YOGA ALLIANCE AND AFFILIATE

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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Independent Auditor's Report

To the Board of Directors
Yoga Alliance and Affiliate
Arlington, Virginia

Opinion

We have audited the accompanying consolidated financial statements of **Yoga Alliance and Affiliate** (a nonprofit organization), which comprise the Consolidated Statement of Financial Position as of December 31, 2023, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Yoga Alliance and Affiliate** as of December 31, 2023, and the changes in their net assets and their 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Yoga Alliance and Affiliate** 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 **Yoga Alliance and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Yoga Alliance and Affiliate'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.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the Consolidating Schedule of Financial Position and the Consolidating Schedule of Activities is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated 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 consolidated financial statements.

Independent Auditor's Report (continued)

The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Aprio, LLP

Rockville, Maryland
July 29, 2024

December 31, 2023

Assets		
Current assets		
Cash and cash equivalents	$	**2,301,611**
Accounts receivable		**98,258**
Prepaid expenses		**814,144**
Total current assets		**3,214,013**
Property and equipment, net		**2,323,339**
Other assets		
Investments		**14,691,551**
Security deposit		**121,565**
Trademarks		**351,582**
Right of use asset		**3,874,947**
Total other assets		**19,039,645**
Total assets	$	**24,576,997**
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$	**212,753**
Accrued salaries and related benefits		**105,464**
Deferred revenue		**4,027,853**
Lease liability - operating lease, current portion		**505,352**
Total current liabilities		**4,851,422**
Lease liability - operating lease, net of current portion		**6,226,507**
Total liabilities		**11,077,929**
Net assets without donor restrictions		**13,499,068**
Total liabilities and net assets	$	**24,576,997**

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Year Ended December 31, 2023		**Total**
Revenue and support		
Membership dues	$	**8,621,362**
Membership fees		**1,836,270**
Contributions		**212,519**
Investment income, net		**1,254,114**
Other income		**85,934**
Total revenue and support		**12,010,199**
Expenses		
Program services		
Professional development		**8,186,511**
Accessibility and diversity		**991,444**
Total program services		**9,177,955**
Supporting activities		
General and administrative		**2,531,594**
Total expenses		**11,709,549**
Changes in net assets		**300,650**
Net assets, beginning of year		**13,198,418**
Net assets, end of year	$	**13,499,068**

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Yoga Alliance and Affiliate

Consolidated Statement of Functional Expenses

Year Ended December 31, 2023	Professional Development	Accessibility and Diversity	Total Program Services	General and Administrative	Total
Salaries and wages	$ 3,876,629	$ 158,233	$ 4,034,862	$ 1,121,200	**$ 5,156,062**
Professional fees	797,123	32,785	829,908	397,456	**1,227,364**
Employee benefits	805,279	39,055	844,334	226,652	**1,070,986**
Information technology	788,653	17,505	806,158	92,983	**899,141**
Depreciation and amortization	272,378	24,119	296,497	143,378	**439,875**
Occupancy	275,854	376,383	652,237	162,550	**814,787**
Office expenses	314,514	3,115	317,629	187,094	**504,723**
Payroll taxes	288,001	11,849	299,850	74,729	**374,579**
Member program	479,520	-	479,520	-	**479,520**
Communications	227,424	92,038	319,462	11,423	**330,885**
Grants	550	227,500	228,050	-	**228,050**
Travel	12,907	8,862	21,769	102,247	**124,016**
Insurance	34,665	-	34,665	8,639	**43,304**
Repairs and maintenance	13,014	-	13,014	3,243	**16,257**
Total	**$ 8,186,511**	**$ 991,444**	**$ 9,177,955**	**$ 2,531,594**	**$ 11,709,549**

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Year Ended September 30, 2023	
Cash flows from operating activities	
Changes in net assets	$ 300,650
Adjustments to reconcile changes in net assets to net cash used in operating activities	
Depreciation and amortization	439,875
Realized and unrealized investment income	(867,992)
(Increase) decrease in assets:	
Accounts receivable	88,172
Prepaid expenses	45,361
Right-of-use asset - operating lease	657,976
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(547,365)
Accrued salaries and related benefits	(143,496)
Deferred revenue	(265,030)
Lease liability - operating lease	(602,571)
Net cash used in operating activities	(894,420)
Cash flows used in investing activities	
Purchase of property and equipment	(292,688)
Purchases of investments	(792,542)
Sales of investments	36,825
Net cash used in investing activities	(1,048,405)
Net change in cash and cash equivalents	(1,942,825)
Cash and cash equivalents, beginning of year	4,244,436
Cash and cash equivalents, end of year	$ 2,301,611

The accompanying Notes to Financial Statements are an integral part of these financial statements.

