	225,605	445,523
Unrealized gains on investments	(570,538)	(806,281)
Realized gains on sales of investments	(60,958)	(130,136)
Decrease (increase) in:		
Accounts receivable	1,409	(12,035)
Prepaid expenses	(33,196)	(51,457)
Security deposit	-	17,532
(Decrease) increase in:		
Accounts payable and accrued expenses	(77,497)	30,485
Accrued salaries and related benefits	56,052	41,051
Deferred revenue	(14,559)	548,291
Deferred rent liability	(21,074)	(11,694)
Deferred tenant improvement allowance	<u>(33,723)</u>	<u>(53,950)</u>
Net cash provided by operating activities	<u>1,231,466</u>	<u>3,765,467</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(672,823)	(424,366)
Proceeds from the sale of fixed assets	186,247	-
Purchases of investments	(802,839)	(1,723,271)
Proceeds from sales of investments	653,432	831,341
Costs incurred for trademark	<u>(88,021)</u>	<u>(90,228)</u>
Net cash used by investing activities	<u>(724,004)</u>	<u>(1,406,524)</u>
Net increase in cash and cash equivalents	507,462	2,358,943
Cash and cash equivalents at beginning of year	<u>7,510,782</u>	<u>5,151,839</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 8,018,244</u></b>	<b><u>\$ 7,510,782</u></b>

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organizations -

For the global yoga community, YAPlus d/b/a Yoga Alliance® (the Alliance), is an independent, not-for-profit member-based organization that advances the development and livelihood of yoga professionals and advocates for safety in and the quality of yoga teaching and practicing. Founded in 2011 as a 501(c)(6) in the State of Virginia, the Alliance represents the yoga teaching profession nationally and internationally, serving as an advocate before legislative bodies and partnering with public interest groups, and other professional organizations. In addition, the Alliance credentials and registers yoga schools whose teacher training programs utilize the Alliance's standards for teaching yoga. Once an individual graduates from an Alliance Registered Yoga School (RYS®), they can join the Alliance as a Registered Yoga Teacher (RYT®). All schools and teachers registered with the Alliance are members of the organization. Additionally, the Alliance partners with other organizations to provide a variety of member benefits. In 2016, the Alliance introduced the Yoga Alliance Continuing Education Provider® (YACEP®) designation, a directory for yoga teachers who provide continuing education courses.

The Yoga Alliance Registry d/b/a Yoga Alliance Foundation™ (the Foundation), a 501(c)(3) not-for-profit corporation, formerly Yoga Alliance, was incorporated in May 1987 under the laws of the State of Washington. The Foundation's mission is to support the diversity and accessibility of yoga.

Basis of presentation -

The accompanying combined financial statements reflect the activity of the Foundation and the Alliance (collectively, the Organizations). The financial statements have been combined because the Organizations are under common control. All intercompany transactions have been eliminated in combination.

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Combined Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. The Organizations do not have any net assets with donor restrictions as of December 31, 2020 and 2019.

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Cash and cash equivalents -

The Organizations consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding money market funds that are held with investment institutions. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Organizations maintain cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors, in the accompanying Combined Statements of Activities and Changes in Net Assets.

Accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Furniture, equipment and the website are depreciated or amortized on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Combined Statements of Activities and Changes in Net Assets, to its current fair value.

Trademark -

In accordance with FASB ASC 350, *Goodwill and Other Intangible Assets*, the Organizations' unamortized trademarks are subject to at least an annual assessment for impairment by applying a fair-value-based test. There was no impairment noted for the years ended December 31, 2020 and 2019. The fair value of the Organizations' trademarks were \$302,812 and \$214,791 as of December 31, 2020 and 2019, respectively.

Income taxes -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is not a private foundation. The Alliance is exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code.

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Uncertain tax positions -

For the years ended December 31, 2020 and 2019, the Organizations have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and have determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements.

Revenue and support -

Transactions classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue when the performance obligations are met. The Organizations have elected to opt out of all (or certain) disclosures not required for nonpublic entities.

The Organizations' memberships for yoga teachers, schools and continuing education providers (YACEP) include access to a multitude of benefits. Access to these benefits is voluntary and can occur during the membership period and are treated as part of the membership itself, rather than multiple performance obligations. The revenue is recognized ratably over the membership period. Any amounts received but not yet earned are recognized as deferred revenue in the Combined Statements of Financial Position. The transaction price is based on a fixed fee at contract inception.

