

VIVEKANANDA YOGA UNIVERSITY
(VaYU)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2022



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VIVEKANANDA YOGA UNIVERSITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Management of
Vivekananda Yoga University

Auditors' Opinion

We have audited the accompanying financial statements of Vivekananda Yoga University (“The University”), a State of California nonprofit tertiary academic institution, which comprise the statement of financial position as of December 31, 2022, and the related statement of activities and statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University 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 Auditors' 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 the University 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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.

Continued

INDEPENDENT AUDITORS' REPORT, *CONTINUATION*

Year ended December 31, 2022

Auditor's Responsibilities for the Audit of the Financial Statements, Cont'd

Misstatements, including omissions, 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 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 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 University'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University'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 Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on page 13, required by the Bureau for Private Postsecondary Education (BPPE) division of the State of California Department of Consumer Affairs, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Bankole, Okoye & Associates PC

Bankole, Okoye & Associates PC
Certified Public Accountants and Business Advisors
Houston, Texas
June 28, 2023

VIVEKANANDA YOGA UNIVERSITY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

	<u>Amount</u>
ASSETS	
<i><u>Current Assets</u></i>	
Cash	\$ 266,789
Accounts receivable, net (Note 2)	59,000
Prepays	<u>18,080</u>
Total Current Assets	343,869
<i><u>Noncurrent Assets</u></i>	
Accounts receivable, net (Note 2)	54,464
Note receivable (Note 3)	112,000
Deposit	6,000
Property and equipment, net (Note 4)	<u>34,269</u>
TOTAL ASSETS	<u><u>\$ 550,602</u></u>
 LIABILITIES AND NET ASSETS	
<i>LIABILITIES</i>	
<i><u>Current Liabilities</u></i>	
Accrued expenses	<u>\$ 17,832</u>
Total Current Liabilities	17,832
<i><u>Noncurrent Liabilities</u></i>	
Note payable (Note 5)	<u>650,000</u>
Total Liabilities	<u>667,832</u>
 <i>NET ASSETS</i>	
Without donor-restrictions	<u>(117,230)</u>
Total Net Assets	<u>(117,230)</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 550,602</u></u>

The accompanying notes are an integral part of this financial statement.

VIVEKANANDA YOGA UNIVERSITY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor- Restrictions</u>
REVENUES	
Tuition and fees, net of discounts and scholarships	\$ 314,475
Contributions	117,916
Inkind revenue	<u>17,875</u>
TOTAL REVENUES	<u>450,266</u>
EXPENSES	
Compensation and benefits	282,394
Academic expenses	151,735
Services and supplies	18,408
Administrative expenses	62,171
Marketing and fundraising	12,922
Advertising and promotions	37,264
Depreciation and amortization of library holdings	<u>12,090</u>
TOTAL EXPENSES	<u>576,984</u>
CHANGE IN NET ASSETS	(126,718)
NET ASSETS, BEGINNING OF YEAR	<u>9,488</u>
NET ASSETS, END OF YEAR	<u>\$ (117,230)</u>

The accompanying notes are an integral part of this financial statement.

VIVEKANANDA YOGA UNIVERSITY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Functional Categories				Total
	Instructional	Academic Support	Institutional Support	Public Services	
Compensation and benefits	\$ 67,303	\$ 213,050	\$ 2,041	\$ -	\$ 282,394
Academic expenses	36,713	68,987	9,064	36,971	151,735
Services and supplies	-	-	16,984	1,424	18,408
Administrative expenses	-	30,461	4,667	27,043	62,171
Marketing and fundraising	-	-	12,922	-	12,922
Advertising and promotions	-	26,242	711	10,311	37,264
Depreciation and amortization of library holdings	-	12,090	-	-	12,090
Total Expenses	<u>\$ 104,016</u>	<u>\$ 350,830</u>	<u>\$ 46,389</u>	<u>\$ 75,749</u>	<u>\$ 576,984</u>

The accompanying notes are an integral part of this financial statement.

VIVEKANANDA YOGA UNIVERSITY

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

	<u>Amount</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	<u>\$ (126,718)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	12,090
Changes in operating assets and liabilities:	
Accounts receivable	(113,464)
Prepays	(18,080)
Deposit	(6,000)
Note receivable	(112,000)
Accrued expenses	<u>(66,286)</u>
Total adjustment	<u>(303,740)</u>
Net cash used in operating activities	<u>(430,458)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from note payable	<u>650,000</u>
Net cash provided by financing activities	<u>650,000</u>
NET INCREASE IN CASH	219,542
CASH, BEGINNING OF YEAR	<u>47,247</u>
CASH, END OF YEAR	<u><u>\$ 266,789</u></u>

The accompanying notes are an integral part of this financial statement.

