

**COMBINED FINANCIAL STATEMENTS**

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

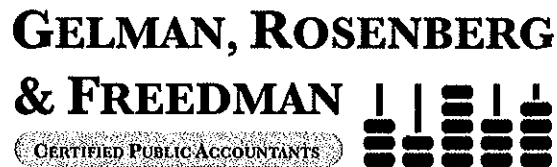
**YAPLUS D/B/A YOGA ALLIANCE**

**FOR THE YEARS ENDED  
DECEMBER 31, 2012 AND 2011**

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

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Yoga Alliance Registry d/b/a Yoga Alliance Foundation  
YAplus d/b/a Yoga Alliance  
Washington, D.C.

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, 2012 and 2011, 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 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 audit. 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 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

### 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, 2012 and 2011, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Friedman*

April 18, 2013

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

**COMBINED STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2012 AND 2011**

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 596,236	\$ 917,633
Investments (Notes 2 and 9)	1,763,486	-
Prepaid expenses	<u>93,963</u>	<u>82,393</u>
Total current assets	<u>2,453,685</u>	<u>1,000,026</u>
<b>FIXED ASSETS, Net of Accumulated Depreciation and Amortization of \$624,997 and \$401,726 for 2012 and 2011, Respectively (Note 3)</b>		
	<u>457,426</u>	<u>682,307</u>
<b>OTHER ASSETS</b>		
Investments (Notes 2 and 9)	-	257,731
Security deposit	<u>10,331</u>	<u>10,331</u>
Total other assets	<u>10,331</u>	<u>268,062</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,921,442</u></b>	<b><u>\$ 1,950,395</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Capital lease, current portion (Note 4)	\$ 11,674	\$ 10,881
Accounts payable and accrued liabilities	63,502	95,990
Accrued salaries and related benefits	71,542	101,382
Accrued pension payable	27,210	36,031
Deferred revenue	<u>825</u>	<u>3,070</u>
Total current liabilities	<u>174,753</u>	<u>247,354</u>
<b>LONG-TERM LIABILITIES</b>		
Capital lease, net of current portion (Note 4)	2,029	13,704
Deferred rent liability (Note 5)	<u>84,306</u>	<u>82,581</u>
Total long-term liabilities	<u>86,335</u>	<u>96,285</u>
Total liabilities	<u>261,088</u>	<u>343,639</u>
<b>NET ASSETS</b>		
Unrestricted	<u>2,660,354</u>	<u>1,606,756</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,921,442</u></b>	<b><u>\$ 1,950,395</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>REVENUE</b>		
Registered yoga teachers	\$ 2,125,934	\$ 2,083,442
Registered yoga schools	620,632	531,718
Experienced registered yoga teachers	522,475	460,718
Conference	80,500	143,160
Application and other fees	1,950	-
Investment income (Note 2)	7,044	6,986
Other revenue	<u>13,755</u>	<u>21,455</u>
Total revenue	<u>3,372,290</u>	<u>3,247,479</u>
<b>EXPENSES</b>		
Program Services	1,767,910	2,366,727
Management and General	<u>550,782</u>	<u>801,946</u>
Total expenses	<u>2,318,692</u>	<u>3,168,673</u>
Change in net assets	1,053,598	78,806
Net assets at beginning of year	<u>1,606,756</u>	<u>1,527,950</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 2,660,354</u></b>	<b><u>\$ 1,606,756</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 STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and wages	\$ 669,007	\$ 223,002	\$ 892,009
Employee benefits (Note 6)	121,279	40,426	161,705
Payroll taxes	64,986	21,662	86,648
Fees for services:			
Management	24,530	24,530	49,060
Legal	-	157,500	157,500
Accounting	-	35,885	35,885
Other	2,773	-	2,773
Advertising and promotion (Note 7)	12,213	-	12,213
Office expenses:			
Bank charges and merchant fees	65,677	3,457	69,134
Supplies	10,666	561	11,227
Equipment rental	4,195	221	4,416
Postage and shipping	33,855	1,782	35,637
Printing costs	8,834	465	9,299
Telephone	13,686	720	14,406
Dues and subscriptions	163	3,104	3,267
Licenses and permits	-	51	51
Registration fees	-	443	443
Other office expenses	14,409	758	15,167
Information technology	145,451	7,655	153,106
Occupancy (Note 5)	152,952	8,050	161,002
Travel, meeting and conventions	30,234	1,591	31,825
Conferences, conventions, and meetings	176,542	-	176,542
Interest	1,337	70	1,407
Depreciation and amortization (Note 3)	214,781	11,304	226,085
Loss on disposal of fixed assets	340	18	358
Insurance	-	7,527	7,527
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL</b>	<b><u>\$ 1,767,910</u></b>	<b><u>\$ 550,782</u></b>	<b><u>\$ 2,318,692</u></b>

