UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number 000-27517

GAIA, INC.
(Exact name of Registrant as specified in its Charter)

Colorado	**84-1113527**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

833 WEST SOUTH BOULDER ROAD
LOUISVILLE, CO 80027
(Address of principal executive offices, including zip code)

(303) 222-3600
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, $.0001 Par Value	**NASDAQ Stock Market, LLC**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on The NASDAQ Stock Market on June 30, 2017, was $98,230,000. The registrant does not have non-voting common equity.

The number of shares of Registrant's Common Stock outstanding as of February 14, 2018 was 9,789,743 shares of the registrant's Class A common stock and 5,400,000 shares of the registrant's Class B common stock.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (or portions thereof) are incorporated by reference into the Parts of this Form 10-K noted:

Part III incorporates by reference from the definitive proxy statement for the registrant's 2018 Annual Meeting of Shareholders to be filed with the Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form.

GAIA, INC.

Annual Report on Form 10-K

For the Fiscal Year Ended December 31, 2017

INDEX

PART I

Item 1. Business

Our Business

Gaia, Inc., was incorporated under the laws of the State of Colorado on July 7, 1988 and operates a global digital video subscription service and on-line community that caters to a unique and underserved subscriber base. Our digital content library of over 8,000 titles is available to our subscribers on most internet-connected devices anytime, anywhere commercial free. Our subscribers have unlimited access to a vast library of inspiring films, cutting edge documentaries, interviews, yoga classes, transformation related content, and more – 90% of which is exclusively available to our subscribers for digital streaming.

Our mission is to create a transformational network that empowers a global conscious community. Content on our network is currently curated into three channels, Yoga, Transformation and Seeking Truth, and delivered directly to our subscribers through our streaming platform. We curate programming for these channels by producing content in our in-house production studios with a staff of media professionals. This produced and owned content currently represents about 80% of total views. We complement our produced and owned content through long term, predominately exclusive, licensing agreements.

Our Content Channels

From the beginning, we have focused on establishing exclusive rights to unique content through in-house productions, licensing and strategic content acquisitions. Today, our network includes the following channels:

Yoga – Through our Yoga channel, our subscribers enjoy unlimited access to streaming yoga, Eastern arts, and other movement-based classes. Currently, we are one of the world's largest providers of streaming yoga classes. Blending ancient philosophy with modern technology, our classes on Eastern arts like T'ai Chi, Qigong, Ayurveda and more encourage the holistic integration of body, mind and spirit.

Transformation – Through our Transformation channel, we feature a wealth of content in the niche areas of alternative health, spiritual growth and expanded consciousness. Our original and licensed content empowers subscribers to live stronger, healthier, more productive and enlightened lives.

Seeking Truth – As an alternative to mainstream media, our Seeking Truth channel provides new and enlightening perspectives for today's changing world. Through thought-provoking questions like who are we and why are we here, and topics that include ancient wisdom and metaphysics, we go beyond the boundaries of mainstream media, and encourage our viewers to find empowerment through knowledge and awareness. Through this channel, our subscribers have access to top names in the genre who conduct exclusive interviews and presentations not found anywhere else.

The Streaming Video Market and Gaia

Consumption of streaming video is expanding rapidly as more and more people augment their use of, or replace broadcast television with, streaming video to watch their favorite content on services like Netflix, Amazon Prime, Hulu Plus, HBO Now and Gaia. The streaming video market includes various free, ad-supported and subscription service offerings focused on various genres, including films, broadcast and original series, fitness and educational content.

Gaia's position in the streaming video landscape is firmly supported by its wide variety of exclusive and unique content, which provides a complementary offering to other mostly entertainment-based streaming video services. Our original content is developed and produced in-house in our production studios near Boulder, Colorado. Over 90% of our content is available for streaming exclusively on Gaia to most internet-connected devices. By offering exclusive and unique content over a streaming service, we believe we will be able to significantly expand our target subscriber base. Gaia believes the current size of our potential target market represents approximately 15% of internet users that currently pay for a streaming video service.

Competitive Strengths

We believe that we differentiate ourselves from our competition and have been able to grow our business through the following demonstrated competitive strengths:

Exclusive Content and Ubiquitous Access – We have amassed a library of unique content for which we hold exclusive worldwide streaming distribution rights and have established exclusive relationships with certain key talent in our areas of focus. Over 90% of our titles are available to our subscribers for streaming on virtually any internet-connected device exclusively on Gaia.

Gaia Unplugged – We are able to leverage our content licensing and ownership advantage to enable "subscriber download" as part of our subscription. A Gaia subscription allows subscribers to download and view titles in our library without being actively connected to the internet as long as they remain a paying subscriber.

Proprietary and Curated Content – Proprietary and curated content lies at the core of our business model. Our media offerings introduce customers to us and help establish us as an authority in the conscious media market. Our in-house produced and owned content represents approximately 80% of our subscribers' viewing time. Our licensed content has initial terms ranging from 3 to 20 years. With the growth in demand for digital rights, we expect that our large library of produced and acquired content combined with our internal production capabilities will be a key driver in our ability to grow efficiently and act as a hedge against the rising costs of digital rights.

International Rights – The strength of our proprietary content library created by our original content production strategy and our unique approach to content licensing have provided us with a library of niche content to which we hold exclusive worldwide distribution rights that we believe would be difficult to acquire in today's market. By obtaining these rights, we have created a significant barrier to entry for competitors in our content niches and have given ourselves the potential to reach a worldwide subscriber base with no additional licensing costs. Based on viewership, approximately 90% of our library is available worldwide.

Unique Subscriber Base – We believe that our unique and exclusive content allows us to cater to a subscriber base that traditional media companies have mostly ignored. We believe this subscriber base can be significantly expanded as more and more people enter our niche categories and begin accessing streaming content over the internet.

Unique Content Strength – We believe that our unique focus, combined with our content exclusivity, positions us as a complementary service to larger streaming video providers who are primarily entertainment driven. In addition, this focus has allowed an opportunity for significant advantages:

- *Yoga*, we have an established consumer brand, a vast library of popular content, and knowledge and expertise on developing new content.
- *Transformation*, we bring a unique focus to an otherwise crowded field. This channel empowers subscribers through programs about alternative and integrative medicines, holistic healing, longevity, meditation, and other shows on conscious topics that puts Gaia in the center of a rapidly growing market.
- *Seeking Truth*, Gaia offers category-leading talent that enables us to draw the most popular and authentic speakers, authors and experts in the alternative media world.

Growth Drivers

Our core strategy is to grow our streaming subscription business domestically and internationally using the following drivers:

Investment in Streaming Content – We believe that our investment in streaming content leads to more awareness and viewership of our unique content. This leads to subscriber acquisition and revenue growth, allowing us to invest more into our content library and enabling the growth cycle to continue. By investing in our in-house studios, digital asset management system and digital delivery platforms, we can produce and distribute new digital content at low incremental costs. With our end-to-end production capabilities and unique, exclusive, relationships with thought leaders in our areas of focus, we believe we can develop content much more efficiently than our competitors.

Continuous Service Improvements – We have found that incremental improvements in our service and quality enhance our subscriber satisfaction and retention. In October 2016, we relaunched gaia.com with an entirely new technology stack at its core. The new site was built to optimize the speed and performance of streaming video playback, provide a unique and customized site experience for every subscriber and provide the foundation for our planned expansion into foreign languages. We continue to refine our technology, user interfaces, and delivery infrastructure to improve the customer experience.

Overall Adoption and Growth of internet TV on Every Screen – Domestically, cable TV subscribers have been declining, while the demand for digital content services accessible on various devices has continued to grow. Gaia is accessible on a broad array of devices, including, but not limited to: Apple TV, iPad, iPhone, Roku, Chromecast, Android devices including phones, tablets and Amazon Fire, laptops, desktop computers and TVs through an HDMI cord. Through this accessibility, we believe that we enhance the value of our service to subscribers as well as position ourselves for continued growth as internet and mobile delivery of content becomes more popular.

International Market Expansion – We believe the international streaming segment represents a significant long-term growth opportunity for us as people around the world begin to adopt the viewing behaviors of the U.S. market. Our exclusive worldwide streaming rights allow us to expand internationally by adding foreign language support to our service without having to invest in local foreign operations. Today, approximately 30% of our subscribers are outside of the United States.

Complement our Existing Business with Selective Strategic Acquisitions – Our growth strategy is not solely dependent on acquisitions. However, we will consider strategic acquisitions that complement our existing business, increase our content library, expand our geographical reach, and add to our subscriber base. We will focus on companies with unique media content, a strong brand identity and subscribers that augment our existing subscriber base.

Marketing

We are building awareness and demand for the Gaia brand through various channels focusing on mobile and video. Organic search, paid search, digital and social media, email marketing, ambassador marketing, as well as various strategic partnerships make up our continually optimized portfolio of subscriber acquisition and retention tools. Rejoining subscribers are an important source of subscriber additions, many of which come back to Gaia.com after receiving special communications via email.

We maintain a website at www.gaia.com. The website address has been included only as a textual reference. Our website and the information contained on the website, or connected to the website, are not incorporated by reference into this Form 10-K.

History

We started as a conscious media and products company distributing conscious and non-theatrical media, with a maximum reach of approximately 70,000 retail doors in the United States. Over the past few years we divested several businesses, including our DVD distribution business and our Gaiam Brand consumer products business, for combined gains of over $150 million.

We also expanded the number of conscious media titles with our 2007 acquisition of the entire content library of Wisdom Television. Wisdom operated for 20 years as a cable and satellite channel. Wisdom was the only TV channel that remained dedicated, year after year, to conscious media. With our acquisition of their digital media library we expanded our unique library of content directed at independent and progressive thinkers.

In 2012, we brought our streaming video service out of beta-test status, and focused our efforts on growing our streaming subscription services domestically and internationally by expanding our streaming content, enhancing our user interface and extending our streaming content to even more internet-connected devices.

In 2013, we further expanded the digital yoga content available to our subscribers, and expanded our presence and subscriber base in the yoga community through our acquisition of My Yoga Online, the largest streaming yoga media service in Canada.

In 2016, we relaunched gaia.com with an entirely new technology stack at its core. The new site was built to optimize the speed and performance of streaming video playback, provide a unique and customized site experience for every subscriber and provide the foundation for our planned expansion into foreign languages.

In July 2017, we launched Spanish as our first non-English language offering with over 500 native language titles. German was launched in the fall of 2017, with French planned for early 2018.

These investments in our subscription business have been instrumental in our ability to grow by expanding our streaming video on demand capabilities and increasing our library of unique content of transformational media, intended to awaken and inspire viewers around the world.

Regulatory Matters

A number of existing and proposed laws restrict disclosure of consumers' personal information, which may make it more difficult for us to generate additional names for our direct marketing, and restrict our ability to send unsolicited electronic mail. Although we believe we are generally in compliance with current laws and regulations and that these laws and regulations have not had a significant impact on our business to date, it is possible that existing or future regulatory requirements will impose a significant burden on us.

Competition

While our content offering is unique, the market for subscription based content delivered over the internet is intensely competitive and subject to rapid change. Many consumers maintain simultaneous relationships with multiple providers and can easily shift spending from one provider to another. We are a focused provider within the streaming video market that is able to compete by providing exclusive content available on almost any device. Our principal competitors vary by world geographic region and include multichannel video programming distributors and internet-based movie and TV content providers, including those that provide legal and illegal (pirated) streaming video content. We believe that due to the exclusivity of our content, we are positioning ourselves as a complementary service to large general content providers such as television broadcasters, cable television channels, and streaming services such as Netflix, Amazon Prime, Hulu Plus and HBO Now. Based on internal surveys of our subscribers, a majority of our U.S. subscribers also subscribe to Netflix.

Seasonality

Our member growth exhibits a seasonal pattern that reflects variations when consumers buy internet-connected devices and, as a result, tend to increase their viewing, similar to those of traditional TV and cable networks. Our member growth is generally greatest in the fourth and first quarters (October through March), and slowest in the May through August period. As we expand internationally, we expect regional seasonality trends to demonstrate more predictable seasonal patterns as our service offering in each market becomes more established and we have a longer history to assess such patterns.

Employees

As of February 16, 2018, we had approximately 130 employees, all of which are full-time employees. None of our employees are covered by a collective bargaining agreement.

