COMBINED FINANCIAL STATEMENTS

YOGA ALLIANCE REGISTRY D/B/A YOGA ALLIANCE FOUNDATION

YAPLUS D/B/A YOGA ALLIANCE

FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

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

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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, 2019 and 2018, 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.

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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, 2019 and 2018, 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.

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 19 and the Combining Schedule of Activities and Change in Net Assets on page 20 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.

Gelman Rosenberg & Freedman

October 14, 2020

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

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 7,510,782	$ 5,151,839
Accounts receivable	29,294	17,259
Prepaid expenses	182,112	130,655
Total current assets	7,722,188	5,299,753
FIXED ASSETS, net of accumulated depreciation and amortization of $3,801,047 and $3,864,554 in 2019 and 2018, respectively	1,293,074	1,314,231
OTHER ASSETS		
Investments	9,240,338	7,411,991
Security deposit	36,208	53,740
Trademarks	214,791	124,563
Total other assets	9,491,337	7,590,294
TOTAL ASSETS	**$ 18,506,599**	**$ 14,204,278**

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 333,267	$ 302,782
Accrued salaries and related benefits	188,185	147,134
Deferred revenue	4,683,733	4,135,442
Deferred rent liability	25,323	11,694
Deferred tenant improvement allowance	43,261	52,932
Total current liabilities	5,273,769	4,649,984
LONG-TERM LIABILITIES		
Deferred rent liability, net of current portion	327,701	353,024
Deferred tenant improvement allowance, net of current portion	216,303	260,582
Total long-term liabilities	544,004	613,606
Total liabilities	5,817,773	5,263,590
NET ASSETS		
Without donor restrictions	12,688,826	8,940,688
TOTAL LIABILITIES AND NET ASSETS	**$ 18,506,599**	**$ 14,204,278**

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, 2019 AND 2018

	Without Donor Restrictions	
	2019	2018
REVENUE AND SUPPORT		
Membership dues	$ 8,988,459	$ 6,817,326
Membership fees	2,814,401	2,604,439
Partnership income	-	132,538
Contributions	135,153	73,540
Investment income (loss), net	1,153,511	(168,161)
Total revenue and support	13,091,524	9,459,682
EXPENSES		
Program Services	6,560,349	7,181,142
Supporting Services:		
Management and General	2,783,037	1,674,300
Total expenses	9,343,386	8,855,442
Changes in net assets	3,748,138	604,240
Net assets without donor restrictions at beginning of year	8,940,688	8,336,448
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	**$ 12,688,826**	**$ 8,940,688**

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

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

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, 2018

		Supporting Services	
	Program Services	Management and General	Total Expenses
Salaries and wages	$ 2,679,652	$ 893,217	$ 3,572,869
Professional services	1,626,489	178,070	1,804,559
Employee benefits	486,513	162,171	648,684
Depreciation and amortization	507,732	26,723	534,455
Information technology	488,849	25,729	514,578
Office expenses	406,473	55,010	461,483
Travel	158,255	158,255	316,510
Advertising and promotion	301,329	-	301,329
Occupancy	223,361	70,536	293,897
Payroll taxes	208,928	69,643	278,571
Conferences, conventions and meetings	68,969	-	68,969
Repairs and maintenance	24,592	8,197	32,789
Insurance	-	26,749	26,749
TOTAL	**$ 7,181,142**	**$ 1,674,300**	**$ 8,855,442**

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 CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 3,748,138	$ 604,240
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	445,523	534,455
Unrealized (gains) losses on investments	(806,281)	333,599
Realized gains on sales of investments	(130,136)	(7,551)
(Increase) decrease in:		
Accounts receivable	(12,035)	(5,072)
Prepaid expenses	(51,457)	76,758
Security deposit	17,532	26,869
Increase (decrease) in:		
Accounts payable and accrued expenses	30,485	(119,173)
Accrued salaries and related benefits	41,051	40,538
Deferred revenue	548,291	1,763,849
Deferred rent liability	(11,694)	(2,522)
Deferred tenant improvement allowance	(53,950)	(58,101)
Net cash provided by operating activities	3,765,467	3,187,889
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(424,366)	(360,784)
Purchases of investments	(1,723,271)	(354,051)
Proceeds from sales of investments	831,341	198,820
Costs incurred for trademark	(90,228)	(124,563)
Net cash used by investing activities	(1,406,524)	(640,578)
Net increase in cash and cash equivalents	2,358,943	2,547,311
Cash and cash equivalents at beginning of year	5,151,839	2,604,528
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 7,510,782**	**$ 5,151,839**

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 Entitie*s. 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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

New accounting pronouncements adopted -

During 2019, the Organizations early adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organizations recognized revenue; however, the presentation and disclosures of revenue have been enhanced. The Organizations has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Also during 2019, the Organizations adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. The Organizations adopted the ASU using a modified prospective basis.