1. Organization and significant accounting policies

Nature of Activities: For the global yoga community, 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. On January 31, 2023, the Alliance legally changed its name from YAPlus D/B/A Yoga Alliance to Yoga Alliance.

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.

Principles of Consolidation: The consolidated financial statements reflect the activity of the Alliance and the Foundation (collectively, the Organization). All significant intra-entity accounts and transactions have been eliminated in the consolidation.

Basis of Presentation: The consolidated 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 Organization is required to report information regarding the consolidated 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 Organization's activities and not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets with donor restrictions include those net assets whose use by the Organization has been donor restricted by a specified time or purpose limitations. The Organization does not have any net assets with donor restrictions as of December 31, 2023.

Cash and cash equivalents: For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Financial risk: The Organization maintains cash balances at one commercial bank, these balances can exceed the Federal Deposit Insurance Corporation (FDIC) insured deposit limit of $250,000 per financial institution. At December 31, 2023, the Organization's cash balances held at the commercial bank exceeded the insured limits by approximately $855,000. The Organization has not experienced any losses through the date when the consolidated financial statements were available to be issued. The sweep account spreads a large portion of the balance over various banks so that the individual bank deposits are under the FDIC limit.

The Organization invests 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 consolidated financial statements.

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 investment income in the consolidated statement of activites.

In accordance with FASB ASC 820, Fair Value Measurement, the Organization has categorized its 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 consolidated statement 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, 2023.

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

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

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization 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 Organization are deemed to be actively traded.

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

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

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

Accounts receivable: Accounts receivable consist of amounts due from customers and are reduced by an allowance for credit losses, if needed. The allowance for credit losses estimates the allowance for lifetime expected credit losses. Estimates of expected credit losses are based on historical collection experience and other factors, including current market factors and forecasted economic conditions. As of December 31, 2023, the estimated credit loss is not considered to be material. Accordingly, an allowance for credit losses has not been established.

Software implementation costs: The Organization capitalizes software implementation costs of a hosting arrangement that is a service contract. Capitalized costs totaled $641,325 as of December 31, 2023 and are included in prepaid expenses on the consolidated statement of financial position. Related amortization totaled $151,483 for the year ended December 31, 2023.

Property and equipment: Property and equipment in excess of $5,000 is capitalized and stated at cost. Furniture, equipment, software costs 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 undiscounted 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 year ended December 31, 2023, management did not consider the value of any property or equipment or intangible assets to be impaired.

Trademarks: The Organization considers trademarks to have indefinite lives. In accordance with FASB ASC 350, *Goodwill and Other Intangible Assets*, the Organization's 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 year ended December 31, 2023.

Leases: The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the short-term lease recognition exemption for all leases that qualify. Consequently, for those leases that qualify, the Organization will not recognize right-of-use (ROU) assets or an operating lease liability on the consolidated statements of financial position. The Organization generally does not have access to the rate implicit in the lease, and therefore the Organization utilizes a risk-free rate as the discount rate. The Organization elected to treat lease and non-lease components separately.

Leases are included in ROU assets and operating lease liability in the consolidated statement 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 Organization's implicit rate, when readily determinable, or risk-free rate. The ROU asset is amortized over the lease term and is reflected in occupancy in the accompanying consolidated statement of functional expenses. 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.

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

Revenue recognition:

Exchange transactions: The Organization applies Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Accordingly, the following revenue streams are within the scope of ASC 606:

Membership dues and related fees: The Organization's 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 consolidated statement 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 Organization 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 Organization stands ready to make their goods or services available to the customer on a constant basis over the contract period.

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.

The following revenue streams are outside the scope of ASC 606:

Unconditional contributions are recognized in the appropriate category of net assets in the period received. The Organization performs 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 ASC 958-605.

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 consolidated financial statements.

Contributions qualifying as conditional contain a right of return from obligation provision that limits the Organization 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, 2023.

