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

COMBINED FINANCIAL REPORT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
YAPlus d/b/a Yoga Alliance Yoga Alliance Registry
d/b/a Yoga Alliance Foundation

Opinion

We have audited the combined financial statements of YAPlus d/b/a Yoga Alliance and the Yoga Alliance Registry d/b/a Yoga Alliance Foundation (collectively, the Organization), which comprise the combined statement of financial position as of December 31, 2022, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prior Period Financial Statements

The financial statements of the Organization as of and for the year ended December 31, 2021 were audited by other auditors whose report dated October 18, 2022 expressed an unmodified opinion on the December 31, 2021 financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining schedule of financial position and combining schedule of activities 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 supplementary 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 supplementary information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Marcum LLP

November 3, 2023
Washington, D.C

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

COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 4,244,436	$ 9,077,424
Accounts receivable	186,430	30,550
Prepaid expenses	496,531	295,652
Total Current Assets	4,927,397	9,403,626
Property and equipment, net of accumulated depreciation and amortization of $5,416,868 and $4,378,404 in 2022 and 2021, respectively	2,833,500	1,588,682
Other Assets		
Investments	13,067,842	10,374,591
Security deposit	121,565	121,565
Trademarks	351,582	351,582
Right of use asset	4,532,923	--
Total Other Assets	18,073,912	10,847,738
Total Assets	$ 25,834,809	$ 21,840,046
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 760,118	$ 322,363
Accrued salaries and related benefits	248,960	220,927
Deferred revenue	4,292,883	4,508,876
Operating lease liability current portion	715,111	--
Deferred rent liability	--	40,733
Deferred tenant improvement allowance	--	45,168
Total Current Liabilities	6,017,072	5,138,067
Long-term Liabilities		
Deferred rent liability, net of current portion	--	260,450
Deferred tenant improvement allowance, net of current portion	--	146,951
Operating lease liability, net of current portion	6,619,319	--
Total Long-term Liabilities	6,619,319	407,401
Total Liabilities	12,636,391	5,545,468
Net Assets		
Without donor restrictions	13,198,418	16,294,578
Total Liabilities and Net Assets	$ 25,834,809	$ 21,840,046

The accompanying notes are an integral part of these consolidated financial statements.

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

COMBINED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Activities Without Donor Restrictions		
Revenue and Support		
Membership dues	$ 8,731,732	$ 9,075,704
Membership fees	1,770,498	2,027,949
Contributions	184,629	177,216
Investment (loss) income, net	(1,270,838)	954,968
Other revenue	121,767	65,413
Total Revenue and Support	9,537,788	12,301,250
Expenses		
Program Services		
Professional development	5,579,612	6,628,607
Accessibility and diversity	587,433	1,089,554
Total Program Services	6,167,045	7,718,161
Supporting Services		
Management and general	6,466,903	2,737,282
Total Expenses	12,633,948	10,455,443
Changes in Net Assets	(3,096,160)	1,845,807
Net Assets, Beginning of Year	16,294,578	14,448,771
Net Assets, End of Year	$ 13,198,418	$ 16,294,578

The accompanying notes are an integral part of these consolidated financial statements.

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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Supporting Services	
	Professional Development	Accessibility and Diversity	Total	Management and General	Total Expenses
Salaries and wages	$ 2,610,516	$ 144,781	$ 2,755,297	$ 3,069,929	$ 5,825,226
Professional fees	844,694	321,477	1,166,171	496,977	1,663,148
Employee benefits	453,751	23,630	477,381	526,932	1,004,313
Information technology	446,783	89,000	535,783	462,879	998,662
Depreciation and amortization	112,097	--	112,097	830,905	943,002
Occupancy	244,370	--	244,370	571,673	816,043
Office expenses	213,734	--	213,734	220,010	433,744
Payroll taxes	184,910	8,526	193,436	210,175	403,611
Member program	269,528	--	269,528	--	269,528
Communications	106,242	19	106,261	14,765	121,026
Grants	50,500	--	50,500	--	50,500
Travel	13,115	--	13,115	29,371	42,486
Insurance	21,928	--	21,928	20,749	42,677
Repairs and maintenance	7,444	--	7,444	12,538	19,982
Total	$ 5,579,612	$ 587,433	$ 6,167,045	$ 6,466,903	$ 12,633,948

The accompanying notes are an integral part of these consolidated financial statements.