For membership-based revenue recognized over time, the straight-line method is used to allocate the performance obligations over the performance measurement period. The Organizations determined that this method provides a faithful depiction of the transfer of goods or services because the customer is required to pay regardless of how frequently the membership benefits are used, and the Organizations stand ready to make its goods or services available to the customer on a constant basis over the contract period. The transaction price is based on a fixed fee at contract inception.

Included in membership fees are registration fees from yoga teachers and yoga schools for the administration of their credentialing system and upgrade fees for upgrading the credential level of yoga teacher registrants. These fees are recognized as revenue when received. The transaction price is based on a fixed fee at the time of registration.

Contributions are recognized in the appropriate category of net assets in the period received. The Organizations perform an analysis of the individual contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions qualifying as unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying combined financial statements.

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Revenue and support (continued) -

Contributions qualifying as conditional contain a right of return from obligation provision that limits Organizations on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Funds received in advance are recorded as refundable advances. For contributions treated as conditional, the Organizations had no unrecognized awards as of December 31, 2020 and 2019, respectively.

Advertising -

The Organizations expense advertising costs as incurred, which totaled \$16,881 and \$40,983 during the years ended December 31, 2020 and 2019, respectively, and are included in advertising and promotion in the accompanying Combined Statements of Functional Expenses.

Use of estimates -

The preparation of the 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 at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses directly attributable to a specific functional area are reported as direct expenses, and expenses that benefit more than one function are allocated on a basis of actual time and effort, or other reasonable basis.

Risks and uncertainties -

The Organizations invest in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying combined financial statements.

Fair value measurement -

The Organizations adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organizations account for a significant portion of their financial instruments at fair value or consider fair value in their measurement.

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

New accounting pronouncement (not yet adopted) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Combined Statements of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non-public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organizations plan to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying combined financial statements.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organizations' operations. The overall potential impact is unknown at this time.

**2. INVESTMENTS**

Investments consisted of the following as of December 31, 2020 and 2019:

	<u>Fair Value</u>	
	<u>2020</u>	<u>2019</u>
Money market funds	\$ 1,093,057	\$ 167,403
Corporate and municipal bonds	133,399	144,342
Mutual funds	4,872,383	4,265,414
Certificates of deposit	2,664,906	3,583,000
Exchange-traded funds	<u>1,257,496</u>	<u>1,080,179</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 10,021,241</u></b>	<b><u>\$ 9,240,338</u></b>

Included in investment income, net during the years ended December 31, 2020 and 2019 are the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 191,466	\$ 248,343
Unrealized gains on investments	570,538	806,281
Realized gains on sales of investments	60,958	130,136
Investment fees	<u>(33,536)</u>	<u>(31,249)</u>
<b>TOTAL INVESTMENT INCOME, NET</b>	<b><u>\$ 789,426</u></b>	<b><u>\$ 1,153,511</u></b>

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. INTERCOMPANY LOAN AGREEMENTS AND SALE OF THE REGISTRY**

Revolving Loan Agreement

On May 11, 2012, the Alliance entered into a ten-year revolving loan agreement with the Foundation, providing draws by the Alliance of up to a maximum amount of \$1,000,000. Borrowings made by the Alliance accrue interest of 3.25%, and interest-only payments are due to the Foundation on a quarterly basis. The total outstanding balance of the loan is due at the end of the ten-year term.

During the year ended December 31, 2020 and 2019, the Alliance remitted principal and interest payments on a monthly basis to ensure the obligation will be satisfied by term expiration. As of December 31, 2020 and 2019, the total balance of the revolving loan aggregated \$332,302 and \$572,259, respectively, and includes principal plus interest. As the entire transaction is between the two entities, all components of the revolving loan agreement have been eliminated in combination.

Cost-Sharing Agreement

Starting in 2018, the Foundation now reimburses the Alliance for use of the Alliance's office space, furniture, equipment and services. During the years ended December 31, 2020 and 2019, shared costs amounted to \$337,210 and \$252,098, respectively, which were recorded as revenue to the Alliance and expense to the Foundation, and as of December 31, 2020 and 2019, the total unreimbursed amounts of shared costs that the Foundation owed to the Alliance were \$(242,467) and \$(145,357), respectively. No interest was recognized on these transactions during the years ended December 31, 2020 and 2019 as the Foundation made payments as costs were incurred, and thus, did not carry a balance at any point during the years ended December 31, 2020 and 2019. As all transactions are between the two entities, all components of the cost-sharing agreement have been eliminated in combination.

License Agreement and Sale of the Registry

On December 31, 2017, the Foundation and the Alliance entered into a license agreement which included the sale of Foundation assets (related to the Yoga Alliance Registry, "the Registry") to the Alliance. The purpose of the sale was to properly categorize the Registry assets with the entity responsible for membership organization activities.