See accompanying notes to financial statements.

**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, 2011**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and wages	\$ 928,338	\$ 309,446	\$ 1,237,784
Employee benefits (Note 6)	167,334	55,778	223,112
Payroll taxes	73,598	24,533	98,131
Fees for services:			
Management	110,715	110,715	221,430
Legal	-	157,660	157,660
Accounting	-	100,343	100,343
Advertising and promotion (Note 7)	25,658	-	25,658
Office expenses:			
Bank charges and merchant fees	63,839	3,360	67,199
Supplies	34,413	1,811	36,224
Equipment rental	3,610	190	3,800
Postage and shipping	36,322	1,912	38,234
Printing costs	29,977	1,578	31,555
Telephone	26,065	1,372	27,437
Dues and subscriptions	6,281	331	6,612
Licenses and permits	342	18	360
Registration fees	3,501	184	3,685
Other office expenses	16,267	856	17,123
Information technology	104,645	-	104,645
Occupancy (Note 5)	163,693	8,615	172,308
Travel, meeting and conventions	93,410	4,916	98,326
Conferences, conventions, and meetings	269,959	-	269,959
Interest	2,012	106	2,118
Depreciation and amortization (Note 3)	206,748	10,881	217,629
Insurance	-	7,341	7,341
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL</b>	<b><u>\$ 2,366,727</u></b>	<b><u>\$ 801,946</u></b>	<b><u>\$ 3,168,673</u></b>

See accompanying notes to financial statements.



**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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 1,053,598	\$ 78,806
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	226,085	217,629
Loss on disposal of fixed assets	358	-
Unrealized loss on investments	8,783	-
Deferred rent abatement	1,725	6,441
(Increase) decrease in:		
Accounts receivable	-	13,281
Prepaid expenses	(11,570)	(69,869)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(32,488)	23,581
Accrued salaries and related benefits	(29,840)	35,459
Accrued pension payable	(8,821)	11,511
Deferred revenue	<u>(2,245)</u>	<u>(1,404)</u>
Net cash provided by operating activities	<u>1,205,585</u>	<u>315,435</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1,562)	(65,580)
Purchase of investments	<u>(1,514,538)</u>	<u>(4,437)</u>
Net cash used by investing activities	<u>(1,516,100)</u>	<u>(70,017)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on capital lease obligation	<u>(10,882)</u>	<u>(10,170)</u>
Net cash used by financing activities	<u>(10,882)</u>	<u>(10,170)</u>
Net (decrease) increase in cash and cash equivalents	(321,397)	235,248
Cash and cash equivalents at beginning of year	<u>917,633</u>	<u>682,385</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 596,236</u></b>	<b><u>\$ 917,633</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest Paid	<u>\$ 1,407</u>	<u>\$ 2,118</u>

See accompanying notes to 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, 2012 AND 2011**

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

**Organization -**

The Yoga Alliance Registry d/b/a Yoga Alliance Foundation (the Foundation), a not-for-profit corporation, formerly Yoga Alliance®, was incorporated on May 29, 1987 under the laws of the State of Washington. The Foundation's mission is to support yoga teachers and the diversity and integrity of yoga. The Foundation registers yoga teachers who demonstrate qualifications that meet minimum teaching standards established by the Foundation's founding members. The Foundation also registers yoga schools whose teacher programs address those standards assuring graduates are well-qualified to teach the practicing public.