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 (loss), 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.

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

Impairment of long-lived assets (continued) -

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, 2019 and 2018. The fair value of the Organizations' trademarks were $214,791 and $124,563 as of December 31, 2019 and 2018, 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.

Uncertain tax positions -

For the years ended December 31, 2019 and 2018, 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.

Membership dues -

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.

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 product or 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.

Membership fees -

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.

Partnership income -

Partnership income consists of revenue from individuals and organizations (many of which are suppliers) that are involved in the yoga industry and wish to collaborate with the Organizations. The revenue is recognized ratably over the partner's benefit period. The amounts of these revenues vary depending on size and structure of each individual and organization.

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

Contributions -

For contributions qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Contributions qualifying as contributions that are unconditional that 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; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. There were no conditional contributions received or remaining during and as of December 31, 2019 or 2018.

Advertising -

The Organizations expense advertising costs as incurred, which totaled $40,983 and $26,974 during the years ended December 31, 2019 and 2018, 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.

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

Reclassification -

Certain amounts in the prior year's combined financial statements have been reclassified to conform to the current year's presentation.

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 Statement 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.

2. INVESTMENTS

Investments consisted of the following as of December 31, 2019 and 2018:

	Fair Value	
	2019	2018
Money market funds	$ 167,403	$ 15,916
Corporate and municipal bonds	144,342	200,427
Mutual funds	4,265,414	3,791,239
Certificates of deposit	3,583,000	2,432,554
Exchange-traded funds	1,080,179	971,855
TOTAL INVESTMENTS	**$ 9,240,338**	**$ 7,411,991**

Included in investment income (loss), net during the years ended December 31, 2019 and 2018 are the following:

	2019	2018
Interest and dividends	$ 248,343	$ 187,905
Unrealized gains (losses) on investments	806,281	(333,599)
Realized gains on sales of investments	130,136	7,551
Investment fees	(31,249)	(30,018)
TOTAL INVESTMENT INCOME (LOSS), NET	**$ 1,153,511**	**$ (168,161)**

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, 2019 and 2018, 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, 2019 and 2018, the total balance of the revolving loan aggregated $572,259 and $804,554, 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, 2019 and 2018, shared costs amounted to $252,098 and $160,625, respectively, which were recorded as revenue to the Alliance and expense to the Foundation, and as of December 31, 2019 and 2018, the total unreimbursed amounts of shared costs that the Foundation owed to the Alliance were $145,357 and $67,682, respectively. No interest was recognized on these transactions during the years ended December 31, 2019 and 2018 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, 2019 and 2018. 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, 2019 and 2018, the outstanding balance on the sale agreement aggregated to $5,146,020 and 5,668,782, which included principal only. Interest expenses and related income for the years ended December 31, 2019 and 2018 amounted to $267,109 and $285,244, respectively.

The following is a schedule of the required principal payments required under the terms of the loan agreements.

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

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.

Year Ending December 31,	Revolving Loan	License Agreement	Total
2020	$ -	$ 546,778	$ 546,778
2021	-	571,896	571,896
2022	572,259	598,169	1,170,428
2023	-	625,649	625,649
2024	-	654,391	654,391
Thereafter	-	2,149,137	2,149,137
	$ 572,259	$ 5,146,020	$ 5,718,279

As of and for the years ended December 31, 2019 and 2018, 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, 2019 and 2018:

	2019	2018
Furniture and equipment	$ 187,797	$ 386,396
Website	4,471,860	4,255,293
Leasehold improvements	434,464	537,096
Total fixed assets	5,094,121	5,178,785
Less: Accumulated depreciation and amortization	(3,801,047)	(3,864,554)
FIXED ASSETS, NET	$ 1,293,074	$ 1,314,231

Depreciation and amortization expense totaled $445,523 and $534,455 during the years ended December 31, 2019 and 2018, 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:

	2019	2018
Cash and cash equivalents	$ 7,510,782	$ 5,151,839
Accounts receivable	29,294	17,259
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURE WITHIN ONE YEAR	$ 7,540,076	$ 5,169,098

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, 2019 and 2018, the Organizations had financial assets equal to approximately 14 months and 7 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 on September 10, 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 $353,024 and $364,718 as of December 31, 2019 and 2018, respectively.

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 $259,564 and $313,514 as of December 31, 2019 and 2018, 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.

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

Year Ending December 31,	Office	Equipment	Total
2020	$ 466,311	$ 2,916	$ 469,227
2021	430,153	2,916	433,069
2022	371,808	2,916	374,724
2023	382,067	2,916	384,983
2024	392,536	243	392,779
2025 and Thereafter	782,553	-	782,553
	$ 2,825,428	**$ 11,907**	**$ 2,837,335**

Occupancy expense totaled $307,827 and $293,897 during the years ended December 31, 2019 and 2018, 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, 2019 and 2018.