Intellectual Property and Other Proprietary Rights

We regard our trademarks, service marks, copyrights, domain names, trade secrets, proprietary technologies and similar intellectual property as important to our success. We use a combination of trademark, copyright and trade secret laws and confidentiality agreements to protect our proprietary intellectual property. Our ability to protect and enforce our intellectual property rights is subject to certain risks, and from time to time we encounter disputes over rights and obligations concerning intellectual property. We cannot provide assurance that we will prevail in any intellectual property disputes.

Discontinued Operations

During 2016, we sold our equity interest in Natural Habitat, Inc. ("Natural Habitat"), our eco-travel subsidiary, in exchange for $13 million in cash, and recognized a gain of $10 million as disclosed in our Current Report on Form 8-K filed May 10, 2016 with the Securities and Exchange Commission.

During 2016, we also sold the assets and liabilities of our Gaiam Brand business in exchange for a gross purchase price of $167 million, and recognized a gain of $115 million before taxes. Our Gaiam Brand business previously constituted the majority of our consolidated revenues and expenses, and consisted of Gaiam branded yoga, fitness and wellness consumer products, and content (excluding the streaming rights).

We report these businesses as discontinued operations, and, accordingly, we have reclassified their financial results for all periods presented to reflect them as such. Unless otherwise noted, discussions in this Form 10-K pertain to our continuing operations.

Website and Available Information

Our corporate website at www.gaia.com provides information about us, our history, goals and philosophy, as well as certain financial reports and corporate press releases. Our www.gaia.com website also features a library of information and articles on personal development and healthy lifestyles, along with an extensive offering of video content. We believe our website provides us with an opportunity to deepen our relationships with our customers and investors, educate them on a variety of issues, and improve our service. As part of this commitment, we have a link on our corporate website to our Securities and Exchange Commission filings, including our reports on Forms 10-K, 10-Q and 8-K and amendments thereto. We make those reports available through our website, free of charge, as soon as reasonably practicable after these reports are filed with the Securities and Exchange Commission.

We have included our website address only as inactive textual reference, and the information contained on our website is not incorporated by reference into this Form 10-K.

Item 1A. Risk Factors

We caution you that there are risks and uncertainties that could cause our actual results to be materially different from those indicated by forward looking statements that we make from time to time in filings with the Securities and Exchange Commission, news releases, reports, communications to shareholders and other written and oral communications. These risks and uncertainties include those risks described below of which we are presently aware. Historical results are not necessarily an indication of future results. The risk factors below discuss important factors that could cause our business, financial condition, operating results and cash flows to be materially adversely affected.

If our efforts to attract and retain subscribers are not successful, our business will be adversely affected.

We have experienced significant subscriber growth since we began our subscription business in 2007. Our ability to continue to attract subscribers will depend in part on our ability to consistently provide our subscribers with a valuable and quality streaming experience. Furthermore, the relative service levels, content offerings, pricing and related features of our competitors may adversely impact our ability to attract and retain subscribers. We compete for screen viewing time with multichannel video programming distributors providing free-on-demand content through authenticated internet applications, internet-based movie and TV content providers, including both those that provide legal and illegal (or pirated) streaming video content, and streaming video retail stores, among others. If consumers do not perceive our service offering to be of value, or if we introduce new or adjust existing features or change the mix of content in a manner that is not favorably received by them, we may not be able to attract and retain subscribers.

In addition, many of our subscribers originate from word-of-mouth advertising from existing subscribers. If our efforts to satisfy our existing subscribers are not successful, we may not be able to attract new subscribers, and as a result, our ability to maintain and/or grow our business will be adversely affected. Subscribers cancel our service for many reasons, including a perception that they do not use the service sufficiently, the need to cut household expenses, unsatisfactory availability of content, competitive services providing a better value or experience and customer service issues not satisfactorily resolved. We must continually add new subscribers both to replace subscribers who cancel and to grow our business beyond our current subscriber base. If too many of our subscribers cancel our service, or if we are unable to attract new subscribers in numbers sufficient to sustain and grow our business, our operating results will be adversely affected. If we are unable to successfully compete with current and new competitors in both retaining our existing subscribers and attracting new subscribers, our business will be adversely affected. Further, if excessive numbers of subscribers cancel our service, we may be required to incur significantly higher marketing expenditures than we currently anticipate in order to replace these subscribers with new subscribers.

If we are unable to compete effectively, our business will be adversely affected.

The market for streaming content is intensely competitive and subject to rapid change. New technologies and evolving business models for delivery of streaming content continue to develop at a fast pace. Through new and existing distribution channels, consumers are afforded various means for consuming streaming content. The various economic models underlying these differing means of streaming content delivery include subscription, transactional, ad-supported and piracy-based models. All of these have the potential to capture meaningful segments of the streaming content market. Several competitors have longer operating histories, larger customer bases, and stronger brand recognition than we do and have significant financial, marketing and other resources. They may secure better terms from suppliers, adopt more aggressive pricing and devote more resources to technology and marketing. New entrants may enter the market with unique service offerings or approaches to providing streaming content and other companies also may enter into business combinations or alliances that strengthen their competitive positions. If we are unable to successfully compete with current and new competitors, programs and technologies, our business will be adversely affected, and we may not be able to increase market share and revenues, and achieve profitability.

We could be harmed by data loss or other security breaches.

As a result of our services being internet-based and the fact that we process, store, and transmit data, including personal information, for our customers, failure to prevent or mitigate data loss or other security breaches, including breaches of our suppliers' technology and systems, could expose us or our customers to a risk of loss or misuse of such information, adversely affect our operating results, result in litigation or potential liability for us, and otherwise harm our business. We use third-party technology and systems for a variety of reasons, including, without limitation, encryption and authentication technology, employee email, content delivery to customers, back-office support, and other functions. Although we have implemented systems and processes that are designed to protect customer information and prevent data loss and other security breaches, including systems and processes designed to reduce the impact of a security breach at a third-party supplier, such measures cannot provide absolute security.

We have had operating losses, and we cannot assure future profitability.

We reported losses from continuing operations of $23.7 million, $10.8 million and $9.0 million for fiscal years 2017, 2016 and 2015, respectively (excluding the results from operations we sold including a pre-tax gain of $124.8 million in 2016). We cannot assure you that we will operate profitably in future periods and, if we do not, we may not be able to meet any future debt service requirements, working capital requirements, capital expenditure plans, production slate, acquisition plans or other cash needs. Our inability to meet those needs could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

If we are not able to manage change and growth, our business could be adversely affected.

We are expanding our operations internationally, scaling our streaming service to effectively and reliably handle anticipated growth in both subscribers and features related to our service, as well as continuing to provide our Spiritual Cinema Circle monthly DVD subscription offerings for an additional fee. As we expand internationally, we are managing our business to address varied content offerings, consumer customs and practices, in particular those dealing with e-commerce and internet video, as well as differing legal and regulatory environments. As we scale our streaming service, we are developing technology and utilizing third-party internet-based or “cloud” computing services. If we are not able to manage the growing complexity of our business, including improving, refining or revising our systems and operational practices related to our streaming operations, our business could be adversely affected.

If our efforts to build unique brand identity and improve subscriber satisfaction and loyalty are not successful, we may not be able to attract or retain subscribers, and our operating results may be adversely affected.

We must continue to build and maintain a unique brand identity. We believe that a unique brand identity will be important in attracting and retaining subscribers who have a number of choices from which to obtain streaming content. To build a unique brand identity we believe we must continue to offer content and service features that our subscribers value and enjoy. We also believe that these must be coupled with effective consumer communications, such as marketing, customer service and public relations. If our efforts to promote and maintain our brand identity are not successful, our ability to attract and retain subscribers may be adversely affected. Such a result may adversely affect our operating results.

With respect to our expansion into international markets, we will also need to establish our brand identity in new markets and languages, and to the extent we are not successful, our business in new markets may be adversely impacted.

Changes in our subscriber acquisition sources could adversely affect our marketing expenses and subscriber levels may be adversely affected.

We utilize a broad mix of marketing and public relations programs, including social media websites such as Facebook and Twitter, to promote our service to potential new subscribers. We may limit or discontinue use or support of certain marketing sources or activities if advertising rates increase or if we become concerned that subscribers or potential subscribers deem certain marketing practices intrusive or damaging to our brand. If available marketing channels are limited or curtailed, our ability to attract new subscribers may be adversely affected.

Companies that currently promote our services may cease promoting our services, may determine to compete more directly with our business or enter a similar business, or may decide to exclusively support our competitors. If we no longer have access to such marketing channels, our marketing efforts may be adversely affected. If we are unable to maintain or replace our sources of subscribers with similarly effective sources, or if the cost of our existing sources increases, our subscriber levels and marketing expenses may be adversely affected.

We face risks, such as unforeseen costs, and potential liabilities in connection with content we produce, license and/or distribute through our service.

As a distributor of content, we face potential liability for negligence, copyright or trademark infringement or other claims based on the nature and content of materials that we produce, license and/or distribute. We also face potential liability for content used in promoting our service, including marketing materials and features on our website such as subscriber reviews.

We are responsible for production costs and other expenses related to our original content. We also take on risks associated with this production, such as completion and key talent risk. To the extent we do not accurately anticipate costs or mitigate risks, or if we become liable for content we produce, license and/or distribute, our business may suffer. Litigation to defend these claims could be costly and the expenses and damages arising from any liability or unforeseen production risks could harm our results of operations. We may not be indemnified to cover claims or costs of these types and we may not have insurance coverage for these types of claims.

We rely upon a number of partners to offer instant streaming of content to various devices.

We currently offer subscribers the ability to receive streaming content through a host of internet-connected devices, including internet-enabled TVs, digital video players and mobile devices. We intend to continue to broaden our capability to instantly stream content to other platforms over time. If we are not successful in maintaining existing and creating new relationships, or if we encounter technological, content licensing or other impediments to our streaming content, our ability to grow our business could be adversely impacted.

We have entered into agreements with certain consumer electronics partners, pursuant to which each makes available an “app” for viewing our content on its hardware platform. Our agreements with our consumer electronics partners are typically between one and three years in duration and our business could be adversely affected if, upon expiration, our partners do not continue to provide access to our service or are unwilling to do so on terms acceptable to us, which terms may include the degree of accessibility and prominence of our service.

Furthermore, the devices consumers use to access our content are manufactured and sold by entities other than Gaia and the devices’ performance and the connection between these devices and our service may result in consumer dissatisfaction that could result in claims against us or otherwise adversely impact our business. In addition, technology changes to our streaming functionality may require that partners update their devices. If partners do not update or otherwise modify their devices, our service and our subscribers’ use and enjoyment could be negatively impacted.

Any significant disruption in our network or information systems or those of third parties that we utilize in our operations could result in a loss or degradation of service and could adversely impact our business.

Our reputation and ability to attract, retain and serve our subscribers is dependent upon the reliable performance of our network and information systems and those of third parties that we utilize in our operations. We experience occasional system interruptions and delays that make our websites and services unavailable or slow to respond and prevent us from efficiently providing services to our customers, which may reduce the attractiveness of our services. If we are unable to effectively upgrade our systems and network infrastructure, and take other steps to improve the efficiency of our systems, it could cause system interruptions or delays and adversely affect our operating results.

Our systems may be subject to damage or interruption from adverse weather conditions, natural disasters, terrorist attacks, power loss, telecommunications failures, computer viruses, computer denial of service attacks, or other attempts to harm these systems. Interruptions in these systems, or to the internet in general, could make our service unavailable or degraded or otherwise hinder our ability to deliver content to our subscribers. Service interruptions, errors in our software or the unavailability of network or information systems used in our operations could diminish the overall attractiveness of our subscribership service to existing and potential subscribers.

We utilize third-party internet-based or “cloud” computing services in our business operations. We also utilize third-party content delivery networks to help us stream content in high volume to our subscribers over the internet. Problems with these systems faced by us or our service providers, including technological or business-related disruptions, could adversely impact the experience of our subscribers.

Any significant disruption in or unauthorized access to our network or information systems or those of third parties that we utilize in our operations arising from cyber-attacks could result in a loss or degradation of service, unauthorized disclosure of data (including subscriber and corporate information), or theft of intellectual property, including digital content assets, which could adversely impact our business.