Contract Balances: The timing of revenue recognition may not align with the right to invoice the customer. The Organization records 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, 2023 consist of accounts receivable in the amount of $186,430 and deferred revenue in the amount of $4,292,883.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities 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 consolidated 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 consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Tax status: The Alliance is exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code. 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.

Uncertainty in income taxes: The Organization evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of December 31, 2023, there are no accruals for uncertain tax positions. If applicable, the Organization records interest and penalties as a component of income tax expense. Tax years from 2020 through the current year remain open for examination by tax authorities.

Recently adopted accounting standard: In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, or CECL, which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. For most instruments, entities must apply the standard using a cumulative-effect adjustment to beginning net assets as of the beginning of the fiscal year of adoption.

The adoption of CECL as of January 1, 2023 did not have an impact. A cumulative effect adjustment to beginning net assets was not required. Financial assets and liabilities held by the Organization subject to the “expected credit loss” model prescribed by CECL include accounts receivable.

Subsequent events: Management has evaluated subsequent events for disclosure in these consolidated financial statements through July 29, 2024, which is the date the consolidated financial statements were available to be issued.

2. Liquidity and availability of resources

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, 2023:

Financial assets at year end:		
Cash and cash equivalents	$	2,301,611
Accounts receivable		98,258
Investments		14,691,551
Financial assets available to meet general expenditures over the next twelve months	**$**	**17,091,420**

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due.

3. Property and equipment

Property and equipment consisted of the following as of December 31, 2023:

Furniture and equipment	$	22,686
Website and software		4,812,656
Software in progress		591,880
Leasehold improvements		1,720,537
Total		7,147,759
Less accumulated depreciation and amortization		(4,824,420)
Property and equipment, net	**$**	**2,323,339**

Depreciation and amortization expense totaled $439,875 during the year ended December 31, 2023.

4. Investments

Investments consisted of the following as of December 31, 2023:

Money market funds	$	309,537
Corporate and municipal bonds		49,780
Mutual funds		4,995,305
Certificates of deposit		1,006,716
Treasury funds		7,214,923
Exchange-traded funds		1,115,290
Total investments	**$**	**14,691,551**

Included in investment income, net during the years ended December 31, 2023, are the following:

Interest and dividends	$	417,872
Unrealized and realized gains		867,992
Investment fees		(31,750)
Total investment income, net	**$**	**1,254,114**

5. Fair Value

Investments were recorded at fair value on a recurring basis as of December 31, 2023 based on the following level of hierarchy:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	**$ 309,537**	$ 309,537	$ -	$ -
Corporate and municipal bonds	**49,780**	-	49,780	-
Mutual funds	**4,995,305**	4,995,305	-	-
Certificates of deposit	**1,006,716**	-	1,006,716	-
Treasury funds	**7,214,923**	-	7,214,923	-
Exchange-traded funds	**1,115,290**	1,115,290	-	-
Total	**$ 14,691,551**	**$ 6,420,132**	**$ 8,271,419**	**$ -**

6. Intercompany transactions

Cost-Sharing Agreement: The Alliance reimburses the Foundation for use of the Foundation's office space, furniture, equipment and services. During the year ended December 31, 2023, shared costs amounted to $583,577, which were recorded as revenue to the Foundation and expense to the Alliance, and as of December 31, 2023, the total unreimbursed amounts of shared costs that the Alliance owed to the Foundation were $159,277. No interest was recognized on these transactions during the year ended December 31, 2023. As all transactions are between the two entities, all components of the cost-sharing agreement have been eliminated in consolidation.

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.

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 consolidation.

As of December 31, 2023, the outstanding balance on the sale agreement aggregated to $2,803,528, which included principal only. Interest expenses and related income for the year ended December 31, 2023, amounted to $141,514.

Year ending September 30,		
2024	$	654,391
2025		684,454
2026		715,897
2027		748,786
License agreement	$	2,803,528

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 $139,523 for the year ended December 31, 2023.

As of and for the year ended December 31, 2023, the amounts of all the intercompany transactions and balances have been eliminated in consolidation in the accompanying consolidated financial statements.

7. 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 Organization 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 was paid to the landlord in June 2023.

In July 2021, the Organization 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 Organization 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 was not yet terminated, the Organizations entered into a sublease agreement in June 2021 which terminated on August 31, 2023.