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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services			Supporting Services	
	Professional Development	Accessibility and Diversity	Total	Management and General	Total Expenses
Salaries and wages	$ 3,687,023	$ 609,365	$ 4,296,388	$ 1,238,115	$ 5,534,503
Professional fees	1,185,904	2,752	1,188,656	228,125	1,416,781
Employee benefits	495,611	87,089	582,700	215,908	798,608
Information technology	360,085	63,544	423,629	294,048	717,677
Occupancy	182,696	32,240	214,936	214,261	429,197
Depreciation and amortization	138,960	24,522	163,482	162,906	326,388
Office expenses	171,995	30,352	202,347	198,684	401,031
Payroll taxes	222,063	35,283	257,346	108,771	366,117
Communications	136,017	24,003	160,020	49,398	209,418
Grants	25,000	176,509	201,509	--	201,509
Travel	1,182	--	1,182	1,191	2,373
Insurance	17,308	3,054	20,362	20,290	40,652
Repairs and maintenance	4,763	841	5,604	5,585	11,189
Total	$ 6,628,607	$ 1,089,554	$ 7,718,161	$ 2,737,282	$ 10,455,443

The accompanying notes are an integral part of these consolidated financial statements.

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

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities		
Changes in net assets	$ (3,096,160)	$ 1,845,807
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	943,002	326,388
Amortization of ROU Asset	781,619	--
Loss on disposal	56,357	--
Net realized and unrealized loss (gain) on investments	1,491,846	(750,361)
Deferred rent	--	(64,489)
Accounts receivable	(155,880)	(2,665)
Prepaid expenses	(200,879)	(80,344)
Security deposit	--	(85,357)
Accounts payable and accrued expenses	437,755	66,592
Accrued salaries and related benefits	28,033	(23,310)
Operating lease liability	(494,751)	--
Deferred revenue	(215,993)	(160,298)
Net Cash (Used in) Provided by Operating Activities	(425,051)	1,071,963
Cash Flows From Investing Activities		
Purchases of property and equipment	(222,840)	(361,024)
Purchases of investments	(6,382,406)	(239,717)
Proceeds from sales of investments	2,197,309	636,728
Costs incurred for trademark	--	(48,770)
Net Cash Used in Investing Activities	(4,407,937)	(12,783)
Net (Decrease) Increase in Cash and Cash Equivalents	(4,832,988)	1,059,180
Cash and Cash Equivalents, Beginning of Year	9,077,424	8,018,244
Cash and Cash Equivalents, End of Year	$ 4,244,436	$ 9,077,424
Noncash disclosure of investing activities		
Right of use asset – beginning of year	$ 5,314,542	$ --
Operating lease liability – beginning of year	$ 7,829,181	$ --
Leasehold improvements acquired via lease incentive	$ 1,720,537	$ --

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

For the global yoga community, YAPlus d/b/a Yoga Alliance® (the Alliance) is an independent, nonprofit 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) organization 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 TM (the Foundation), a 501(c)(3) nonprofit 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.

A summary of the Organizations' significant accounting policies follows:

PRINCIPLES OF COMBINATION

The combined financial statements reflect the activity of the Alliance and the Foundation (collectively, the Organizations). The entities have elected to present combined financial statements because they are under common control. All significant intra-entity accounts and transactions have been eliminated in the combination.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION

The combined financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities Topic of the FASB ASC, the Organizations are required to report information regarding the combined financial position and activities according to two classes of net assets, as follows:

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions include undesignated funds that are available for the support of the Organizations' activities and not subject to donor-imposed restrictions.