VIVEKANANDA YOGA UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Vivekananda Yoga University (the “University”) is a nonprofit organization incorporated in the State of California on April 7, 2014. The University is the world’s first Yoga university outside of India on graduate (Master of Science) Yoga education and research. The University offers optional tracks to enable student to specialize in Yoga Therapy, Yoga Research, or Yoga Philosophy. Students in any specialization can optionally finish a clinical component and qualify for Certificate of International Association of Yoga Therapists.

The University is supported primarily through tuitions and fees paid by students and through donations by individuals, private foundations, and corporations.

Basis of Accounting

The financial statements of the University have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted for nonprofit organizations in the United States of America. Under the accrual method, revenues are recorded in the period earned and when the amount and timing of the revenue can be reasonably determined. Expenses and asset additions are recognized at the time a liability arises which is normally at the time a service is received by, or title of goods passes to, the University.

The Financial Accounting Standards Board (“FASB”) is the body that establishes the financial accounting standards that govern the preparation of financial reports by nongovernmental entities, including nonprofit organizations, in the United States of America.

Income Tax Status

The University is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and has been classified by the Internal Revenue Service as an organization that can receive tax-deductible contributions under IRC Section 170. No provision for income tax is included in the accompanying financial statement as The University has no taxable unrelated business income. Management has concluded that The University has properly maintained its exempt status and classified its revenue as exempt in the accompanying statement of activities.

The University applies the provisions of FASB’s Accounting Standards Codification (“ASC”) Topic 740, *Income Taxes*, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. FASB’s ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. The University believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The University files Form 990, *Return of Organization Exempt from Income Tax*, for its exempt activities in the United States federal jurisdiction within the United States. All of the Federal income

VIVEKANANDA YOGA UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

tax returns of the University for calendar years 2021 through 2019 remain subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Financial Statement Presentation

The University prepares its financial statements in accordance with the requirements of FASB's ASC Topic 958-205, *Financial Statements of Nonprofit Organizations*, as updated. Accordingly, the University reports information regarding its financial position and activities according to the following two classes of net assets:

1. *Net Assets without Donor/External Restrictions* – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the University.
2. *Net Assets with Donor/External Restrictions* – These are resources that are subject to donor-imposed stipulations that may or will be met, either by actions of the University and/or the passage of time. This class of net assets also includes resources that are subject to donor restrictions requiring that the principal be held in perpetuity and any income thereon may be used by the University. The University does not presently have any resources to be held in perpetuity or restricted by donors.

The University is also required by FASB's ASC Topic 958-205, as updated, to present a statement of cash flows and an analysis of its expenses by both functional and natural classifications, as well as to make enhanced disclosures about its liquidity and availability of resources.

Revenue Recognition

The University charges tuition and fees for a variety of educational services to its customers (students). The University accounts for the underlying contracts with the students when both parties have approved the contract and are committed to performing their respective obligations, including in accordance with the University's class registration, cancellation, and tuition refund policies. Transaction prices for tuition and fees are determined based on the applicable pricing schedules for classes in each academic semester. The University recognizes revenue from tuition and fees when earned (i.e., based upon when the performance obligations are met by both the University and the students). Tuition and fees contracts are considered to have a duration of one academic semester. Deposits and prepayments of tuition and fees are recorded as unearned revenue until the criteria are met for them to be recognized as tuition and fees revenue. Tuition is reported in the financial statements net of discounts and scholarships.

In accordance with FASB's ASC Topic 958-605, *Not-for-Profit Entities – Revenue Recognition*, unconditional contributions received by the University are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and nature of any donor restrictions. Contributions are recognized as revenues in the period the University receives any direct cash donation or any unconditional promises to give cash. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. The University did not have any conditional promises to give as of December 31, 2022. Contributions of non-cash assets and qualifying services are recorded at their estimated fair value at the date of the contribution (i.e., when such contributions are received.)

VIVEKANANDA YOGA UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

When a donor-imposed purpose or time restriction expires, net assets with donor-restrictions are reclassified to net assets without donor-restrictions and reported in the statement of activities as net assets released from restrictions. It is the University's policy to report donor-restricted contributions whose purpose or time restrictions are met in the reporting period as the revenue is recognized, as increases in net assets without donor restrictions.

Expenses are recorded as decreases in net assets without donor-restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor-restrictions unless their use is restricted by explicit donor-stipulation.