YApplus d/b/a Yoga Alliance (The Alliance), formerly known as YApplus, is a not-for-profit corporation incorporated in December 2011 under the laws of the State of Virginia. The Alliance is the professional society for yoga teachers, schools and students.

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.

**Basis of presentation -**

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958-810, *Not-for-Profit Entities*, Consolidation.

**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.

Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provided temporary unlimited deposit insurance coverage for non-interest bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) insured depository institutions (the "Dodd-Frank Deposit Insurance Provision"). The Organizations maintained a portion of their cash balance at financial institutions in non-interest bearing accounts; thereby, all of this cash balance was protected by the FDIC under this Act. Beginning January 1, 2013, funds deposited in non-interest bearing accounts will no longer receive unlimited deposit insurance coverage. Bank deposit accounts at one institution will be insured by the FDIC up to a limit of \$250,000. Management believes the risk in these situations to be minimal.

**Investments -**

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Combined Statements of Activities and Changes in Net Assets.

**Fixed assets -**

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Furniture, equipment and software are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

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

Deferred revenue -

Deferred revenue consists of registration fees and conference registrations. The Organizations recognize registration fees upon approval of registration. The Organizations recognize conference revenue when the related event has occurred.

Income taxes -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. 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. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. The Alliance is not a private foundation.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the years ended December 31, 2012 and 2011, the Organizations have documented their consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements. The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Organizations and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Organizations and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Combined Statements of Activities and Changes in Net Assets as net assets released from restrictions. There were no temporarily restricted net assets as of December 31, 2012 and 2011.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in perpetuity by the Organizations. There were no permanently restricted net assets as of December 31, 2012 and 2011.

Advertising -

The Organizations expense advertising costs the first time the advertising occurs.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

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

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.

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 financial statements.

**2. INVESTMENTS**

Investments consisted of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
	<u>Market</u>	<u>Market</u>
	<u>Value</u>	<u>Value</u>
Money market funds	\$ 150,892	\$ -
Corporate bonds	715,246	-
Mutual funds	386,846	-
Certificates of deposit	<u>510,502</u>	<u>257,731</u>
	<u>\$ 1,763,486</u>	<u>\$ 257,731</u>

Included in investment income are the following:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 15,827	\$ 6,986
Unrealized loss	<u>(8,783)</u>	<u>-</u>
<b>TOTAL INVESTMENT INCOME</b>	<u>\$ 7,044</u>	<u>\$ 6,986</u>

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

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**3. FIXED ASSETS**

Fixed assets consisted of the following at December 31, 2012 and 2011:

	<b>2012</b>	<b>2011</b>
Furniture and equipment	\$ 298,379	\$ 299,989
Leasehold improvements	455,812	455,812
Software - Database	328,232	328,232
Total fixed assets	1,082,423	1,084,033
Less: Accumulated depreciation and amortization	(624,997)	(401,726)
<b>NET FIXED ASSETS</b>	<b>\$ 457,426</b>	<b>\$ 682,307</b>

Total depreciation and amortization expense was \$226,085 and \$217,629, for the years ended December 31, 2012 and 2011, respectively.

**4. CAPITAL LEASE OBLIGATION**

The Organizations entered into a five-year capital lease obligation for equipment, which expires in 2014. The cost of the equipment was \$52,075. As of December 31, 2012 and 2011, the related accumulated amortization of the leased asset was \$39,577 and \$29,162, respectively.