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with restrictions include those net assets whose use by the Organizations have been donor restricted by a specified time or purpose limitations. The Organizations do not have any net assets with donor restrictions as of December 31, 2022 and 2021.

CASH AND CASH EQUIVALENTS

For combined financial statement purposes, the Organizations consider all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

FINANCIAL RISK

The Organizations maintain its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organizations have not experienced any losses in such accounts. The Organizations believe they are not exposed to any significant credit risk on cash.

The Organizations invest in a professionally managed portfolio that contains various securities. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the combined financial statements.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments with readily determinable fair values are reflected at fair value. To adjust the carrying value of these investments, the change in fair value is charged or credited to the change in net assets.

ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due from customers and are recorded at their net realizable value. Management considers all amounts to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

PROPERTY AND EQUIPMENT

Property and equipment in excess of $5,000 is 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 POLICY

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future discounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. During the years ended December 31, 2022 and 2021, management did not consider the value of any property or equipment or intangible assets to be impaired.

TRADEMARKS

The Organizations consider trademarks to have indefinite lives. In accordance with FASB ASC 350, Goodwill and Other Intangible Assets, the Organizations' 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, 2022 and 2021.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED REVENUE

Deferred revenue consists primarily of membership dues, convention exhibit fees, meeting registrations and sponsorships received in advance of meeting the performance obligations.

LEASES

Effective January 1, 2022, the Organizations adopted FASB ASC 842, *Leases* (ASC 842). The Organizations determine if an arrangement contains a lease at inception based on whether the Organizations have the right to control the asset during the contract period and other facts and circumstances. The Organizations elected the short-term lease recognition exemption for all leases that qualify. Consequently, for those leases that qualify, the Organizations will not recognize right-of-use (ROU) assets or an operating lease liability on the consolidated statements of financial position. The Organizations generally do not have access to the rate implicit in the lease, and therefore the Organizations utilize a risk-free rate as the discount rate. The Organizations elected to treat lease and non-lease components separately.

The Organizations determine if an arrangement is or contains a lease at inception. Leases are included in ROU assets and operating lease liability in the combined statements of financial position. The ROU asset and operating lease liability are recognized based on the present value of lease payments over the lease term using the Organizations' implicit rate, when readily determinable, or risk-free rate. The ROU asset is amortized over the lease term and is reflected as rent expense in the accompanying combined statements of activities. The operating lease liability is reduced as cash payments are made under the terms of the leases. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the consolidated statements of financial position. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

The adoption of ASC 842 resulted in the recognition of a ROU asset of $5,314,542, net of deferred rent and improvement allowances, and an operating lease liability of $7,829,181 on the date of implementation. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with the Organizations' historical accounting treatment. The adoption of the standard did not result in a material change to the statements of activities.

REVENUE

Transactions classified as exchange transactions follow Accounting Standards Update (ASU) 2014-09, Revenue from Contracts With Customers (Topic 606), and are recorded as revenue when the performance obligations are met.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE (CONTINUED)

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 their 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.

Unconditional 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.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE (CONTINUED)

Contributions qualifying as conditional contain a right of return from obligation provision that limits the 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, 2022 and 2021.

CONTRACT BALANCES

The timing of revenue recognition may not align with the right to invoice the customer. The Organizations record accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded. Opening contract balances as of January 1, 2021, were as follows:

Accounts receivable, net	$	27,885
Deferred revenue	$	4,669,174

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 functional expenses. 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.

USE OF ESTIMATES

The preparation of combined financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The Organizations adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organizations evaluated its uncertainty in income taxes for the years ended December 31, 2022 and 2021, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status; and there are currently no audits pending or in progress. For the years ended December 31, 2022 and 2021, the Organizations did not recognize income tax expense in the accompanying financial statements as there was no net unrelated business taxable income.

RECLASSIFICATIONS

Certain reclassifications were made to the 2021 combined financial statements to conform to the 2022 presentation. These reclassifications have no effect on previously reported net assets or change in net assets.