Our network and information systems and those of third parties we use in our operations are vulnerable to cybersecurity risks, including cyber-attacks such as computer viruses, denial of service attacks, physical or electronic break-ins and similar disruptions. These systems may experience directed attacks intended to lead to interruptions and delays in our service and operations as well as loss, misuse or theft of data. Any successful attempt by hackers to obtain our data (including subscribers and corporate information) or intellectual property (including digital content assets), disrupt our service, or otherwise access our systems (or those of third parties we use), could harm our business, be expensive to remedy and damage our reputation. We have implemented certain systems and processes to thwart hackers and protect our data and systems. To date hackers have not had a material impact on our service or systems, although a risk remains that hackers may be successful in the future. Our insurance does not cover expenses related to such disruptions or unauthorized access. Efforts to prevent hackers from disrupting our service or otherwise accessing our systems are expensive to implement and may limit the functionality of or otherwise negatively impact our service offering and systems. Any significant disruption to our service or access to our systems could result in a loss of subscribers and adversely affect our business and results of operations.

Our reputation and relationships with subscribers would be harmed if our subscriber data, particularly payment data, were to be accessed by unauthorized persons.

We maintain personal data regarding our subscribers, including names and payment data. This data is maintained on our own systems as well as that of third parties we use in our operations. With respect to payment data, such as credit and debit card numbers, we rely on licensed encryption and authentication technology to secure such information. We take measures to protect against unauthorized intrusion into our subscribers' data. Despite these measures we, our payment processing services or other third-party services we use, could experience an unauthorized intrusion into our subscribers' data. In the event of such a breach, current and potential subscribers may become unwilling to provide the information to us necessary for them to become subscribers. Additionally, we could face legal claims or regulatory fines or penalties for such a breach. The costs relating to any data breach could be material, and we currently do not carry insurance against the risk of a data breach. For these reasons, should an unauthorized intrusion into our subscribers' data occur, our business could be adversely affected.

We rely on our proprietary technology to stream content and to manage other aspects of our operations, and the failure of this technology to operate effectively could adversely affect our business.

We continually enhance or modify the technology used for our operations. We cannot be sure that any enhancements or other modifications we make to our operations will achieve the intended results or otherwise be of value to our subscribers. Future enhancements and modifications to our technology could consume considerable resources. If we are unable to maintain and enhance our technology to manage the streaming of content to our subscribers in a timely and efficient manner, or if our technology or that of third parties we utilize in our operations fails or otherwise operates improperly, our ability to retain existing subscribers and to add new subscribers may be impaired. Also, any harm to our subscribers' personal computers or other devices caused by software used in our operations could have an adverse effect on our business, results of operations and financial condition.

Changes in how network operators handle and charge for access to data that travel across their networks could adversely impact our business.

We rely upon the ability of consumers to access our service through the internet. To the extent that network operators implement usage-based pricing, including meaningful bandwidth caps, or otherwise try to monetize access to their networks by data providers, we could incur greater operating expenses and our subscriber acquisition and retention could be negatively impacted. Furthermore, to the extent network operators were to create tiers of internet access service and either charge us for, or prohibit us from, being available through these tiers, our business could be negatively impacted.

Increases in payment processing fees, changes to operating rules, the acceptance of new types of payment methods or payment fraud could increase our operating expenses and adversely affect our business and results of operations.

Our subscribers pay for our services predominately using credit and debit cards. Our acceptance of these payment methods requires our payment of certain fees. From time to time, these fees may increase, either as a result of rate changes by the payment processing companies or as a result of a change in our business practices which increase the fees on a cost-per-transaction basis. Such increases may adversely affect our results of operations.

We are subject to rules, regulations and practices governing our accepted payment methods. These rules, regulations and practices could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept these payment methods, and our business and results of operations would be adversely affected.

We accept payment methods other than credit and debit cards. As our service continues to evolve and expand internationally, we will likely continue to explore accepting various forms of payment, which may have higher fees and costs than our currently accepted payment methods. If more consumers utilize higher cost payment methods, our payment costs could increase and our results of operations could be adversely impacted.

In addition, we do not obtain signatures from subscribers in connection with their use of payment methods. To the extent we do not obtain subscribers' signatures, we may be liable for fraudulent payment transactions, even when the associated financial institution approves payment of the orders. From time to time, fraudulent payment methods are used to obtain service. While we do have safeguards in place, we nonetheless experience some fraudulent transactions. We do not currently carry insurance against the risk of fraudulent payment transactions. A failure to adequately control fraudulent payment transactions would harm our business and results of operations.

If our trademarks and other proprietary rights are not adequately protected to prevent unauthorized use or appropriation, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected.

We rely and expect to continue to rely on a combination of confidentiality and license agreements with our employees, consultants and third parties with whom we have relationships, as well as trademark, copyright and trade secret protection laws, to protect our proprietary rights. We may also seek to enforce our proprietary rights through court proceedings. We may file trademark applications from time to time. These applications may not be approved, third parties may challenge any trademarks issued to or held by us, third parties may knowingly or unknowingly infringe our trademarks and other proprietary rights, and we may not be able to prevent infringement or misappropriation without substantial expense to us.

We currently hold various domain names, including www.gaia.com and www.gaiamtv.com. Failure to protect our domain names could adversely affect our reputation and make it more difficult for users to find our website and our service. We may be unable, without significant cost or at all, to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our trademarks and other proprietary rights.

Intellectual property claims against us could be costly and result in the loss of significant rights related to, among other things, our website, title selection processes and marketing activities.

Our intellectual property rights extend to our technology, business processes and the content on our website. We use the intellectual property of third parties in marketing and providing our services through contractual and other rights. From time to time, third parties may allege that we have violated their intellectual property rights. If we are unable to obtain sufficient rights, successfully defend our use, or develop non-infringing technology and content or otherwise alter our business practices on a timely basis in response to claims of infringement, misappropriation, misuse or other violation of third-party intellectual property rights, our business and competitive position may be adversely affected.

Many companies devote significant resources to developing patents that could potentially affect many aspects of our business. There are numerous patents that broadly claim means and methods of conducting business on the internet. We have not searched patents relative to our technology. Defending ourselves against intellectual property claims, whether they are with or without merit or are determined in our favor, will result in costly litigation and diversion of technical and management personnel. Infringement claims also may result in our inability to use our current website, streaming technology, our recommendation and personalization technology or inability to market our service. As a result of disputes, we may have to develop non-infringing technology, enter into royalty or licensing agreements, adjust our merchandising or marketing activities or take other actions to resolve the claims. These actions, if required, may be costly or unavailable on terms acceptable to us.

Piracy of video, including digital and internet piracy, could adversely affect our business.

Video piracy is extensive in many parts of the world and is made easier by technological advances and the conversion of video into digital formats. This trend facilitates the creation, transmission and sharing of high quality unauthorized copies of content on DVDs, Blu-ray discs, and the internet. We may have to implement elaborate and costly security and anti-piracy measures, which could result in significant expenses and losses of revenue. We cannot assure you that security and anti-piracy measures will prevent the piracy of our content. The proliferation of unauthorized copies of these products could have an adverse effect on our business, because these products could reduce the revenues we receive from our subscription service.

Our online activities are subject to a variety of laws and regulations relating to privacy which, if violated, could subject us to an increased risk of litigation and regulatory actions.

In addition to our websites and applications, we use third-party applications, websites, and social media platforms to promote our service and engage consumers, as well as monitor and collect certain information about users of our service. There are a variety of laws and regulations governing individual privacy and the protection and use of information collected from such individuals, particularly in relation to an individual's personally identifiable information (e.g., credit card numbers). Many foreign countries have adopted similar laws governing individual privacy, some of which are more restrictive than similar U.S. laws. If our online activities were to violate any applicable current or future laws and regulations, we could be subject to litigation and regulatory actions, including fines and other penalties.

We may be subject to litigation which, if adversely determined, could cause us to incur substantial losses.

From time to time during the normal course of operating our businesses, we are subject to various litigation claims and legal disputes. Some of the litigation claims may not be covered under our insurance policies, or our insurance carriers may seek to deny coverage. As a result, we might be required to incur significant legal fees, which may have a material adverse effect on our financial position. In addition, because we cannot accurately predict the outcome of any dispute, it is possible that, as a result of current and/or future litigation, we will be subject to adverse judgments or settlements that could significantly reduce our earnings or result in losses.

We may face legal liability for the content contained on our website.

We could face legal liability for defamation, negligence, copyright, patent or trademark infringement, personal injury or other claims based on the nature and content of materials that we publish or distribute on our website. If we are held liable for damages for the content on our website, our business may suffer. Allegations of impropriety, even if unfounded, could therefore have a material adverse effect on our reputation and our business.

If government regulations relating to the internet or other areas of our business change, we may need to alter the manner in which we conduct our business, or incur greater operating expenses.

The adoption or modification of laws or regulations relating to the internet or other areas of our business could limit or otherwise adversely affect the manner in which we currently conduct our business. In addition, the continued growth and development of the market for online commerce may lead to more stringent consumer protection laws, which may impose additional burdens on us. If we are required to comply with new regulations or legislation or new interpretations of existing regulations or legislation, this compliance could cause us to incur additional expenses or alter our business model.

The adoption of any laws or regulations that adversely affect the growth, popularity or use of the internet, including laws impacting internet neutrality, could decrease the demand for our service and increase our cost of doing business. If internet neutrality rules are rejected, broadband internet access providers may be able to charge web-based services such as ours for priority access to customers, which could result in increased costs and a loss of existing users, impairment of our ability to attract new users, and material adverse effects on our business and opportunities for growth. Additionally, as we expand internationally, government regulation concerning the internet, and in particular, network neutrality, may be nascent or non-existent. Within such a regulatory environment, coupled with potentially significant political and economic power of local network operators, we could experience discriminatory or anti-competitive practices that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business.

We could be subject to economic, political, regulatory and other risks arising from international operations.

Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks that may be different from and incremental to those in the United States. In addition to the risks that we face in the United States, our international operations may involve risks that could adversely affect our business, including the following: the need to adapt our content and user interfaces for specific cultural and language differences, including licensing a certain portion of our content library before we have developed a full appreciation for its performance within a given territory; difficulties and costs associated with staffing and managing foreign operations; management distraction; political or social unrest and economic instability; compliance with U.S. laws, such as the Foreign Corrupt Practices Act, export controls and economic sanctions, and local laws prohibiting corrupt payments to government officials; unexpected changes in regulatory requirements; less favorable foreign intellectual property laws; adverse tax consequences such as those related to repatriation of cash from foreign jurisdictions into the United States, non-income related taxes such as value-added tax or other indirect taxes, changes in tax laws or their interpretations, or the application of judgment in determining our global provision for income taxes and other tax liabilities given inter-company transactions and calculations where the ultimate tax determination is uncertain; fluctuations in currency exchange rates, which could impact revenues and expenses of our international operations and expose us to foreign currency exchange rate risk; profit repatriation and other restrictions on the transfer of funds; differing payment processing systems as well as consumer use and acceptance of electronic payment methods, such as credit and debit cards; new and different sources of competition; different and more stringent user protection, data protection, privacy and other laws; and availability of reliable broadband connectivity and wide area networks in targeted areas for expansion.

Our failure to manage any of these risks successfully could harm our international operations and our overall business, and results of our operations.

We may seek additional capital that may result in shareholder dilution or that may have rights senior to those of our common shareholders.

From time to time, we may seek to obtain additional capital, either through equity, equity-linked or debt securities. Our cash flows provided by our operating activities have been negative in each of the last two years, primarily as a result of our decision to increase the amount expended on marketing and expanding our subscriber base. To the extent our cash flows from operations continue to be negative, we anticipate seeking additional capital. The decision to obtain additional capital will depend on, among other things, our business plans, operating performance and condition of the capital markets. If we raise additional funds through the issuance of equity, equity-linked or debt securities, our shareholders may experience dilution, and such securities may have rights, preferences or privileges senior to the rights of our common stock. Any large equity or equity-linked offering could also negatively impact our stock price.

We may lose key employees or may be unable to hire qualified employees.

We rely on the continued service and performance of our senior management, including in particular Jirka Rysavy, our Chairman, CEO and founder. In our industry, there is substantial and continuous competition for highly skilled business, product development, technical and other personnel. Hiring qualified management is difficult due to the limited number of qualified professionals in the industry in which we operate. Failure to recruit, attract and retain personnel, particularly management personnel, could materially harm our business, financial condition, and results of operations.

We may face quarterly and seasonal fluctuations that could harm our business.