Matching contributions to the Plan totaled $148,092 and $100,072 during the years ended December 31, 2019 and 2018, respectively, and are included in employee benefits in 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 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.

There have been no changes in the methodologies used as of December 31, 2019 and 2018.

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.

8. FAIR VALUE MEASUREMENT (Continued)

- *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, 2019:

	Level 1	Level 2	Level 3	Total
Asset Class:				
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	1,080,179	-	-	1,080,179
TOTAL	**$ 5,657,338**	**$ 3,583,000**	**$ -**	**$ 9,240,338**

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	$ 15,916	$ -	$ -	$ 15,916
Corporate and municipal bonds	200,427	-	-	200,427
Mutual funds	3,791,239	-	-	3,791,239
Certificates of deposit	-	2,432,554	-	2,432,554
Exchange-traded funds	971,855	-	-	971,855
TOTAL	**$ 4,979,437**	**$ 2,432,554**	**$ -**	**$ 7,411,991**

There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2019 and 2018. 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 October 14, 2020, the date the combined financial statements were issued.

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. In addition, the Organizations canceled their annual event subsequent to year end due to the COVID-19 pandemic and has incurred cancellation penalties in the amount of $54,000. Other potential financial or operational impacts from COVID-19 are unknown at this time.

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, 2019

ASSETS

	Yoga Alliance Foundation	Yoga Alliance	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 988,673	$ 6,522,109	$ -	$ 7,510,782
Accounts receivable	14,289	15,005	-	29,294
Prepaid expenses	-	182,112	-	182,112
Loan receivable from related party	631,083	145,357	(776,440)	-
Total current assets	1,634,045	6,864,583	(776,440)	7,722,188
FIXED ASSETS, Net of Accumulated Depreciation and Amortization of $3,801,047	-	1,293,074	-	1,293,074
OTHER ASSETS				
Investments	9,240,338	-	-	9,240,338
Security deposit	-	36,208	-	36,208
Intangible asset	-	3,850,401	(3,850,401)	-
Trademarks	106,430	108,361	-	214,791
Loan receivable from related party	5,171,502	-	(5,171,502)	-
Total other assets	14,518,270	3,994,970	(9,021,903)	9,491,337
TOTAL ASSETS	**$ 16,152,315**	**$ 12,152,627**	**$ (9,798,343)**	**$ 18,506,599**

LIABILITIES AND NET ASSETS

	Yoga Alliance Foundation	Yoga Alliance	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 34,006	$ 299,261	$ -	$ 333,267
Accrued salaries and related benefits	14,745	173,440	-	188,185
Deferred revenue	-	4,683,733	-	4,683,733
Loan payable to related party	145,357	631,083	(776,440)	-
Deferred rent liability	-	25,323	-	25,323
Deferred tenant improvement allowance	-	43,261	-	43,261
Total current liabilities	194,108	5,856,101	(776,440)	5,273,769
LONG-TERM LIABILITIES				
Deferred rent liability, net of current portion	-	327,701	-	327,701
Deferred tenant improvement allowance, net of current portion	-	216,303	-	216,303
Loan payable to related party	-	5,171,502	(5,171,502)	-
Total long-term liabilities	-	5,715,506	(5,171,502)	544,004
Total liabilities	194,108	11,571,607	(5,947,942)	5,817,773
NET ASSETS				
Without donor restrictions	15,958,207	581,020	(3,850,401)	12,688,826
TOTAL LIABILITIES AND NET ASSETS	**$ 16,152,315**	**$ 12,152,627**	**$ (9,798,343)**	**$ 18,506,599**

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, 2019

	Yoga Alliance Foundation	Yoga Alliance	Eliminations	Total
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS				
Membership dues	$ -	$ 8,988,459	$ -	$ 8,988,459
Membership fees	-	2,814,401	-	2,814,401
Contributions	135,133	20	-	135,153
Investment income, net	1,133,807	19,704	-	1,153,511
Interest income from related party	267,109	-	(267,109)	-
Cost share agreement income from related party	-	252,098	(252,098)	-
Licensing agreement income from related party	-	134,333	(134,333)	-
Total revenue and support without donor restrictions	1,536,049	12,209,015	(653,540)	13,091,524
EXPENSES				
Program Services	654,240	6,363,343	(457,234)	6,560,349
Supporting Services				
Management and General	626,066	2,834,576	(677,605)	2,783,037
Total expenses	1,280,306	9,197,919	(1,134,839)	9,343,386
Change in net assets	255,743	3,011,096	481,299	3,748,138
Net assets (deficit) without donor restrictions at beginning of year	15,702,464	(2,430,076)	(4,331,700)	8,940,688
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	**$ 15,958,207**	**$ 581,020**	**$ (3,850,401)**	**$ 12,688,826**