When both restricted and unrestricted resources are available for use for the same purpose, it is The University's policy to use restricted resources first, then unrestricted resources as they are needed.

Donated Services and Inkind Contributions

In accordance with FASB's ASC Topic 958-605, *Non-for-Profit Entities - Accounting for Contributions Received and Contributions Made*, donated services for which the University made no payment or compensation are recognized as inkind revenue at their estimated fair value at the date of receipt if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The University did not receive donated services that met the criteria for recognition as inkind revenue in the financial statements. However, the University has estimated that it received more than 2,800 hours of volunteer services valued at approximately \$57,000 in the year ended December 31, 2022.

Cash and Cash Equivalents

Cash includes cash in hand and demand deposits with financial institutions. The University considers all short-term, highly liquid investments that are both readily convertible to known amounts of cash with original maturity of ninety (90) days or less as cash equivalents. The University's total cash balance of \$266,789 as of December 31, 2022, did not include any cash equivalents. The carrying amount reported for cash in the accompanying statement of financial position as of December 31, 2022, approximated its fair value.

Property and Equipment

Property and equipment are generally recorded at cost or, if donated, at their estimated fair value at the date of donation. The University capitalizes all expenditures of \$1,500 or greater for each unit of property and equipment or a set of long-lived items acquired together (whether purchased or donated). Property and equipment are depreciated or amortized using the straight-line method based on their estimated useful lives ranging from 3 to 5 years. Maintenance and repairs are charged to operations when incurred.

Management's Judgment and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted

VIVEKANANDA YOGA UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

for nonprofit organizations in the United States of America requires management to make estimates and assumptions that affect the following aspects of the financial statements:

- the reported amounts of assets and liabilities;
- the disclosure of contingent assets and liabilities at the date of the financial statements; and
- the reported amounts of revenues and expenses during the reporting period.

Significant estimates included in the financial statements relate primarily to (1) the functional classifications of certain expenses between the functional activities of the University benefitted, and (2) the useful lives assumed for the depreciation and amortization of property and equipment.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs expensed for the year ended December 31, 2022, was \$25,242.

2. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	<u>Amount</u>
Tuitions receivable	\$ 39,000
Contributions receivable, net of discounts to present value	<u>74,464</u>
	113,464
Less non-current portion	<u>(54,464)</u>
Accounts receivable, net	<u>\$ 59,000</u>

Contributions receivable as of December 31, 2022, are due as follows:

<u>Receivable in the Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 20,000
2024	20,000
2025	20,000
2026	<u>20,000</u>
	80,000
Less discount to present value at 5% adjusted inflation rate on amounts receivable in more than one year.	<u>(5,536)</u>
Contributions receivable, net	<u>\$ 74,464</u>

VIVEKANANDA YOGA UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

3. NOTE RECEIVABLE AND RELATED PARTY TRANSACTIONS

During the year, the University made cash advances totaling \$112,000 to its president who is an employee of the University, to be repaid in equal monthly instalments from January 2025 through December 2028.

The president of the University is also a member of the Board of Trustees. He received compensations totaling \$183,337 in 2022. In addition, \$16,663 was accrued and payable to the president as of December 31, 2022.

The sum of \$63,333 that was accrued in the prior year as a payable to the president plus an additional \$4,667 for professional services was paid in the current year to a company in which the president is a shareholder.

Two members of the University's Board of Trustees received payments of \$15,000 and \$1,239, respectively, as compensation for services provided to the University in 2022.

4. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment activity of the University, at cost less accumulated depreciation and amortization, for the year ended December 31, 2022:

	<u>Amount</u>
Library holdings	\$ 60,450
Accumulated depreciation and amortization	<u>(26,181)</u>
Property and equipment, net	<u>\$ 34,269</u>

The University recorded depreciation and amortization expenses of \$12,090 during the year ended December 31, 2022.

5. NOTE PAYABLE

On January 31, 2022, the University secured a no-interest \$650,000 loan from a California nonprofit public benefit corporation. The loan is repayable in three annual instalments as follows:

<u>Due Date</u>	<u>Amount</u>
12/31/2022	\$ -
12/31/2023	-
12/31/2024	200,000
12/31/2025	200,000
12/31/2026	250,000
Total	<u>\$ 650,000</u>

As described in Note 9, *Subsequent Events*, on April 25, 2023, the lender converted the entire outstanding balance of the loan to a donation to the University.