Our revenues and results of operations have fluctuated in the past, and will likely continue to fluctuate, on a quarterly basis. Such fluctuation is the result of a seasonal pattern that reflects variations when consumers buy internet-connected devices and, as a result, tend to increase their viewing, similar to those of general video streaming services. Our subscriber growth is generally greatest in the fourth and first quarters (October through March), and slowest in the May through August period.

Acquisitions and new initiatives may harm our financial results.

We have historically expanded our operations in part through strategic acquisitions and through new initiatives that we generate. We cannot accurately predict the timing, size and success of these efforts. Our acquisition and new initiative strategies involve significant risks that could inhibit our growth and negatively impact our operating results, including the following: our ability to identify suitable acquisition candidates or new initiatives at acceptable prices; our ability to complete the acquisitions of candidates that we identify or develop our new initiatives; our ability to compete effectively for available acquisition opportunities; increases in asking prices by acquisition candidates to levels beyond our financial capability or to levels that would not result in the returns required by our acquisition criteria; diversion of management's attention to expansion efforts; unanticipated costs and contingent liabilities associated with acquisitions and new initiatives; failure of acquired businesses or new initiatives to achieve expected results; our failure to retain key customers or personnel of acquired businesses and difficulties entering markets in which we have no or limited experience. In addition, the size, timing and success of any future acquisitions and new initiatives may cause substantial fluctuations in our operating results from quarter to quarter. Consequently, our operating results for any quarter may not be indicative of the results that may be achieved for any subsequent quarter or for a full fiscal year. These fluctuations could adversely affect our results.

Our founder, chairman and CEO, Jirka Rysavy, has voting control over our company.

Mr. Rysavy holds 100% of our 5,400,000 outstanding shares of Class B common stock and also owns 348,682 shares of Class A common stock. The shares of Class B common stock are convertible into shares of Class A common stock at any time. Each share of Class B common stock has ten votes per share, and each share of Class A common stock has one vote per share. Consequently, Mr. Rysavy holds approximately 85% of our voting stock and is able to exert substantial influence and to control matters requiring approval by shareholders, including the election of directors, increasing our authorized capital stock, or a merger or sale of substantially all of our assets. As a result of Mr. Rysavy's control of us, no change of control can occur without Mr. Rysavy's consent.

Our business is subject to reporting requirements that continue to evolve and change, which could continue to require significant compliance effort and resources.

Because our common stock is publicly traded, we are subject to certain rules and regulations of federal, state and financial market exchange entities charged with the protection of investors and the oversight of companies whose securities are publicly traded. These entities, including the Public Company Accounting Oversight Board, the SEC and NASDAQ, periodically issue new requirements and regulations. Legislative bodies also review and revise applicable laws. As interpretation and implementation of these laws and rules and promulgation of new regulations continues, we will continue to be required to commit significant financial and managerial resources and incur additional expenses.

Liability relating to environmental matters may impact the value of our real property.

We may be subject to environmental liabilities arising from our ownership of real property. Under various U.S. federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances.

The presence of hazardous substances on real property owned by us may adversely affect our ability to sell such real property and we may incur substantial remediation costs, thus harming our financial condition. The discovery of material environmental liabilities attached to such real property could adversely affect our results of operations and financial condition.

Any of these events, in combination or individually, could disrupt our business and adversely affect our business, financial condition, results of operations and cash flows.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive office is located in Louisville, Colorado.

	Size	Use	Lease Expiration
Louisville, CO	150,262 sq. ft.	Headquarters and studios	Owned

We lease to third parties approximately 100,000 square feet of our building space located in Colorado. We believe our facility is adequate to meet our current needs and that suitable additional facilities will be available for lease or purchase when, and as, we need them.

Item 3. Legal Proceedings

From time to time, we are involved in legal proceedings that we consider to be in the normal course of business. We record accruals that can be reasonably estimated for losses related to matters against us that we consider to be probable. In the opinion of management, based on available information, settlements, arbitration awards and final judgments, if any, that are considered probable of being rendered against us in litigation or arbitration in existence at December 31, 2017 and that can be reasonably estimated are either reserved against or would not have a material adverse effect on our financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Stock Price History

Our Class A common stock is listed on the NASDAQ Global Market under the symbol "GAIA". On February 14, 2018, we had 3,406 shareholders of record and 9,789,743 shares of $.0001 par value Class A common stock outstanding, and we had 5,400,000 shares of $.0001 par value Class B common stock outstanding, held by one shareholder.

The following table sets forth certain sales price data for our Class A common stock for the period indicated:

	High	Low
2017		
Fourth Quarter	$ 13.40	$ 11.85
Third Quarter	$ 13.50	$ 10.35
Second Quarter	$ 12.40	$ 10.00
First Quarter	$ 10.37	$ 7.88
2016		
Fourth Quarter	$ 10.07	$ 6.05
Third Quarter	$ 8.26	$ 7.03
Second Quarter	$ 8.00	$ 5.83
First Quarter	$ 6.49	$ 4.35

Issuer Purchases of Registered Equity Securities

None.

Dividend Policy

No dividends were declared or paid during the twelve months ended December 31, 2017 and 2016.

Sales of Unregistered Securities

None.

Equity Compensation Plan Information

The following table summarizes equity compensation plan information for our Class A common stock at December 31, 2017:

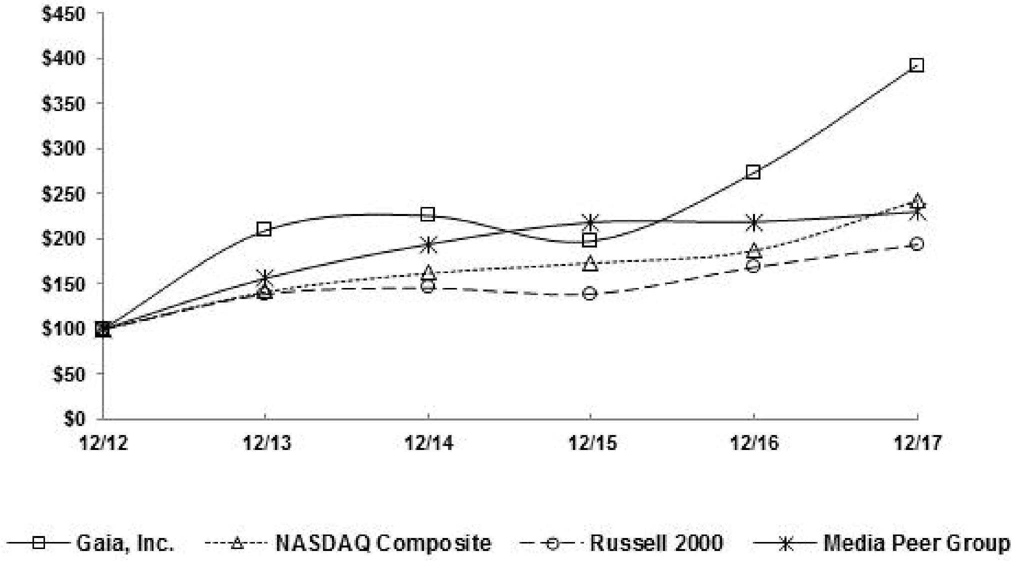
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	1,436,348	$ 7.67	1,563,652
Equity compensation plans not approved by security holders	—	—	—
Total	1,436,348	$ 7.67	1,563,652

Stock Performance Graph

The graph below shows, for the five years ended December 31, 2017, the cumulative total return on an investment of $100 in our Class A common stock, assuming the investment was made on December 31, 2012. The graph compares such return with that of comparable investments assumed to have been made on the same date in (a) the NASDAQ Composite Index, (b) the Russell 2000 Index and (c) a media peer group, comprised of The Walt Disney Company; and Lions Gate Entertainment Corp. Our Class A common stock is traded on the NASDAQ Global Market under the trading symbol "GAIA". Our Class A common stock is also included in the Russell 2000 Index.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Gaia, Inc., the NASDAQ Composite Index, the Russell 2000 Index, and Media Peer Group



*$100 invested on 12/31/12 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. Selected Financial Data

We derived the selected consolidated statement of operations data and consolidated cash flow data for the years ended December 31, 2017, 2016 and 2015, and consolidated balance sheet data as of December 31, 2017 and 2016 set forth below from our audited consolidated financial statements, which are included elsewhere in this Form 10-K. We derived the selected consolidated statement of operations data and consolidated cash flow data for the years ended December 31, 2014 and 2013 and consolidated balance sheet data as of December 31, 2015, 2014 and 2013 set forth below from our audited consolidated financial statements which are not included in this Form 10-K. During 2016 we sold our Gaiam Brand and eco-travel business and during 2013, we sold our non-Gaia brand entertainment media distribution operations and discontinued our DRTV operations. These businesses are reported as discontinued operations for all periods presented below.

The historical operating results are not necessarily indicative of the results to be expected for any other period. You should read the data set forth below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, included elsewhere in this Form 10-K.

	Years ended December 31,				
(in thousands, except per share data)	**2017**	**2016(a)**	**2015(b)**	**2014(b)**	**2013(c)**
Consolidated Statement of Operations Data:					
Streaming revenues	$ 26,220	$ 14,736	$ 10,752	$ 8,040	$ 3,242
DVD subscription and other revenues	2,070	2,511	2,707	2,714	2,974
Net revenues	28,290	17,247	13,459	10,754	6,216
Loss from operations	(25,141)	(16,575)	(8,711)	(10,726)	(10,002)
Loss from continuing operations	(23,701)	(10,782)	(9,019)	(9,846)	(10,002)
Income (loss) from discontinued operations, net of tax	429	97,848	(2,687)	(70)	(12,750)
Net income (loss)	$ (23,272)	$ 87,066	$ (11,706)	$ (9,916)	$ (22,752)
Income (loss) per share—basic and diluted:					
Continuing operations	$ (1.57)	$ (0.54)	$ (0.37)	$ (0.41)	$ (0.44)
Discontinued operations	0.03	4.93	(0.11)	—	(0.55)
Basic and diluted net income (loss) per share	$ (1.54)	$ 4.39	$ (0.48)	$ (0.41)	$ (0.99)
Weighted-average shares outstanding:					
Basic and diluted	15,160	19,850	24,510	24,228	22,972

	As of December 31,				
(in thousands)	**2017**	**2016**	**2015**	**2014**	**2013(c)**
Consolidated Balance Sheet Data:					
Cash	$ 32,778	$ 54,027	$ 1,266	$ 3,821	$ 1,520
Working capital - continuing operations	16,751	46,778	(5,075)	3,111	90
Working capital - discontinued operations	—	—	36,646	36,201	53,065
Total assets	96,979	107,196	128,542	138,632	141,686
Total liabilities	20,827	9,659	39,749	39,073	36,396
Total equity	76,152	97,537	88,793	99,559	105,290
Consolidated Cash Flow Data:					
Net cash provided by (used in) operating activities	$ (20,792)	$ (15,382)	$ 7,601	$ 9,788	$ (23,124)

(a) In 2016, we recorded a combined gain of $124.8 million from the gain on the sale of our equity interest in Natural Habitat and the sale of the Gaiam Brand business.

(b) We recorded non-cash and cash charges of $12.1 million and $3.3 million during 2015 and 2014, respectively, in connection to a dispute and settlement with Cinedigm associated with the sale of our DVD distribution business.

(c) During 2013, we recognized $11.0 million for certain impairments and restructuring costs, $2.0 million net loss from discontinued operations due to the closure of our DRTV business, and the sale of GVE and a $25.0 million gain on the sale of stock. We also recorded a $23.2 million charge to income tax expense to provide a valuation allowance against our deferred tax assets.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, we intend the words “anticipate,” “believe,” “plan,” “estimate,” “expect,” “strive,” “future,” “intend”, “will” and similar expressions as they relate to us to identify such forward-looking statements. Our actual results could differ materially from the results anticipated in these forward-looking statements as a result of certain factors set forth under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Quantitative and Qualitative Disclosures About Market Risk” and elsewhere in this Form 10-K. Risks and uncertainties that could cause actual results to differ include, without limitation, general economic conditions, ongoing losses, competition, loss of key personnel, pricing, brand reputation, acquisitions, new initiatives we undertake, security and information systems, legal liability for website content, failure of third parties to provide adequate service, future internet related taxes, our founder’s control of us, litigation, fluctuations in quarterly operating results, consumer trends, the effect of government regulation and programs and other risks and uncertainties included in our filings with the Securities and Exchange Commission. We caution you that no forward-looking statement is a guarantee of future performance, and you should not place undue reliance on these forward-looking statements which reflect our views only as of the date of this report. We undertake no obligation to update any forward-looking information.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the consolidated financial statements and related notes included elsewhere in this document. This section is designed to provide information that will assist readers in understanding our consolidated financial statements, changes in certain items in those statements from year to year, the primary factors that caused those changes and how certain accounting principles, policies and estimates affect the consolidated financial statements.