SUBSEQUENT EVENTS

The Organizations evaluated subsequent events through November 3, 2023, which is the date the combined financial statements were available to be issued. Subsequent to December 31, 2022, on January 31, 2023, YAPlus legally changes its name to Yoga Alliance.

NOTE 2 - INVESTMENTS

Investments consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Money market funds	$ 2,063,360	$ 704,340
Corporate and municipal bonds	49,997	120,726
Mutual funds	3,887,801	5,629,893
Certificates of deposit	643,354	1,734,512
Treasury Funds	5,284,623	--
Exchange-traded funds	1,138,707	2,185,120
Total Investments	$ 13,067,842	$ 10,374,591

Included in investment (loss) income, net during the years ended December 31, 2022 and 2021, are the following:

	2022	2021
Interest and dividends	$ 256,150	$ 243,835
Net (loss) gains	(1,491,846)	750,361
Investment fees	(35,142)	(39,228)
Total Investment (Loss) Income, Net	$ (1,270,838)	$ 954,968

NOTE 3 - INTERCOMPANY TRANSACTIONS

COST-SHARING AGREEMENT

The Foundation now reimburses the Alliance for use of the Alliance's office space, furniture, equipment and services. During the years ended December 31, 2022 and 2021, shared costs amounted to $32,077 and $375,528, respectively, which were recorded as revenue to the Alliance and expense to the Foundation, and as of December 31, 2022 and 2021, the total unreimbursed amounts of shared costs that the Foundation owed to the Alliance were $237,945 and $192,464, respectively. No interest was recognized on these transactions during the years ended December 31, 2022 and 2021. As all transactions are between the two entities, all components of the cost-sharing agreement have been eliminated in combination.

NOTE 3 - INTERCOMPANY TRANSACTIONS (CONTINUED)

REVOLVING LOAN AGREEMENT

On May 11, 2012, the Alliance entered into a 10-year revolving loan agreement, expiring in April 2022, 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 10-year term.

During the years ended December 31, 2022 and 2021, 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, 2022 and 2021, the total balance of the revolving loan aggregated $0 and $84,428, 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.

SALE OF REGISTRY AND INTERCOMPANY LOAN

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.

SALE OF REGISTRY AND INTERCOMPANY LOAN (CONTINUED)

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 10-year period, through December 2027, 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.

NOTE 3 - INTERCOMPANY TRANSACTIONS (CONTINUED)

As of December 31, 2022 and 2021, the outstanding balance on the sale agreement aggregated to $3,429,177 and $4,027,346, respectively, which included principal only. Interest expenses and related income for the years ended December 31, 2022 and 2021, amounted to $169,566 and $202,395, respectively.

Year Ending December 31,	License Agreement	Total
2023	$ 625,649	$ 625,649
2024	654,391	654,391
2025	684,454	684,454
2026	715,897	715,897
2027	748,786	748,786
Total	$ 3,429,177	$ 3,429,177

ANNUAL LICENSE AGREEMENT

After the sale of the Registry, the Foundation entered into an annual license agreement (the License Agreement) with the Alliance. Under the License Agreement, the Alliance is paid for the Foundation's use of the Registry for program announcements and solicitations. License Agreement fees paid by the Foundation to the Alliance were $145,107 and $148,766 for the years ended December 31, 2022 and 2021, respectively.

As of and for the years ended December 31, 2022 and 2021, the amounts of all the intercompany transactions and balances have been eliminated in combination in the accompanying combined financial statements.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Furniture, equipment	$ 36,596	$ 28,229
Website	5,603,492	5,283,347
Software in progress	455,280	221,046
Leasehold improvements	2,155,000	434,464
Total Fixed Assets	8,250,368	5,967,086
Less accumulated depreciation and amortization	(5,416,868)	(4,378,404)
Fixed Assets, Net	$ 2,833,500	$ 1,588,682

Depreciation and amortization expense totaled $943,002 and $326,388 during the years ended December 31, 2022 and 2021, respectively.