VIVEKANANDA YOGA UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

For the year ended December 31, 2022, the University recorded an imputed interest of \$17,875, based on management's estimate of its incremental borrowing rate. The imputed interest is recorded as in-kind revenue and expense and has been included in administrative expenses in the public service function in the University's statement of activities.

6. CONCENTRATIONS OF CREDIT RISKS

The University maintains cash balances with financial institutions considered by management as credit-worthy and strong. Deposits with financial institutions are exposed to various risks such as custodial credit risk. Custodial credit risk refers to the possibility that in the event of the failure of a depository financial institution, the depositor will not be able to recover the deposits. Cash balances with qualifying financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per customer per financial institution. Cash balances may occasionally exceed limits insured by the FDIC.

7. FUNCTIONAL CLASSIFICATION OF EXPENSES

In accordance with FASB's ASC Topic 958-720-45-2, *Functional Classification of Expenses*, the costs of providing The University's various programs and other activities have been summarized below in this Note on a functional basis (i.e., expenses have been grouped according to the purpose for which they were incurred.) Certain costs have been allocated among the programs and supporting services benefited. The primary functional classifications of the University's uses of resources are:

- a. *Instructional* - This category includes expenses for all activities that are part of the University's instruction program such as expenses for credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction; regular, special, and extension sessions; and instructional activities that are associated with academic offerings.
- b. *Research* - This category includes all expenses for activities specifically organized to produce research, whether commissioned by an agency external to the University or separately budgeted by an organizational unit within the University.
- c. *Academic Support* - This category includes expenses incurred to provide support services for the University's primary missions: instruction, research, and public service.
- d. *Student Services* - This category includes expenses incurred for offices of admissions and the registrar as well as any activities with the primary purpose of providing assistance and support to the needs and interests of students such as counseling and career guidance, student aid administration, and student services information technology administration.
- e. *Institutional Support* - This category includes expenses for central, executive-level activities concerned with management and long-range planning for the entire University, such as the governing board, planning and programming operations, and legal services; fiscal operations, including the investment office; administrative information technology (when not accounted for in other categories); space management; personnel and records; logistical activities that provide procurement, storerooms, printing; transportation services to the University; support

VIVEKANANDA YOGA UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

services to faculty and staff; and activities concerned with community and alumni relations, including development and fundraising.

- f. *Public Services* - This category includes expenses for activities established primarily to provide non-instructional services that are beneficial to individuals and groups external to the University, such as community service programs, conferences, and consulting.

Expenses that are directly identified with a function are classified directly to that function and are not allocated to other functions. However, expenses that are attributable to more than one function have been allocated among the activities benefitted. Allocation of major expenses is based on the following:

- Compensation and benefits are allocated based on estimates of the personnel's time and effort for each functional activity.
- Services and supplies expenses are allocated based on the nature and purpose of the items and how they relate to the functional activities.

8. LIQUIDITY MANAGEMENT AND FINANCIAL ASSETS AVAILABILITY

Accounting principles generally accepted for nonprofit organizations in the United States of America require organizations to make enhanced disclosures about liquidity and availability of resources as well as how the University manages its liquidity. The University had \$325,789 of financial assets available within one year of the latest fiscal year end to meet cash needs for general expenditures, consisting of the following:

	<u>Amount</u>
Cash	\$ 266,789
Accounts receivable	<u>59,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 325,789</u>

The University reasonably estimates its cash needs on an annual basis and structures its financial assets to provide cash for its general expenditures, liabilities, and other obligations as they become due. On the needs basis, the University accesses financing from local lenders to augment its working capital.

9. SUBSEQUENT EVENTS

Via a letter dated April 25, 2023, the lender of the \$650,000 no-interest loan described in Note 5, converted the entire outstanding balance of the loan to a donation to the University.

Management has evaluated events subsequent to December 31, 2022, to assess the need for potential recognition of transactions or additional disclosures in the financial statements through June 28, 2023, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events require recognition or additional disclosure in the accompanying financial statements.

VIVEKANANDA YOGA UNIVERSITY

SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2022

The following information required by the Bureau for Private Postsecondary Education (BPPE) division of the State of California Department of Consumer Affairs is presented for purposes of additional analysis by the BPPE and is not a required part of the financial statements.

Financial resources information disclosures required under California Code of Regulations Section 71745, *Financial Resources*, and Section 74115, *Financial Statements*:

1. The University pays timely refunds as required by Article 13 of the Act.
2. The University pays all operating expenses due within 30 days.
3. The University maintained a ratio of current assets to current liabilities of 19.00 to 1.00 or greater as of December 31, 2022, when using U.S. generally accepted accounting principles.