Overview and Outlook

We operate a global digital video subscription service with over 8,000 titles that caters to a unique, underserved subscriber base. Our digital content is available to our subscribers on most internet-connected devices anytime, anywhere commercial-free. Through our online Gaia subscription service our subscribers have unlimited access to a library of inspiring films, cutting edge documentaries, interviews, yoga classes, transformation related content, and more – 90% of which is exclusively available to our subscribers for digital streaming on most internet-connected devices. A subscription also allows our subscribers to download files from our library and view them without being actively connected to the internet.

Consumption of streaming video is expanding rapidly as more and more people augment their use of, or replace broadcast television and turn to, streaming video to watch their favorite content on services like Netflix, Amazon Prime, Hulu Plus, HBO Now and Gaia.

Gaia’s position in the streaming video landscape is firmly supported by its wide variety of exclusive and unique content, which provides a complementary offering to other entertainment-based streaming video services. Our original content is developed and produced in-house in our production studios near Boulder, Colorado. Over 90% of our content is available for streaming exclusively on Gaia. By offering exclusive and unique content through our streaming service, we believe we will be able to significantly expand our target subscriber base.

Our available content is currently focused on yoga, transformation, seeking truth and conscious films. This content is specifically targeted to a unique customer base that is interested in alternatives and supplements to the content provided by mainstream media. We have grown these content options both organically through our own productions and through strategic acquisitions. In addition, through our investments in our streaming video technology and our user interface, we have expanded the many ways our subscription customer base can access our unique library of media titles.

Our core strategy is to grow our subscription business domestically and internationally by expanding our unique and exclusive content library, enhancing our user interface, extending our streaming service to new internet-connected devices as they are developed and creating a conscious community built on our content.

We are a Colorado corporation. Our principal and executive office is located at 833 West South Boulder Road, Suite G, Louisville, CO 80027-2452. Our telephone number at that address is (303) 222-3600. We maintain an internet website at www.gaia.com. The website address has been included only as a textual reference. Our website and the information contained on that website, or connected to that website, are not incorporated by reference into this Form 10-K.

Sale of Gaiam Brand Segment

In 2016, we sold our equity interest in Natural Habitat to Lindblad Expeditions Holdings, Inc. (NASDAQ: LIND) for $13 million and recognized a gain of $10 million.

Also in 2016, we completed the sale of our Gaiam Brand consumer products business to Sequential Brands Group, Inc. (NASDAQ: SQBG) and its operating partner Fit For Life LLC. Gross consideration was $167 million and we recognized a gain of $115 million before taxes.

We used the majority of the net proceeds to conduct a share repurchase tender offer and acquired approximately 9,637,000 shares of our Class A common stock and 840,000 vested stock options at a fixed price of $7.75 per share.

Results of Operations

The table below summarizes certain of our results for the periods indicated:

	Years ended December 31,		
(in thousands, except per share data)	**2017**	**2016**	**2015**
Streaming revenues	$ 26,220	$ 14,736	$ 10,752
DVD subscription and other revenues	2,070	2,511	2,707
Cost of streaming	3,602	2,567	2,262
Cost of DVD subscription and other	325	275	335
Selling and operating	43,979	24,960	13,079
Corporate, general and administration	5,525	6,020	6,494
Loss from operations	(25,141)	(16,575)	(8,711)
Interest and other income (expense)	515	(351)	(311)
Loss before taxes	(24,626)	(16,926)	(9,022)
Income tax benefit	(925)	(6,144)	(3)
Net loss from continuing operations	(23,701)	(10,782)	(9,019)
Income (loss) from discontinued operations, net	429	97,848	(2,687)
Net income (loss)	$ (23,272)	$ 87,066	$ (11,706)

The following table sets forth certain financial data as a percentage of net revenues for the periods indicated:

	Years ended December 31,		
	2017	2016	2015
Net revenues			
Streaming	92.7 %	85.4 %	79.9 %
DVD subscription and other	7.3 %	14.6 %	20.1 %
Total net revenues	100.0 %	100.0 %	100.0 %
Cost of revenues			
Cost of streaming	12.8 %	14.9 %	16.8 %
Cost of DVD subscription and other	1.1 %	1.6 %	2.5 %
Total cost of revenues	13.9 %	16.5 %	19.3 %
Gross profit	86.1 %	83.5 %	80.7 %
Expenses:			
Selling and operating	155.5 %	144.7 %	97.2 %
Corporate, general and administration	19.5 %	34.9 %	48.3 %
Total expenses	175.0 %	179.6 %	145.4 %
Loss from operations	(88.9)%	(96.1)%	(64.7)%
Interest and other income (expense)	1.8 %	(2.0)%	(2.3)%
Loss before taxes	(87.0)%	(98.1)%	(67.0)%
Income tax benefit	(3.3)%	(35.6)%	— %
Net loss from continuing operations	(83.8)%	(62.5)%	(67.0)%
Income (loss) from discontinued operations	1.5 %	567.3 %	(20.0)%
Net income (loss)	(82.3)%	504.8 %	(87.0)%

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Net revenue. Net revenue increased $11.1 million, or 64.5%, to $28.3 million during 2017, compared to $17.2 million during 2016. Net revenue from streaming increased $11.5 million, or 78.2%, to $26.2 million during 2017 from $14.7 million during 2016. The increase in streaming revenues was primarily driven by 80% growth in the number of paying subscribers. Net revenues were not significantly impacted by either changing prices or inflation.

Cost of revenues. Cost of revenues increased $1.1 million, or 39.3%, to $3.9 million during 2017 from $2.8 million during 2016. Cost of revenues for streaming increased $1.0 million, or 38.5%, to $3.6 million during 2017 from $2.6 million during 2016 and, as a percentage of streaming revenue, decreased to 13.7% compared to 17.4% during 2016 due primarily to an increase in revenue and the lower cost of streaming associated with our higher volumes.

Selling and operating expenses. Selling and operating expenses increased $19.0 million, or 76.0%, to $44.0 million during 2017 from $25.0 million during 2016 and, as a percentage of net revenue, increased to 155.5% during 2017 from 144.7% during 2016. The increase was primarily due to increased marketing spending for subscriber acquisition to drive the increase in our annual subscriber growth rate from 52% in 2016 to 80% in 2017.

Corporate, general and administration expenses. Corporate, general and administration expenses decreased $0.5 million, or 8.3%, to $5.5 million during 2017 from $6.0 million during 2016 and, as a percentage of net revenue, decreased to 19.5% during 2017 from 34.9% during 2016. The decrease was primarily due to the elimination of duplicate costs upon the sale of the Gaiam Brand business in 2016.

Income (loss) from discontinued operations. The operations of the Gaiam Brand segment are included in income (loss) from discontinued operations. We completed the sale of the Gaiam Brand business and Natural Habitat during 2016.

Net income (loss). As a result of the above factors, net loss was $23.3 million, or $1.54 per share, for 2017 compared to net income of $87.1 million, or $4.39 per share, for 2016 which reflected the repurchase of approximately 40% of our outstanding common stock. Net income (loss) was not significantly impacted by either changing prices or inflation.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Net revenue. Net revenue increased $3.7 million, or 27.4%, to $17.2 million during 2016, compared to $13.5 million during 2015. Net revenue from streaming increased $3.9 million, or 36.1%, to $14.7 million during 2016 from $10.8 million during 2015. The increase in streaming revenues was primarily driven by 52% growth in the number of paying subscribers. Net revenues were not significantly impacted by either changing prices or inflation.

Cost of revenues. Cost of revenues increased $0.2 million, or 7.7%, to $2.8 million during 2016 from $2.6 million during 2015. Cost of revenues for streaming increased $0.3 million, or 13.0%, to $2.6 million during 2016 from $2.3 million during 2015 and, as a percentage of streaming revenue, decreased to 17.4% compared to 21.0% during 2015 due primarily to an increase in revenue and the lower cost of streaming associated with our higher volumes.

Selling and operating expenses. Selling and operating expenses increased $11.9 million, or 90.8%, to $25.0 million during 2016 from $13.1 million during 2015 and, as a percentage of net revenue, increased to 144.7% during 2016 from 97.2% during 2015. The increase was primarily due to increased marketing spending for subscriber acquisition to drive growth.

Corporate, general and administration expenses. Corporate, general and administration expenses decreased $0.5 million, or 7.7%, to $6.0 million during 2016 from $6.5 million during 2015 and, as a percentage of net revenue, decreased to 34.9% during 2016 from 48.3% during 2015. The decrease was primarily due to the elimination of duplicate costs upon the sale of the Gaiam Brand business in 2016, offset by increased costs associated with legal and accounting fees.

Income (loss) from discontinued operations. The operations of the Gaiam Brand segment are included in income (loss) from discontinued operations. We completed the sale of the Gaiam Brand business and Natural Habitat during 2016, recognizing a gain of $114.5 million, which was offset by transaction costs, taxes and losses from the operation of discontinued operations of $16.7 million, compared to losses from the operation of discontinued operations of $2.7 million in 2015.

Net income (loss). As a result of the above factors, net income was $87.1 million, or $4.39 per share, during 2016 compared to a net loss of $11.7 million, or $0.48 per share, during 2015. Net income (loss) was not significantly impacted by either changing prices or inflation.

Quarterly and Seasonal Fluctuations

The following tables set forth our unaudited results of operations for each of the quarters in 2017 and 2016. In our opinion, this unaudited financial information includes all adjustments, consisting solely of normal recurring accruals and adjustments, necessary for a fair presentation of the results of operations for the quarters presented. You should read this financial information in conjunction with our consolidated financial statements and related notes included elsewhere in this Form 10-K. The results of operations for any quarter are not necessarily indicative of future results of operations.

	Year 2017 Quarters Ended			
(in thousands, except per share data)	**March 31**	**June 30**	**September 30**	**December 31**
Net revenues	$ 5,784	$ 6,558	$ 7,522	$ 8,426
Gross profit	4,964	5,647	6,485	7,267
Loss from continuing operations	(6,180)	(6,310)	(5,634)	(5,577)
Income from discontinued operations	—	—	429	—
Net loss	(6,180)	(6,310)	(5,205)	(5,577)
Basic and diluted net loss per share	$ (0.41)	$ (0.42)	$ (0.34)	$ (0.37)
Weighted average shares outstanding - basic and diluted	15,153	15,157	15,161	15,168

(in thousands, except per share data)	Year 2016 Quarters Ended March 31	June 30	September 30	December 31
Net revenues	$ 3,830	$ 4,198	$ 4,462	$ 4,757
Gross profit	3,117	3,451	(3,761)	4,075
Loss from continuing operations	(4,126)	(3,085)	(151)	(3,421)
Income (loss) from discontinued operations	(3,498)	646	100,595	106
Net income (loss)	(7,624)	(2,439)	100,444	(3,315)
Basic and diluted net income (loss) per share	$ (0.31)	$ (0.10)	$ 6.64	$ (0.22)
Weighted average shares outstanding - basic and diluted	24,531	24,580	15,138	15,148

Our subscriber base growth reflects seasonal variations driven primarily by when consumers buy internet-connected devices and, as a result, tend to increase their viewing, similar to those of traditional TV and cable networks. Our member growth is generally greatest in the fourth and first quarters (October through March), and slowest in the May through August period. This drives quarterly variations in our spending on customer acquisition efforts, but does not drive a corresponding seasonality in net revenue.

Critical Accounting Policies

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States, which require us to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Note 2 to the consolidated financial statements in Item 8 of this Form 10-K summarizes the significant accounting policies and methods used in the preparation of our consolidated financial statements.

We believe the following to be critical accounting policies whose application has a material impact on our financial presentation, and involve a higher degree of complexity, as they require us to make judgments and estimates about matters that are inherently uncertain.