Future minimum lease payments at December 31, 2012 are as follows:

**Year Ending December 31,**

2013	\$ 12,288
2014	2,048
	14,336
Less: Interest, imputed from 3% to 14%	(633)
	13,703
Less: Current portion	(11,674)
<b>LONG-TERM PORTION</b>	<b>\$ 2,029</b>

**5. LEASE COMMITMENTS**

The Organizations lease office space under a ten-year agreement, which expires on July 31, 2018. Base rent is \$123,972 per year, plus a proportionate share of expenses, increasing by a factor of 3.5% per year.

The office lease contains incentives consisting primarily of rent waivers. Accounting principles generally accepted in the United States of America require that the total rent commitment should 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 combined financial statement purposes is recorded as a deferred rent liability on the Combined Statements of Financial Position.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**5. LEASE COMMITMENTS (Continued)**

The following is a schedule of the future minimum lease payments:

**Year Ending December 31,**

2013	\$ 144,341
2014	149,393
2015	154,622
2016	160,034
2017	165,635
Thereafter	<u>98,565</u>
	<b><u>\$ 872,590</u></b>

Rent expense for the years ended December 31, 2012 and 2011 was \$141,462 and \$143,352, respectively. The deferred rent liability aggregated \$84,306 and \$82,581 as of December 31, 2012 and 2011, respectively.

**6. RETIREMENT PLAN**

The Organizations adopted a 401(k) Profit Sharing Plan (the Plan). The Plan covers all employees who are 18 years and older upon becoming an employee of the Organizations. As required by the Plan document, the Organizations make contributions equal to 3% 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 year ended December 31, 2012. Contributions for the years ended December 31, 2012 and 2011 were \$26,027 and \$36,031, respectively.

**7. ADVERTISING**

Included in program expense on the Combined Statements of Activities and Changes in Net Assets are advertising costs in the amounts of \$12,213 and \$25,658, for the years ended December 31, 2012 and 2011, respectively.

**8. COMMITMENTS**

The Organizations are committed under agreements for hotel rooms and conference space through the year 2013. There are cancellation penalties that would be due if the agreements were cancelled prior to the event date. The amount of the cancellation penalties increase through the date of the event.

Although the room costs are usually paid directly by conference participants, the Organizations are contingently liable for all or a portion of these costs upon cancellation of the event. Management believes that the Organizations' future exposure to such losses is unlikely.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**9. FAIR VALUE MEASUREMENTS**

In accordance with FASB ASC 820, *Fair Value Measurements*, 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 in 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.

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

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

- *Money market funds*—Fair value is equal to the reported net asset value of the fund.
- *Corporate bonds*—Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual funds*—The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of December 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total December 31,</u>
<b>Asset Class:</b>				
Money market funds	\$ 150,892	\$ -	\$ -	\$ 150,892
Corporate bonds	715,246	-	-	715,246
Mutual funds	386,846	-	-	386,846
Certificates of deposit	<u>-</u>	<u>510,502</u>	<u>-</u>	<u>510,502</u>
<b>TOTAL</b>	<b><u>\$1,252,984</u></b>	<b><u>\$ 510,502</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,763,486</u></b>

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

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**9. FAIR VALUE MEASUREMENTS (Continued)**

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of December 31, 2011:

<b>Asset Class:</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total December 31,</u>
<b>Certificates of deposit</b>	<u>\$ -</u>	<u>\$ 257,731</u>	<u>\$ -</u>	<u>\$ 257,731</u>

**10. SUBSEQUENT EVENTS**

In preparing these combined financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through April 18, 2013, 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, 2012**