The sales transaction included all assets and liabilities of the Foundation, excluding cash, investments, receivables, certain prepaid expenses, and certain accounts payable and accrued expenses. In connection with the sales transaction, the Alliance is required to repay the fair value of the Foundation's economic interest in the Registry (in the amount of \$5,668,782) over a ten-year period plus interest accrued at a fixed annual rate of 4.5%; the first year being interest only, and principal with interest payments commencing in year two. The sale price was allocated to the acquired assets, and an intangible asset was realized by the Alliance (which is being amortized over a 10-year period beginning in 2018). As the entire transaction is between the two entities, all components of the sale (intangible asset and related amortization, loan receivable, loan payable, and net assets for the gain on sale of asset) have been eliminated in combination.

As of December 31, 2020 and 2019, the outstanding balance on the sale agreement aggregated to \$4,599,242 and 5,146,020, which included principal only. Interest expenses and related income for the years ended December 31, 2020 and 2019 amounted to \$235,430 and \$267,109, respectively.

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. INTERCOMPANY LOAN AGREEMENTS AND SALE OF THE REGISTRY (Continued)**

The following is a schedule of the required principal payments required under the terms of the loan agreements. This schedule is exclusive of the cost sharing agreement since that agreement is based on actual costs incurred, and thus, the amounts vary across reporting periods.

<u>Year Ending December 31,</u>	<u>Revolving Loan</u>	<u>License Agreement</u>	<u>Total</u>
2021	\$ -	\$ 571,896	\$ 571,896
2022	332,302	598,169	930,471
2023	-	625,649	625,649
2024	-	654,391	654,391
2025	-	684,454	684,454
Thereafter	<u>-</u>	<u>1,464,683</u>	<u>1,464,683</u>
	<b><u>\$ 332,302</u></b>	<b><u>\$ 4,599,242</u></b>	<b><u>\$ 4,931,544</u></b>

As of and for the years ended December 31, 2020 and 2019, the amounts of these intercompany transactions and balances have been eliminated in combination in the accompanying combined financial statements.

**4. FIXED ASSETS**

Fixed assets consisted of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 83,514	\$ 187,797
Website	5,062,721	4,471,860
Leasehold improvements	<u>434,464</u>	<u>434,464</u>
Total fixed assets	5,580,699	5,094,121
Less: Accumulated depreciation and amortization	<u>(4,026,653)</u>	<u>(3,801,047)</u>
<b>FIXED ASSETS, NET</b>	<b><u>\$ 1,554,046</u></b>	<b><u>\$ 1,293,074</u></b>

Depreciation and amortization expense totaled \$225,605 and \$445,523 during the years ended December 31, 2020 and 2019, respectively.

**5. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY)**

Financial assets available to meet cash needs for general expenditure within one year of the date of the Combined Statements of Financial Position were comprised of the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 8,018,244	\$ 7,510,782
Accounts receivable	<u>27,885</u>	<u>29,294</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURE WITHIN ONE YEAR</b>	<b><u>\$ 8,046,129</u></b>	<b><u>\$ 7,540,076</u></b>



**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**5. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY) (Continued)**

The Organizations have a policy to structure their financial assets to be available and liquid as their obligations become due. As of December 31, 2020 and 2019, the Organizations had financial assets equal to approximately 9 months and 14 months of operating expenses, respectively.

**6. LEASE COMMITMENTS**

On April 27, 2015, the Foundation entered into a lease agreement for office space in Arlington, Virginia. The lease commenced on September 1, 2015 and will terminate on November 30, 2026. The base rental amount began at \$27,610, and increases at a rate of 2.75% per annum.

On September 11, 2019, the Foundation amended the lease agreement to include additional office space in the current building. The lease for the additional office space commenced on September 11, 2019 and will terminate in September 2021. The base rental amount began at \$9,339, and increases at a rate of 4.5% per annum.

Accounting principles generally accepted in the United States of America require total rent commitment to be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability in the accompanying Combined Statements of Financial Position. The deferred rent liability accounts for 13-month and 2-month rent allowance given at the beginning of the lease and aggregated \$331,950 and \$353,024 as of December 31, 2020 and 2019, respectively.

Subsequent to year-end in July 2021, the Organizations entered into a lease agreement for a new office space of 12,323 rentable space. Their term of the agreement is from June 2022 through June 2034 with base rent of \$591,504 per annum increasing by a factor of 2.5% per year until termination of the agreement. The first 12 months of the lease payments have been abated by the landlord.