Media Library

Media Library represents the lower of unamortized cost or net realizable value of digital media content acquired through asset purchases, capitalized costs to produce our proprietary media content, and rights obtained through license arrangements and business combinations.

The value of our acquired media library consists of the fair value of media assets obtained through asset acquisitions and business combinations recorded at the estimated fair value of the titles acquired, which is based on a number of factors, including the number of titles, the total hours of content, the production quality and age of the acquired media assets.

Our licensed media library is obtained through license arrangements. Generally, we pay an advance against a percentage royalty or an upfront license fee in exchange for the distribution rights for a specific license window, but we may also obtain a license for a fixed fee for perpetuity. These payments are capitalized at the time of payment. Certain agreements also include an ongoing royalty obligation, which entitles the licensor to a share of the revenues generated from the licensed works. These expenses are calculated and accrued on a monthly basis and included in costs of streaming. We pay these accrued royalties on a quarterly basis and therefore have included the related liability in accrued liabilities.

The value of our produced media library consists of capitalized costs incurred to produce original media content, including salary and overhead costs of our in-house production team and other third-party costs.

We amortize our media library in cost of streaming on a straight-line basis over the shorter of the license period or the estimated useful life of the titles, which typically ranges from 12 to 90 months. The amortization period begins with the first month of availability on our service.

Management reviews content viewership to determine whether viewing patterns correlate with initial estimates supporting the amortization period utilized. If current estimates indicate that viewing is significantly higher in earlier periods relative to the remaining amortization period, we will begin amortizing the respective titles on an accelerated basis over the amortization period. Based on this analysis, no additional amortization was recorded during 2017, 2016 or 2015.

Our media library is reviewed for impairment when an event or change in circumstances indicates that the carrying amount of the media library may not be recoverable. Recoverability of the media library is measured by a comparison of the carrying amount of the media library to estimated undiscounted future cash flows expected to be generated by the media library. If the carrying amount of the media library exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying value of the media library exceeds its fair value.

Goodwill

Goodwill represents the excess of the purchase consideration over the estimated fair value of assets acquired less liabilities assumed in a business acquisition. We have only one reporting unit; therefore, goodwill is assessed at the enterprise level. We review goodwill for impairment annually as of December 31. We have the option of first assessing qualitative factors to determine whether events and circumstances indicate that it is more likely than not that the estimated fair value of goodwill is less than its carrying amount. If it is determined that the fair value for goodwill is more likely than not greater than the carrying amount for goodwill, then the two-step impairment test is unnecessary. If it is determined that the two-step impairment test is necessary, then for step one, we compare the estimated fair value of goodwill with its carrying amount, including goodwill. If the estimated fair value of goodwill exceeds its carrying amount, we consider the goodwill to not be impaired. If the carrying amount of goodwill exceeds its estimated fair value, we perform the second step of the goodwill impairment test to measure the amount of impairment loss. We use either a comparable market approach or a traditional present value method to test for potential impairment. The process of evaluating the potential impairment of goodwill is highly subjective and requires significant judgment at many points during the analysis. Application of alternative assumptions and definitions could yield significantly different results. During 2017, 2016 and 2015, no impairment of goodwill was indicated.

Income Taxes and Deferred Tax Balances

ASC 740, *Income Taxes*, requires deferred tax assets and liabilities to be measured at the enacted tax rate expected to apply when the temporary differences are to be realized or settled. The tax expense or benefit related to ordinary income or loss shall be computed at an annual effective tax rate and the tax expense or benefit related to all other items shall be individually computed and recognized as a discrete item when it occurs. Our annual effective tax rate for 2017 was 35.5%, however due to the federal tax rate reduction effective after December 31, 2017, the net deferred tax assets are remeasured at 22.5%, a decrease from the current year annual effective tax rate of 35.5%. The difference in our effective tax rate is the result of the reduction in the federal corporate tax rate from 34% in 2017 to 21% beginning in 2018. The effect of a change in tax law is recorded discretely as a component of the income tax provision related to continuing operations in the period of enactment.

Revenues

Streaming revenues consist primarily of subscription fees paid by our streaming customers. DVD subscription and other revenues consist of subscription fees paid by our DVD customers and rental income from tenant leases. We recognize revenues when the following four basic criteria are met: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the seller’s price to the buyer is fixed or determinable; and (iv) collectability is reasonably assured. We present revenues net of taxes collected from customers. Streaming revenues are recognized ratably over the subscription term. Deferred revenues consist of subscription fees collected from customers that have not been earned and is recognized ratably over the remaining term of the subscription.

Share-Based Compensation

We recognize compensation cost for share-based awards based on the estimated fair value of the award on date of grant. We measure compensation cost at the grant date based on the estimated fair value of the award and recognize compensation cost upon the probable attainment of a specified performance condition over the estimated performance period or for time based awards over the service period. We use the Black-Scholes option or intrinsic valuation model to estimate the fair value of the award. In estimating this fair value, we use certain assumptions, as disclosed in Note 8. Share-Based Compensation, consisting of the expected life of the option, risk-free interest rate, dividend yield, and volatility. The use of a different estimate for any one of these assumptions could have a material impact on the amount of calculated compensation expense.

Liquidity and Capital Resources

Our capital needs arise from working capital required to fund operations, capital expenditures related to acquisition and development of media content, development and marketing of our digital platforms, acquisitions of new businesses and other investments, replacements, expansions and improvements to our infrastructure, and future growth. These capital requirements depend on numerous factors, including the rate of market acceptance of our offerings, our ability to expand our customer base, the cost of ongoing upgrades to our offerings, the level of expenditures for marketing, and other factors. Additionally, we will continue to pursue opportunities to expand our media libraries, evaluate possible investments in businesses and technologies, and increase our marketing programs as needed. At December 31, 2017, our cash balance was $32.8 million. We estimate that our capital expenditures, including produced content, will total approximately $13 million to $17 million for 2018, which will be funded through our available cash balance.

Since 2007, we have had an active shelf registration with the Securities and Exchange Commission for 5,000,000 shares of our Class A common stock and to date no shares have been issued under this shelf registration.

On December 28, 2017, our wholly-owned subsidiary Boulder Road LLC entered into a $13.5 million revolving credit facility with Great Western Bank, secured by its real estate and guaranteed by Gaia. The credit facility matures on December 28, 2020, and the maximum available under the credit facility reduces by $500,000 semi-annually each June 30 and December 31. Interest accrues at the prime rate plus 0.5% with a floor of 4.25%. The credit facility requires Boulder Road to maintain a debt service coverage ratio of 1.2 to 1.0 as of the end of each calendar year period, and contains various other affirmative and negative covenants, including among others, limitations on indebtedness, liens, investments and loans. At December 31, 2017, $12.5 million of borrowings were outstanding under the credit facility.

In the normal course of our business, we investigate, evaluate and discuss acquisition, joint venture, minority investment, strategic relationship and other business combination opportunities in our market. For any future investment, acquisition or joint venture opportunities, we may consider using then-available liquidity, issuing equity securities or incurring additional indebtedness.

While there can be no assurances, we believe our cash on hand, cash expected to be generated from future operations, and cash that could be raised by the sale of our stock or from new or revised credit facilities would be sufficient to fund our operations on both a short-term and long-term basis. However, our projected cash needs may change as a result of acquisitions, content development, unforeseen operational difficulties or other factors.

Cash Flows

The following table summarizes our primary sources (uses) of cash during the periods presented:

	Years ended December 31,		
(in thousands)	**2017**	**2016**	**2015**
Net cash provided by (used in):			
Operating activities – continuing operations	$ (20,792)	$ (6,056)	$ (3,787)
Operating activities – discontinued operations	—	(9,326)	11,388
Operating activities	(20,792)	(15,382)	7,601
Investing activities – continuing operations	(13,011)	145,533	(6,380)
Investing activities—discontinued operations	—	(319)	(2,955)
Investing activities	(13,011)	145,214	(9,335)
Financing activities	12,554	(77,071)	(326)
Effects of exchange rates on cash	—	—	(495)
Net (decrease) increase in cash	$ (21,249)	$ 52,761	$ (2,555)

2017 Compared to 2016

Continuing Operations

Operating activities. Cash flow used in continuing operations increased $14.7 million during 2017 compared to the same period in 2016. The increase was primarily due to increased investment in customer acquisition efforts to accelerate our annual subscriber growth rate from 52% in 2016 to 80% in 2017.

Investing activities. Cash flow provided by investing activities – continuing operations decreased $158.5 million during 2017 compared to the same period in 2016. The decrease is due to the $162.1 million net proceeds from the sale of the Gaiam Brand business including Natural Habitat in 2016, offset by a $6.0 million increase in our investment in our media library.

Financing activities. Cash flows from financing activities increased $89.6 million during 2017 compared to the same period in 2016, primarily due to the use of $77.4 million to repurchase 9,636,848 shares of Class A common stock and 842,114 stock options in the tender offer completed in July 2016 offset by $12.5 million of borrowings under a revolving line of credit secured by our real estate entered into in December 2017.

2016 Compared to 2015

Continuing Operations

Operating activities. Cash flow used by continuing operations increased $2.3 million during 2016 compared to the same period in 2015. The increase was primarily due to operating losses and growth in our deferred revenue balances in conjunction with our subscriber growth.

Investing activities. Cash flow used by investing activities – continuing operations increased $151.9 million during 2016 compared to the same period in 2015. The increase is due to the $162.1 million net proceeds from the sale of the Gaiam Brand business including Natural Habitat, offset by investments in our media library and other investments.

Financing activities. Cash flow from financing activities decreased $76.7 million during 2016 compared to the same period in 2015, primarily due to the use of $77.4 million to repurchase 9,636,848 shares of Class A common stock and 842,114 stock options in the tender offer completed in July 2016.

Discontinued Operations

Operating activities. Cash flow from discontinued operations decreased $20.7 million during 2016 compared to the same period in 2015. The decrease was primarily due to the Gaiam Brand business only operating the first 6 months of 2016, operating loses, and longer collection cycles on accounts receivable in 2016.

Investing activities. Cash used in investing activities – discontinued operations decreased $2.6 million during 2016 compared to the same period on 2015. The decrease was due to decreased investment activity prior to the Gaiam Brand business sale.

Contractual Obligations

The outstanding balance of the revolving line of credit at December 31, 2017 was fully repaid in January 2018.

Off-Balance Sheet Arrangements

We do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as special purpose entities or variable interest entities, which have been established for the purpose of facilitating off-balance sheet arrangements or other limited purposes.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We have no material market risk exposure as of December 31, 2017.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors

Gaia, Inc.

Louisville, Colorado

OPINIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

We have audited the accompanying consolidated balance sheets of Gaia, Inc. (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows, for each year in the three-year period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). We have also audited the Company's internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control - Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each year in the three-year period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework: (2013)* issued by COSO.

BASIS FOR OPINIONS

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

DEFINITION AND LIMITATIONS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

EKS&H LLLP

February 26, 2018
Denver, Colorado

We have served as the Company's auditor since 2004.

GAIA, INC.

Consolidated Balance Sheets

(in thousands, except share and per share data)	As of December 31, 2017		As of December 31, 2016	
ASSETS				
Current assets:				
Cash	$	32,778	$	54,027
Accounts receivable		1,055		554
Prepaid expenses and other current assets		3,082		1,303
Total current assets		36,915		55,884
Building and land, net		17,028		16,896
Media library, software and equipment, net		20,387		12,861
Goodwill		10,609		10,609
Investments and other assets		12,040		10,946
Total assets	$	96,979	$	107,196
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable, accrued and other liabilities	$	16,848	$	6,672
Deferred revenue		3,316		2,434
Total current liabilities		20,164		9,106
Deferred taxes		663		553
Equity:				
Gaia, Inc. shareholders' equity:				
Class A common stock, $.0001 par value, 150,000,000 shares authorized, 9,769,961 and 9,752,531 shares issued and outstanding at December 31, 2017 and 2016, respectively		1		1
Class B common stock, $.0001 par value, 50,000,000 shares authorized, 5,400,000 shares issued and outstanding at December 31, 2017 and 2016, respectively		1		1
Additional paid-in capital		100,560		98,504
Accumulated deficit		(24,410)		(969)
Total equity		76,152		97,537
Total liabilities and equity	$	96,979	$	107,196

See accompanying Notes to Consolidated Financial Statements.

GAIA, INC.