<b>ASSETS</b>				
	<u>Yoga Alliance Registry</u>	<u>Yoga Alliance</u>	<u>Eliminations</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 496,236	\$ 100,000	\$ -	\$ 596,236
Investments	1,763,486	-	-	1,763,486
Due from Yoga Alliance	344,570	-	(344,570)	-
Prepaid expenses	<u>93,963</u>	<u>-</u>	<u>-</u>	<u>93,963</u>
Total current assets	<u>2,698,255</u>	<u>100,000</u>	<u>(344,570)</u>	<u>2,453,685</u>
<b>FIXED ASSETS, Net of Accumulated Depreciation and Amortization of \$624,997 and \$401,726 for 2012 and 2011, Respectively</b>				
	<u>457,426</u>	<u>-</u>	<u>-</u>	<u>457,426</u>
<b>OTHER ASSETS</b>				
Note receivable from Yoga Alliance	102,471	-	(102,471)	-
Security deposit	<u>10,331</u>	<u>-</u>	<u>-</u>	<u>10,331</u>
Total other assets	<u>112,802</u>	<u>-</u>	<u>(102,471)</u>	<u>10,331</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,268,483</u></b>	<b><u>\$ 100,000</u></b>	<b><u>\$ (447,041)</u></b>	<b><u>\$ 2,921,442</u></b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Capital lease, current portion	\$ 11,674	\$ -	\$ -	\$ 11,674
Accounts payable and accrued liabilities	63,502	-	-	63,502
Accrued salaries and related benefits	71,542	-	-	71,542
Accrued pension payable	27,210	-	-	27,210
Deferred revenue	825	-	-	825
Due to Yoga Alliance Registry	<u>-</u>	<u>344,570</u>	<u>(344,570)</u>	<u>-</u>
Total current liabilities	<u>174,753</u>	<u>344,570</u>	<u>(344,570)</u>	<u>174,753</u>
<b>LONG-TERM LIABILITIES</b>				
Capital lease, net of current portion	2,029	-	-	2,029
Deferred rent liability	84,306	-	-	84,306
Note payable to Yoga Alliance Registry	<u>-</u>	<u>102,471</u>	<u>(102,471)</u>	<u>-</u>
Total long-term liabilities	86,335	102,471	(102,471)	86,335
Total liabilities	<u>261,088</u>	<u>447,041</u>	<u>(447,041)</u>	<u>261,088</u>
<b>NET ASSETS</b>				
Unrestricted	<u>3,007,395</u>	<u>(347,041)</u>	<u>-</u>	<u>2,660,354</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,268,483</u></b>	<b><u>\$ 100,000</u></b>	<b><u>\$ (447,041)</u></b>	<b><u>\$ 2,921,442</u></b>

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

**COMBINING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Yoga Alliance Registry</u>	<u>Yoga Alliance</u>	<u>Eliminations</u>	<u>Total</u>
<b>UNRESTRICTED REVENUE</b>				
Registered yoga teachers	\$ 2,125,934	\$ -	\$ -	\$ 2,125,934
Registered yoga schools	620,632	-	-	620,632
Experienced registered yoga teachers	522,475	-	-	522,475
Conference	80,500	-	-	80,500
Application and other fees	1,950	-	-	1,950
Investment income	9,515	-	(2,471)	7,044
Other revenue	<u>13,755</u>	<u>-</u>	<u>-</u>	<u>13,755</u>
Total unrestricted revenue	<u>3,374,761</u>	<u>-</u>	<u>(2,471)</u>	<u>3,372,290</u>
<b>EXPENSES</b>				
Program Services	1,614,442	155,353	(1,885)	1,767,910
Management and General	<u>502,968</u>	<u>48,400</u>	<u>(586)</u>	<u>550,782</u>
Total expenses	<u>2,117,410</u>	<u>203,753</u>	<u>(2,471)</u>	<u>2,318,692</u>
Change in unrestricted net assets	1,257,351	(203,753)	-	1,053,598
Unrestricted net assets at beginning of year	<u>1,750,044</u>	<u>(143,288)</u>	<u>-</u>	<u>1,606,756</u>
<b>UNRESTRICTED NET ASSETS AT END OF YEAR</b>	<u>\$ 3,007,395</u>	<u>\$ (347,041)</u>	<u>\$ -</u>	<u>\$ 2,660,354</u>