NOTE 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 composed of the following at December 31:

	2022	2021
Cash and cash equivalents	$ 4,244,436	$ 9,077,424
Accounts receivable	186,430	30,550
Investments	13,067,842	10,374,591
Financial Assets available to Meet Cash Needs for General Expenditure within One Year	$ 17,498,708	$ 19,482,565

The Organizations have a policy to structure their financial assets to be available and liquid as their obligations become due.

NOTE 6 - LEASES

In April – 2015, the Foundation entered into a lease agreement for office space in Arlington, Virginia. The lease commenced on September 1, 2015, and was scheduled to terminate on November 30, 2026. In September 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 terminated on September 30, 2021. These leases contained various rental abatements and tenant improvement allowance incentives.

During September 2022, the Organizations exercised an option to terminate the remaining lease effective September 30, 2023. The Organizations paid a termination fee of $230,371 to the landlord in September 2022. An additional termination fee of $230,371 is due to the landlord in June 2023.

In July 2021, the Organizations entered into a lease agreement for a new office space of 12,323 feet of rentable space. For accounting purposes, the lease commencement date is January 1, 2022, which is the date the Organizations obtained access to the space. The agreement runs through June 2034 and includes various incentives such as a tenant improvement allowance and rental abatements through July 2023.

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.

During the year ended December 31, 2022, the Organizations paid $602,179 for amounts included in the measurement of the operating lease liability.

The following summarizes the line items in the consolidated statements of financial position for leases at December 31, 2022:

Right of use asset	$	4,532,923
Operating lease liability	$	7,334,430

The Organizations used a discount rate of 1.04% for the lease ending September 2023, and a discount rate of 1.63% for the lease ending June 2034.

NOTE 6 - LEASES (CONTINUED)

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

Years Ending December 31:	Office	Sublease Receipts	Total
2023	$ 717,071	$ (91,035)	$ 626,036
2024	611,344	--	611,344
2025	626,827	--	626,827
2026	642,293	--	642,293
2027	658,350	--	658,350
Thereafter	4,827,908	--	4,827,908
Total	8,083,793	$ 91,035	$ 7,992,998
Less present value discount	(749,363)		
Lease Liability at December 31, 2022	$ 7,334,430		

Occupancy expense totaled $816,043 and $429,197 during the years ended December 31, 2022 and 2021, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCY

EMPLOYMENT AGREEMENTS

In May 2019 the Organizations entered into a three-year employment agreement with their newly appointed president and chief executive officer. The original agreement was scheduled to terminate on April 30, 2022, but has renewed for an additional one-year period through April 30, 2023. Under certain circumstances, this agreement stipulates that the Organizations will be liable for severance and other payments.

LEGAL MATTERS

From time to time, the Organizations may be involved in litigation or legal issues related to certain business matters. Management of the Organizations do not believe that any such items would have a material financial impact on the Organizations.

NOTE 8 - 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, 2022 and 2021.

Matching contributions to the Plan totaled $214,191 and $200,946 during the years ended December 31, 2022 and 2021, respectively, and are included in employee benefits on the accompanying combined statements of functional expenses.

NOTE 9 - 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 Organization has 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, 2022 and 2021.

NOTE 9 - FAIR VALUE MEASUREMENT (CONTINUED)

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

MONEY MARKET FUNDS

Money market funds are 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

Corporate and municipal bonds are valued at the closing price reported in the active market in which the individual securities are traded.

MUTUAL FUNDS

Mutual funds are 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

Certificates of deposit are generally valued at original cost plus accrued interest, which approximates fair value.

EXCHANGE-TRADED FUNDS

Exchange-traded funds are valued at the closing price reported in the active market in which the individual securities are traded.

TREASURY FUNDS

Treasury funds are valued based on quoted prices for similar instruments in active markets and are considered Level 2.