Consolidated Statements of Operations

(in thousands, except per share data)	Years Ended December 31, 2017	2016	2015
Net revenues			
Streaming	$ 26,220	$ 14,736	$ 10,752
DVD subscription and other	2,070	2,511	2,707
Total net revenues	28,290	17,247	13,459
Cost of revenues			
Streaming	3,602	2,567	2,262
DVD subscription and other	325	275	335
Total cost of revenues	3,927	2,842	2,597
Gross profit	24,363	14,405	10,862
Expenses:			
Selling and operating	43,979	24,960	13,079
Corporate, general and administration	5,525	6,020	6,494
Total operating expenses	49,504	30,980	19,573
Loss from operations	(25,141)	(16,575)	(8,711)
Interest and other income (expense), net	515	(351)	(311)
Loss before income taxes	(24,626)	(16,926)	(9,022)
Income tax benefit	(925)	(6,144)	(3)
Loss from continuing operations	(23,701)	(10,782)	(9,019)
Income (loss) from discontinued operations, net of tax	429	97,848	(2,687)
Net income (loss)	$ (23,272)	$ 87,066	$ (11,706)
Income (loss) per share—basic and diluted:			
Continuing operations	$ (1.57)	$ (0.54)	$ (0.37)
Discontinued operations	0.03	4.93	(0.11)
Basic and diluted net income (loss) per share	$ (1.54)	$ 4.39	$ (0.48)
Weighted-average shares outstanding:			
Basic and diluted	15,160	19,850	24,510

See accompanying Notes to Consolidated Financial Statements.

GAIA, INC.

Consolidated Statement of Changes in Equity

		Gaia, Inc. Shareholders					
(in thousands, except shares)	**Total Equity**	**Accumulated Deficit**	**Accumulated Other Comprehensive Loss**	**Common Stock Amount**	**Additional Paid-in Capital**	**Common Stock Shares**	**Noncontrolling Interest**
Balance at December 31, 2014	$ 99,559	$ (76,329)	$ (200)	$ 3	$ 171,315	24,484,958	$ 4,770
Issuance of Gaia, Inc. common stock and share-based compensation	1,056	—	—	—	1,056	45,723	—
Subsidiary's dividend to noncontrolling interest	(486)	—	—	—	—	—	(486)
Comprehensive loss	(11,336)	(11,706)	(199)	—	—	—	569
Balance at December 31, 2015	$ 88,793	$ (88,035)	$ (399)	$ 3	$ 172,371	24,530,681	$ 4,853
Issuance of Gaia, Inc. common stock for stock option exercises, share-based compensation and charitable contribution, net of tax	2,300	—	—	—	2,300	258,698	—
Repurchase of shares	(76,168)	—	—	(1)	(76,167)	(9,636,848)	—
Dividends paid to noncontrolling interest	(1,944)	—	—	—	—	—	(1,944)
Elimination of noncontrolling interest and accumulated other comprehensive loss resulting from the sale of Gaiam Brand segment	(2,510)	—	399	—	—	—	(2,909)
Net income	87,066	87,066	—	—	—	—	—
Balance at December 31, 2016	$ 97,537	$ (969)	$ —	$ 2	$ 98,504	15,152,531	$ —
Cumulative effect adjustment of ASU 2016-09	77	(169)	—	—	246	—	—
Issuance of Gaia, Inc. common stock for stock option exercises and share-based compensation, net of tax	1,810	—	—	—	1,810	17,430	—
Net loss	(23,272)	(23,272)	—	—	—	—	—
Balance at December 31, 2017	$ 76,152	$ (24,410)	$ —	$ 2	$ 100,560	15,169,961	$ —

See accompanying Notes to Consolidated Financial Statements.

GAIA, INC.

Consolidated Statements of Cash Flows

(in thousands)	Years ended December 31, 2017	2016	2015
Operating activities:			
Net income (loss)	$ (23,272)	$ 87,066	$ (11,706)
(Income) loss from discontinued operations	(429)	(97,848)	2,687
Net loss from continuing operations	(23,701)	(10,782)	(9,019)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:			
Depreciation and amortization	4,903	3,684	3,268
Loss on remeasurement of foreign currency	—	—	408
Share-based compensation expense	1,833	674	339
Changes in operating assets and liabilities:			
Accounts receivable, net	(501)	(161)	(236)
Prepaid expenses and other assets	(2,423)	(279)	395
Accounts payable, accrued liabilities, and deferred taxes	(1,785)	(172)	421
Deferred revenue	882	980	637
Net cash used in operating activities – continuing operations	(20,792)	(6,056)	(3,787)
Net cash provided by (used in) operating activities – discontinued operations	—	(9,326)	11,388
Net cash provided by (used in) operating activities	(20,792)	(15,382)	7,601
Investing activities:			
Additions to property, equipment and media library	(12,511)	(6,594)	(6,380)
Additions to intangible assets	(500)	—	—
Purchase of investment	—	(10,000)	—
Proceeds from the sale of Gaiam Brand business, net	—	162,127	—
Net cash provided by (used in) investing activities—continuing operations	(13,011)	145,533	(6,380)
Net cash used in investing activities—discontinued operations	—	(319)	(2,955)
Net cash provided by (used in) investing activities	(13,011)	145,214	(9,335)
Financing activities:			
Net proceeds from issuance of stock	54	1,041	160
Repurchases of stock	—	(76,168)	—
Drawdowns on line of credit	12,500	3,000	—
Repayments on line of credit	—	(3,000)	—
Dividends paid to noncontrolling interest	—	(1,944)	(486)
Net cash (used in) provided by financing activities	12,554	(77,071)	(326)
Effect of exchange rates on cash	—	—	(495)
Net increase (decrease) in cash	(21,249)	52,761	(2,555)
Cash at beginning of year	54,027	1,266	3,821
Cash at end of year	$ 32,778	$ 54,027	$ 1,266
Supplemental cash flow information			
Interest paid	$ —	$ —	$ 4
Income taxes paid	$ 69	$ 2,430	$ 1,322
Deferred tax asset impact on APIC	$ 77	$ 763	$ —

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

References in this report to “we”, “us”, “our”, “Company” or “Gaia” refer to Gaia, Inc. and its subsidiaries, unless we indicate otherwise.

1. Organization, Nature of Operations, and Principles of Consolidation

Gaia, Inc., operates a global digital video subscription service and on-line community that caters to a unique and underserved subscriber base. Our digital content is available to our subscribers on most internet-connected devices anytime, anywhere commercial free. Through our online Gaia subscription service, our customers have unlimited access to a vast library of inspiring films, cutting edge documentaries, interviews, yoga classes, transformation related content, and more – 90% of which is exclusively available to our subscribers for digital streaming. A subscription also allows our subscribers to download and view files from our library without being actively connected to the internet. We were incorporated under the laws of the State of Colorado on July 7, 1988.

We have prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States, or GAAP, and they include our accounts and those of our subsidiaries, over which we exercise control. Intercompany transactions and balances have been eliminated.

Discontinued Operations

During 2016, Gaia sold its 51.4% interest in Natural Habitat, Inc. (“Natural Habitat”) and completed the sale of the Gaiam Brand consumer product business.

Accordingly, the assets and liabilities, operating results, and cash flows for these businesses are presented as discontinued operations, separate from our continuing operations, for all periods presented in these consolidated financial statements and footnotes, unless indicated otherwise. See Note 11 Discontinued Operations.

Prior to the sale of our interest in Natural Habitat, our operations in foreign countries exposed us to market risk associated with foreign currency exchange rate fluctuations between the U.S. dollar and various foreign currencies. We used derivative instruments to manage a portion of our exposure to changes in currency exchange rates due to payments made by our eco-travel subsidiary to tour operators in other countries. Our primary objective for entering into currency derivatives was to reduce the volatility that changes in currency exchange rates had. We did not enter into derivative contracts for trading purposes. With the sale of our interests in Natural Habitat, we no longer use derivative instruments.

Prior to our sale of our interest in Natural Habitat and the Gaiam Brand consumer product business, certain of our subsidiaries were partly owned by others and we accounted for minority shareholders’ ownership through non-controlling interest in our consolidated financial statements. These non-controlling interests were assumed by the new owners of the respective entities. We therefore no longer have any minority shareholders that require non-controlling interests in our consolidated financial statements.

Repurchases

During 2016 we made a tender offer to purchase in cash up to an aggregate of 12.0 million (i) shares of our issued and outstanding Class A common stock at a price of $7.75 per share, or (ii) vested and exercisable options to purchase shares of our Class A common stock at a price equal to $7.75 per option (less the exercise price of the option). A total of 9,636,848 shares and 842,114 options were validly tendered and not withdrawn. We made payments of $74.7 million for the shares and $1.4 million for the options. All repurchased shares were retired and all repurchased options were cancelled.

2. Significant Accounting Policies

Cash

Cash represents on-demand accounts with financial institutions that are denominated in U.S. dollars. We consider investments in financial instruments purchased with an original maturity of 90 days or less to be cash equivalents. We also classify amounts in transit from payment processors for customer credit card and debit card transactions as cash.

Property and Equipment

We state property and equipment at cost less accumulated depreciation and amortization. We include in property and equipment the cost of internal-use software, including software used in connection with our websites. We expense all costs related to the development of internal-use software other than those incurred during the application development stage. We capitalize the costs we incur during the application development stage and amortize them over the estimated useful life of the software, which is typically three years. We compute depreciation of property and equipment on the straight-line method over estimated useful lives, generally 3 to 45 years. We amortize leasehold and building improvements over the shorter of the estimated useful lives of the assets or the remaining term of the lease or remaining life of the building, respectively. Depreciation expense is included in Selling and operating expense, and Corporate, general and administration expense in the accompanying consolidated statements of operations.

Media Library

Media library represents the lower of unamortized cost or net realizable value of digital media content acquired through asset purchases, capitalized costs to produce our proprietary media content including salary and overhead costs of our in-house production team, rights obtained through license arrangements and business combinations.

We amortize our media library in cost of streaming on a straight-line basis over the shorter of the license period or the estimated useful life of the titles, which typically ranges from 12 to 90 months. The amortization period begins with the first month of availability on our service.

Our media library is reviewed for impairment when an event or change in circumstances indicates that the carrying amount of the media library may not be recoverable. Recoverability of the media library is measured by a comparison of the carrying amount of the media library to estimated undiscounted future cash flows expected to be generated by the media library. If the carrying amount of the media library exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying value of the media library exceeds its fair value.

Goodwill

Goodwill represents the excess of the purchase consideration over the estimated fair value of assets acquired less liabilities assumed in a business acquisition. We have only one reporting unit; therefore, goodwill is assessed at the enterprise level. We review goodwill for impairment annually on December 31. We have the option of first assessing qualitative factors to determine whether events and circumstances indicate that it is more likely than not that the fair value of a goodwill is less than its carrying amount. If it is determined that the estimated fair value of goodwill is more likely than not greater than the carrying amount of goodwill, then the two-step impairment test is unnecessary. If it is determined that the two-step impairment test is necessary, then for step one, we compare the estimated fair value of goodwill with its carrying amount, including goodwill. If the estimated fair value of goodwill exceeds its carrying amount, we consider the goodwill not impaired. If the carrying amount of goodwill exceeds its estimated fair value, we perform the second step of the goodwill impairment test to measure the amount of impairment loss. We use either a comparable market approach or a traditional present value method to test for potential impairment. The process of evaluating the potential impairment of goodwill is highly subjective and requires significant judgment at many points during the analysis. Application of alternative assumptions and definitions could yield significantly different results. During 2017, 2016 and 2015, no impairment of goodwill was indicated.

Long-Lived Assets

We evaluate the carrying value of long-lived assets held and used, other than goodwill, when events or changes in circumstances indicate the carrying value may not be recoverable. We consider the carrying value of a long-lived asset impaired when the total projected undiscounted cash flows from such asset are separately identifiable and are less than the carrying value. We recognize a loss based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset. We determine the estimated fair value primarily using the projected cash flows from the asset discounted at a rate commensurate with the risk involved. During 2017, 2016 and 2015, no impairment of long-lived assets was recognized.

Income Taxes

We provide for income taxes pursuant to the liability method. The liability method requires recognition of deferred income taxes based on temporary differences between financial reporting and income tax bases of assets and liabilities, using current enacted income tax rates and regulations. These differences will result in taxable income or deductions in future years when the reported amount of the asset or liability is recovered or settled, respectively. Considerable judgment is required in determining when these events may occur and whether recovery of an asset, including the utilization of a net operating loss or other carryforward prior to its expiration, is more likely than not.