To offset the cost of the previous office space for which the lease is not yet terminated, the Organizations entered into a sublease agreement in June 2021. The lease will terminate on August 31, 2023. The base rental amount began at \$10,833, and increases at a rate of 4% per annum.

Accounting principles generally accepted in the United States of America also require that leasehold improvements (assets furnished by the landlord) be recorded as assets (leasehold improvements) and a corresponding liability (deferred tenant improvement allowance) in the accompanying Combined Statements of Financial Position. Included in the office space lease was a tenant improvement allowance, which totaled \$510,164, and aggregated \$225,841 and \$259,564 as of December 31, 2020 and 2019, respectively.

Additionally, on January 23, 2019, the Organizations signed an operating lease for a copier machine, which will be terminated in January 2024. Monthly payments under this lease total \$243.

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**6. LEASE COMMITMENTS (Continued)**

The following is a schedule of the future minimum lease payments, net of sublease receipts, under all operating leases:

<u>Year Ending December 31,</u>	<u>Office</u>	<u>Equipment</u>	<u>Sublease Receipts</u>	<u>Total</u>
2021	\$ 430,153	\$ 2,916	\$ (65,000)	\$ 368,069
2022	371,808	2,916	(132,600)	242,124
2023	382,067	2,916	(91,035)	293,948
2024	392,536	243	-	392,779
2025	403,340	-	-	403,340
2026 and Thereafter	<u>379,213</u>	<u>-</u>	<u>-</u>	<u>379,213</u>
	<u>\$ 2,359,117</u>	<u>\$ 8,991</u>	<u>\$ (288,635)</u>	<u>\$ 2,079,473</u>

Occupancy expense totaled \$419,174 and \$307,827 during the years ended December 31, 2020 and 2019, respectively.

**7. RETIREMENT PLAN**

The Organizations adopted a 401(k) Profit Sharing Plan (the Plan). The Plan covers all employees who are 18 years and older. As required by the Plan document, the Organizations make matching contributions up to 4% of compensation of the covered participants during the Plan year. The Plan may also provide a discretionary contribution of compensation based on the classification a participant falls under. The Organizations did not make a discretionary contribution during the years ended December 31, 2020 and 2019.

Matching contributions to the Plan totaled \$180,653 and \$148,092 during the years ended December 31, 2020 and 2019, respectively, and are included in employee benefits on the accompanying Combined Statements of Functional Expenses.

**8. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organizations have categorized their financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded on the Combined Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organizations have the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**8. FAIR VALUE MEASUREMENT (Continued)**

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

There have been no changes in the methodologies used as of December 31, 2020 and 2019.

Following is a description of the valuation methodology used for investments measured at fair value:

- *Money market funds* - Valued at the daily closing price as reported by the fund. The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission (SEC). This fund is required to publish its daily net asset value (NAV) and to transact at that price. The money market fund is deemed to be actively traded.
- *Corporate and municipal bonds* - Valued at the closing price reported in the active market in which the individual securities are traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organizations are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organizations are deemed to be actively traded.
- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.
- *Exchange-traded funds* - Valued at the closing price reported in the active market in which the individual securities are traded.

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Asset Class:</b>				
Money market funds	\$ 1,093,057	\$ -	\$ -	\$ 1,093,057
Corporate and municipal bonds	133,399	-	-	133,399
Mutual funds	4,872,383	-	-	4,872,383
Certificates of deposit	-	2,664,906	-	2,664,906
Exchange-traded funds	<u>1,257,496</u>	<u>-</u>	<u>-</u>	<u>1,257,496</u>
<b>TOTAL</b>	<b><u>\$ 7,356,335</u></b>	<b><u>\$ 2,664,906</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 10,021,241</u></b>

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Asset Class:</b>				
Money market funds	\$ 167,403	\$ -	\$ -	\$ 167,403
Corporate and municipal bonds	144,342	-	-	144,342
Mutual funds	4,265,414	-	-	4,265,414
Certificates of deposit	-	3,583,000	-	3,583,000
Exchange-traded funds	<u>1,080,179</u>	<u>-</u>	<u>-</u>	<u>1,080,179</u>
<b>TOTAL</b>	<b><u>\$ 5,657,338</u></b>	<b><u>\$ 3,583,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,240,338</u></b>

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**8. FAIR VALUE MEASUREMENT (Continued)**

There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2020 and 2019. Transfers between levels are recorded at the end of the reporting period, if applicable.

**9. SUBSEQUENT EVENTS**

In preparing these combined financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through September 13, 2021, the date the combined financial statements were issued.