The weighted average discount rate applied to calculate lease liabilities as of December 31, 2023 1.63%. The weighted average remaining lease term is 10.67 years as of December 31, 2023.

Total operating lease costs were $814,797 for the year ended December 31, 2023. Total cash flows from operating leases were $717,072 for the year ended December 31, 2023.

Future minimum lease payments under the Washington, D.C. office lease are as follows:

Year ending December 31,		
2024	$	611,344
2025		626,628
2026		642,293
2027		658,351
2028		674,809
Thereafter		4,153,099
Total		7,366,524
Less: imputed interest		(634,665)
Lease liabilities – operating lease	$	6,731,859

8. Commitments and Contingencies

Employment Agreements: In May 2019 the Organization 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. A new agreement was entered into in 2023, effective as of January 1, 2024, with a term of two years and an additional one-year automatic extension. Under certain circumstances, this agreement stipulates that the Organization will be liable for severance and other payments.

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

9. Retirement plan

The Organization 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 Organization makes 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 Organization did not make a discretionary contribution during the year ended December 31, 2023.

Matching contributions to the Plan totaled $180,590 during the year ended December 31, 2023, and are included in employee benefits on the accompanying consolidated statement of functional expenses.

December 31, 2023	Yoga Alliance	Yoga Alliance Foundation	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	$ 1,694,306	$ 607,305	$ -	$ 2,301,611
Accounts receivable, net	82,006	16,252	-	98,258
Intercompany receivables	-	2,962,805	(2,962,805)	-
Prepaid expenses	810,083	4,061	-	814,144
Total current assets	2,586,395	3,590,423	(2,962,805)	3,214,013
Property and equipment, net	589,152	1,734,187	-	2,323,339
Other assets				
Investments	5,247,749	9,443,802	-	14,691,551
Security deposit	22,981	98,584	-	121,565
Intangible asset - mailing list	1,926,333	-	(1,926,333)	-
Trademarks	208,173	143,409	-	351,582
Right of use asset	-	3,874,947	-	3,874,947
Total other assets	7,405,236	13,560,742	(1,926,333)	19,039,645
Total assets	$ 10,580,783	$ 18,885,352	$ (4,889,138)	$ 24,576,997
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	$ 199,251	$ 13,502	$ -	$ 212,753
Accrued salaries and related benefits	105,464	-	-	105,464
Intercompany payable	2,962,805	-	(2,962,805)	-
Deferred revenue	4,027,853	-	-	4,027,853
Lease liability - operating lease, current portion	-	505,352	-	505,352
Total current liabilities	7,295,373	518,854	(2,962,805)	4,851,422
Lease liability - operating lease, net of current port	-	6,226,507	-	6,226,507
Total liabilities	7,295,373	6,745,361	(2,962,805)	11,077,929
Net assets without donor restrictions	3,285,410	12,139,991	(1,926,333)	13,499,068
Total liabilities and net assets	$ 10,580,783	$ 18,885,352	$ (4,889,138)	$ 24,576,997

See Independent Auditor's Report on Supplementary Information.

Consolidating Statement of Activities

Year Ended December 31, 2023	Yoga Alliance	Yoga Alliance Foundation	Eliminations	Total
Revenue and support				
Membership dues	$ 8,621,362	$ -	$ -	$ 8,621,362
Membership fees	1,836,270	-	-	1,836,270
Contributions	-	212,519	-	212,519
Investment income, net	264,717	989,397	-	1,254,114
Interest income from related party	-	141,514	(141,514)	-
Cost share agreement income from related party	-	583,577	(583,577)	-
Licensing agreement income from related party	139,523	-	(139,523)	-
Other income	85,934	-	-	85,934
Total revenue and support	10,947,806	1,927,007	(864,614)	12,010,199
Expenses				
Program services	8,666,680	991,446	(480,171)	9,177,955
General and administrative	2,890,998	505,210	(864,614)	2,531,594
Total expenses	11,557,678	1,496,656	(1,344,785)	11,709,549
Changes in net assets	(609,872)	430,351	480,171	300,650
Net assets, beginning of year	3,895,282	11,709,640	(2,406,504)	13,198,418
Net assets, end of year	$ 3,285,410	$ 12,139,991	$ (1,926,333)	$ 13,499,068

See Independent Auditor's Report on Supplementary Information.