NOTE 9 - FAIR VALUE MEASUREMENT (CONTINUED)

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of December 31, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset class:				
Money market funds	$ 2,063,360	$ 2,063,360	$ --	$ --
Corporate and municipal bonds	49,997	49,997	--	--
Mutual funds	3,887,801	3,887,801	--	--
Certificates of deposit	643,354	--	643,354	--
Treasury funds	5,284,623	--	5,284,623	--
Exchange-traded funds	1,138,707	1,138,707	--	--
Total	$ 13,067,842	$ 7,094,865	$ 5,927,977	$ --

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of December 31, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset class:				
Money market funds	$ 704,340	$ 704,340	$ --	$ --
Corporate and municipal bonds	120,726	120,726	--	--
Mutual funds	5,629,893	5,629,893	--	--
Certificates of deposit	1,734,512	--	1,734,512	--
Exchange-traded funds	2,185,120	2,185,120	--	--
Total	$ 10,374,591	$ 8,640,079	$ 1,734,512	$ --

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

COMBINING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2022

	Yoga Alliance Foundation	Yoga Alliance	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 857,533	$ 3,386,903	$ --	$ 4,244,436
Accounts receivable	174,116	12,314	--	186,430
Prepaid expenses	74,325	422,206	--	496,531
Intercompany receivable	3,191,232	237,945	(3,429,177)	--
Total Current Assets	4,297,206	4,059,368	(3,429,177)	4,927,397
Property and equipment, net	1,810,004	1,023,496	--	2,833,500
Other Assets				
Investments	8,054,406	5,013,436	--	13,067,842
Security deposit	98,584	22,981	--	121,565
Intangible asset	--	2,406,504	(2,406,504)	--
Trademarks	143,409	208,173	--	351,582
Right of use asset	4,185,182	347,741	--	4,532,923
Total Other Assets	12,481,581	7,998,835	(2,406,504)	18,073,912
Total Assets	$ 18,588,791	$ 13,081,699	$ (5,835,681)	$ 25,834,809
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	$ 50,793	$ 709,325	$ --	$ 760,118
Accrued salaries and related benefits	6,942	242,018	--	248,960
Deferred revenue	--	4,292,883	--	4,292,883
Operating lease liability current portion	202,097	513,014	--	715,111
Intercompany payable	--	3,429,177	(3,429,177)	--
Total Current Liabilities	259,832	9,186,417	(3,429,177)	6,017,072
Long-term Liabilities				
Operating lease liability, net of current portion	6,619,319	--	--	6,619,319
Total Long-term Liabilities	6,619,319	--	--	6,619,319
Total Liabilities	6,879,151	9,186,417	(3,429,177)	12,636,391
Net Assets Without Donor Restrictions	11,709,640	3,895,282	(2,406,504)	13,198,418
Total Liabilities and Net Assets	$ 18,588,791	$ 13,081,699	$ (5,835,681)	$ 25,834,809

See independent auditors' report on supplementary information.

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

COMBINING SCHEDULE OF ACTIVITIES

DECEMBER 31, 2022

	Yoga Alliance Foundation	Yoga Alliance	Eliminations	Total
Revenue and Support				
Membership dues	$ --	$ 8,731,732	$ --	$ 8,731,732
Membership fees	--	1,770,498	--	1,770,498
Contributions	184,629	--	--	184,629
Investment income, net	(1,293,018)	22,180	--	(1,270,838)
Interest income from related party	169,566	--	(169,566)	--
Cost share agreement income from related party	--	32,077	(32,077)	--
Licensing agreement income from related party	--	145,107	(145,107)	--
Other revenue	--	121,767	--	121,767
Total Revenue and Support	(938,823)	10,823,361	(346,750)	9,537,788
Expenses				
Program services	738,793	6,060,912	(632,660)	6,167,045
Supporting services				
Management and general	1,333,278	5,329,014	(195,389)	6,466,903
Total Expenses	2,072,071	11,389,926	(828,049)	12,633,948
Change in Net Assets	(3,010,894)	(566,565)	481,299	(3,096,160)
Net Assets, Beginning of Year	14,720,534	4,461,847	(2,887,803)	16,294,578
Net Assets. End of Year	$ 11,709,640	$ 3,895,282	$ (2,406,504)	$ 13,198,418

See independent auditors' report on supplementary information.