## **SUPPLEMENTAL INFORMATION**

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**COMBINING SCHEDULE OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020**

**ASSETS**

	<b>Yoga Alliance</b>			
	<b>Foundation</b>	<b>Yoga Alliance</b>	<b>Eliminations</b>	<b>Total</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 178,117	\$ 7,840,127	\$ -	\$ 8,018,244
Accounts receivable	10,904	16,981	-	27,885
Prepaid expenses	-	215,308	-	215,308
Intercompany receivable	<u>571,896</u>	<u>136,277</u>	<u>(708,173)</u>	<u>-</u>
Total current assets	<u>760,917</u>	<u>8,208,693</u>	<u>(708,173)</u>	<u>8,261,437</u>
<b>FIXED ASSETS</b> , net of accumulated depreciation and amortization of \$4,026,653	<u>-</u>	<u>1,554,046</u>	<u>-</u>	<u>1,554,046</u>
<b>OTHER ASSETS</b>				
Investments	10,021,241	-	-	10,021,241
Security deposit	-	36,208	-	36,208
Intangible asset	-	3,369,102	(3,369,102)	-
Trademarks	135,939	166,873	-	302,812
Intercompany receivable	<u>4,359,648</u>	<u>-</u>	<u>(4,359,648)</u>	<u>-</u>
Total other assets	<u>14,516,828</u>	<u>3,572,183</u>	<u>(7,728,750)</u>	<u>10,360,261</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 15,277,745</u></b>	<b><u>\$ 13,334,922</u></b>	<b><u>\$ (8,436,923)</u></b>	<b><u>\$ 20,175,744</u></b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 4,367	\$ 251,404	\$ -	\$ 255,771
Accrued salaries and related benefits	5,639	238,598	-	244,237
Deferred revenue	-	4,669,174	-	4,669,174
Intercompany payable	136,277	571,896	(708,173)	-
Deferred rent liability	-	34,962	-	34,962
Deferred tenant improvement allowance	<u>-</u>	<u>45,168</u>	<u>-</u>	<u>45,168</u>
Total current liabilities	<u>146,283</u>	<u>5,811,202</u>	<u>(708,173)</u>	<u>5,249,312</u>

**LONG-TERM LIABILITIES**

Deferred rent liability, net of current portion	-	296,988	-	296,988
Deferred tenant improvement allowance, net of current portion	-	180,673	-	180,673
Intercompany payable	<u>-</u>	<u>4,359,648</u>	<u>(4,359,648)</u>	<u>-</u>
Total long-term liabilities	<u>-</u>	<u>4,837,309</u>	<u>(4,359,648)</u>	<u>477,661</u>
Total liabilities	146,283	10,648,511	(5,067,821)	5,726,973

**NET ASSETS WITHOUT DONOR RESTRICTIONS** 15,131,462 2,686,411 (3,369,102) 14,448,771

**TOTAL LIABILITIES AND NET ASSETS** **\$ 15,277,745** **\$ 13,334,922** **\$ (8,436,923)** **\$ 20,175,744**

**YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION  
YAPLUS D/B/A YOGA ALLIANCE**

**COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Without Donor Restrictions</b>			
	<b>Yoga Alliance Foundation</b>	<b>Yoga Alliance</b>	<b>Eliminations</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>				
Membership dues	\$ -	\$ 9,195,665	\$ -	\$ 9,195,665
Membership fees	-	2,307,481	-	2,307,481
Contributions	85,926	-	-	85,926
Investment income, net	781,569	7,857	-	789,426
Interest income from related party	235,430	-	(235,430)	-
Cost share agreement income from related party	-	337,210	(337,210)	-
Licensing agreement income from related party	-	148,322	(148,322)	-
Other revenue	1,423	-	-	1,423
	<u>1,104,348</u>	<u>11,996,535</u>	<u>(720,962)</u>	<u>12,379,921</u>
Total revenue and support				
<b>EXPENSES</b>				
Program Services	1,181,893	8,232,262	(457,234)	8,956,921
Supporting Services:				
Management and General	<u>749,200</u>	<u>1,658,882</u>	<u>(745,027)</u>	<u>1,663,055</u>
Total expenses	<u>1,931,093</u>	<u>9,891,144</u>	<u>(1,202,261)</u>	<u>10,619,976</u>
Change in net assets	(826,745)	2,105,391	481,299	1,759,945
Net assets at beginning of year	<u>15,958,207</u>	<u>581,020</u>	<u>(3,850,401)</u>	<u>12,688,826</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 15,131,462</u></b>	<b><u>\$ 2,686,411</u></b>	<b><u>\$ (3,369,102)</u></b>	<b><u>\$ 14,448,771</u></b>