Revenue Recognition

Streaming revenues consist primarily of subscription fees paid by our streaming customers. DVD subscription and other revenues consist of subscription fees paid by our DVD customers and rental income from tenant leases. We recognize revenues when the following four basic criteria are met: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the seller’s price to the buyer is fixed or determinable; and (iv) collectability is reasonably assured. We present revenues net of taxes collected from customers. Streaming revenues are recognized ratably over the subscription term. Deferred revenues consist of subscription fees collected from customers that have not been earned and is recognized ratably over the remaining term of the subscription.

Marketing

Marketing costs consist primarily of advertising expenses, which include promotional activities such as online advertising and public relations expenditures. Advertising costs are expensed as incurred. During 2017, 2016 and 2015 we expensed $25.7 million, $13.2 million, and $5.5 million, respectively.

Share-Based Compensation

We recognize compensation cost for share-based awards based on the estimated fair value of the award on date of grant. We measure compensation cost at the grant date based on the estimated fair value of the award and recognize compensation cost upon the probable attainment of a specified performance condition over the estimated performance period or for time based awards over the service period. We use the Black-Scholes option and intrinsic valuation model to estimate the fair value of the award. In estimating this fair value, we use certain assumptions, as disclosed in Note 8, consisting of the expected life of the option, risk-free interest rate, dividend yield, and volatility. The use of a different estimate for any one of these assumptions could have a material impact on the amount of calculated compensation expense.

Defined Contribution Plan

We have adopted a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code of 1986, as amended (“Internal Revenue Code”), which covers substantially all employees. Eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations. The 401(k) plan permits, but does not require, us to make additional matching contributions to the 401(k) plan on behalf of all participants in the 401(k) plan. We match 50% of an employee’s contribution, up to an annual maximum matching contribution of $1,500. We made matching contributions to the 401(k) plan of $100,000, $82,000, and $56,000 in each of the years ended December 31, 2017, 2016 and 2015, respectively.

Fair Value Measurements

Fair value represents the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Assets and liabilities are valued based upon observable and non-observable inputs. Valuations using Level 1 inputs are based on unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date. Level 2 inputs utilize significant other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly; and valuations using Level 3 inputs are based on significant unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. The carrying amounts of our cash, accounts receivable, accounts payable and other current liabilities approximate their fair values.

Net Income (Loss) Per Share

Basic net income (loss) per share excludes any dilutive effects of outstanding stock awards. We compute basic net income (loss) per share using the weighted average number of shares of common stock outstanding during the period. We compute diluted net income (loss) per share using the weighted average number of shares of common stock and common stock equivalents outstanding during the period. We excluded common stock equivalents of 57,000, 910,000, and 954,000 from the computation of diluted net income (loss) per share for 2017, 2016, and 2015 respectively, because their effect was antidilutive.

Investments

Our cost method investments are carried at cost and adjusted for other-than-temporary declines in fair value.

We evaluate our investments for impairments annually and when factors indicate that a significant decrease in value has occurred. Variables considered in making such assessments may include near-term prospects of the investees and the investees' capital structure, as well as other economic variables which reflect assumptions market participants may use in pricing these assets. If an investment is deemed to have experienced an other-than-temporary decline below its cost basis, we reduce the carrying amount of the investment to its quoted or estimated fair value, as applicable, and establish a new cost basis for the investment. The Company did not record any impairment charges on our cost method investments during the years 2017, 2016, or 2015.

Use of Estimates and Reclassifications

The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements and disclosures. Although we base these estimates on our best knowledge of current events and actions that we may undertake in the future, actual results may be different from the estimates. We have made certain reclassifications to prior period amounts to conform to the current period presentations.

Accounting Pronouncements Adopted in 2017

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which amends Topic 718, Compensation – Stock Compensation. ASU No. 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU No. 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. We adopted ASU No. 2016-09 in the first quarter of 2017, with no material impact.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Our preliminary assessment is that we do not expect the new standard to have a material impact on our reported financial position or results of operations.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* The new standard supersedes most previous revenue recognition rules. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects in exchange for those goods or services. Our revenue transactions typically consist of one distinct, fixed-price performance obligation which is delivered to the customer at a single point in time, or over a subscription period. We adopted this new standard on January 1, 2018 using the modified retrospective approach, with no material impact.

3. Property and Equipment

Building and Land, stated at lower of cost or estimated fair value, consists of the following as of December 31:

(in thousands)	2017	2016
Land	$ 4,829	$ 4,829
Buildings	17,664	16,874
	22,493	21,703
Accumulated depreciation	(5,465)	(4,807)
	$ 17,028	$ 16,896

Software, equipment and media library stated at lower of cost or estimated fair value, consists of the following as of December 31:

(in thousands)	2017	2016
Website development costs and other software	$ 8,236	$ 4,421
Studio, computer and telephone equipment	1,097	693
Media library	18,807	11,486
	28,140	16,600
Accumulated depreciation and amortization	(7,753)	(3,739)
	$ 20,387	$ 12,861

Future depreciation and amortization consists of the following:

(in thousands)	
2018	$ 6,100
2019	5,273
2020	3,831
2021	2,988
2022	2,376
Thereafter	12,018
	$ 32,586

4. Investments and Other Assets

In 2016, we purchased 10% of the outstanding common stock and associated voting rights of a privately held Colorado corporation for $10.0 million. We are accounting for this investment using the cost method. As part of our initial investment, we have the right, but not the obligation, to purchase additional shares. If we elect not to utilize our right to purchase additional shares or transfer these rights to another party by certain deadlines, we may be required to surrender and forfeit our existing stock ownership.

Other assets consist of the following as of December 31:

(in thousands)	2017	2016
Cost method investments	$ 10,000	$ 10,000
Other assets	1,626	946
Non-current tax receivable	414	—
	$ 12,040	$ 10,946

5. Accounts Payable, Accrued and Other Liabilities

Accounts payable, accrued and other liabilities consist of the following as of December 31:

(in thousands)	2017	2016
Line of credit	$ 12,500	$ —
Accounts payable	2,283	2,054
Accrued compensation	1,127	844
Accrued expenses	938	3,774
	$ 16,848	$ 6,672

On December 28, 2017, our wholly-owned subsidiary Boulder Road LLC entered into a revolving credit agreement (the “Credit Agreement”) with Great Western Bank, as lender (“Great Western”). Borrowings under the Credit Agreement are secured by a deed of trust on the real estate owned by Boulder Road LLC, and guaranteed by Gaia. The Credit Agreement provides for a revolving line of credit for up to $13.5 million, which is reduced by $500,000 semi-annually, and is subject to certain covenants applicable to Boulder Road LLC. Subject to certain limitations, the principal amount of the loan is due and payable on the earlier of December 28, 2020 or the termination of the Credit Agreement. The note evidencing borrowings under the Credit Agreement bears interest at the prime rate plus 0.5% (4.50% at December 31, 2017) with a floor of 4.25%.

6. Contingencies

From time to time, we are involved in legal proceedings that we consider to be in the normal course of business. We record accruals for losses related to those matters against us that we consider to be probable and that can be reasonably estimated. Based on available information, in the opinion of management, settlements, arbitration awards and final judgments, if any, that are considered probable of being rendered against us in litigation or arbitration in existence at December 31, 2017 and that can be reasonably estimated are either reserved against or would not have a material adverse effect on our financial condition, results of operations or cash flows.

7. Equity

Our common stock has two classes, Class A and Class B. Each holder of our Class A common shares is entitled to one vote for each share held on all matters submitted to a vote of shareholders. Each of our Class B common shares is entitled to ten votes on all matters submitted to a vote of shareholders. There are no cumulative voting rights. All holders of our Class A common shares and our Class B common shares vote as a single class on all matters that are submitted to the shareholders for a vote, except as provided by law or as set forth in our charter. Shareholders may consent to an action in writing and without a meeting under certain circumstances. Jirka Rysavy, our chairman, holds 100% of our 5,400,000 outstanding shares of class B common stock and also owns 348,682 shares of Class A common stock. Consequently, our chairman holds approximately 85% of our voting stock and thus is able to exert substantial influence and control matters requiring approval by shareholders, including the election of directors, increasing our authorized capital stock, or a merger or sale of substantially all of our assets. As a result of Mr. Rysavy’s control of us, no change of control can occur without Mr. Rysavy’s consent.

Our Class A common shares and our Class B common shares are entitled to receive dividends, if any, as may be declared by our board of directors out of legally available funds. In the event of a liquidation, dissolution or winding up of our Company, our Class A common shares and our Class B common shares are entitled to share ratably in our assets remaining after the payment of all of our debts and other liabilities. Holders of our Class A common shares and our Class B common shares have no preemptive, subscription or redemption rights, and there are no redemption or sinking fund provisions applicable to our Class A common shares or our Class B common shares.

Our Class B common shares may not be transferred unless converted into our Class A common shares, other than certain transfers to affiliates, family members, and charitable organizations. Our Class B common shares are convertible one-for-one into our Class A common shares, at the option of the holder of the Class B common shares. During 2017, 2016 and 2015, we issued shares of our Class A common stock as shown in the table below under our 2009 Long-Term Incentive Plan (the “Plan”). We recorded the shares issued to our directors at their estimated fair value based on the market’s closing price of our stock on the date the shares were issued, which by policy is the last trading day of each quarter in which the services were rendered.

	For the Years Ended December 31,		
	2017	2016	2015
Shares issued to independent directors for services rendered, in lieu of cash compensation	2,430	18,638	16,887
Shares issued to employees upon exercise of stock options	15,000	19,060	33,825

As of December 31, 2017, we had the following Class A common shares reserved for future issuance:

Conversion of Class B common shares	5,400,000
Awards under the Plan:	
Stock options outstanding	567,100
Restricted stock units outstanding	869,248
Total shares reserved for future issuance	6,836,348

8. Share-Based Compensation

We issue stock based compensation awards under the Plan. The purpose of the Plan is to advance our interests and those of our shareholders by providing incentives to certain persons who contribute significantly to our strategic and long-term performance objectives and growth. An aggregate of not more than 3 million of our Class A common shares, subject to certain adjustments, may be issued under the Plan, and the Plan terminates no later than April 23, 2019. The exercise price for our options is generally equal to the closing market price of our stock at the date of the grant, and the options normally vest at 2% per month for the 50 months beginning in the eleventh month after the grant date. Follow on option grants begin vesting in the first month after grant. We recognize the compensation expense related to share-based payment awards on a straight-line basis over the requisite service periods of the awards, which are generally five years for employees, and five years for board members.

The determination of the estimated fair value of share-based payment awards on the date of grant using the Black-Scholes option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. We derive the expected terms from the historical behavior of participant groupings. We base expected volatilities on the historical volatility of our stock over the expected term. Our use of historical volatilities is based upon the expectation that future volatility over the expected term is not likely to differ significantly from historical results. We base the risk-free interest rate used in the option valuation model on U.S. Treasury zero-coupon issues with remaining terms similar to the expected term on the options. We primarily use historical data by participant groupings to estimate option forfeitures and record share-based compensation expense only for those awards that are expected to vest.

The following are the variables we used in the Black-Scholes option pricing model to determine the estimated grant date fair value for options granted under the Plan for each of the years presented:

	2017	2016	2015
Expected volatility	38% - 41%	36% - 43%	34% - 50%
Weighted-average volatility	38%	39%	43%
Expected dividends	—%	—%	—%
Expected term (in years)	3.2 - 3.5	.35 - 3.8	0.5 - 5.9
Risk-free rate	1.45% - 1.99%	0.54% - 1.11%	0.26% - 1.73%

In 2015, we commenced issuing restricted stock units (RSUs) under the Plan. The RSUs entitle the recipient to receive one share of Class A common stock for each RSU upon vesting. The RSUs vest with cliff vesting in 5 years, provided that the recipient is still an employee or director of Gaia on such date. The RSUs will be automatically forfeited and of no further force and effect if the vesting conditions are not met.

We use intrinsic valuation for RSUs, which due to the nature of these awards, is typically market price of our common stock on the date of grant.

The table below presents a summary of activity under the Plan, as of December 31, 2017, and changes during the year then ended:

(in thousands, except share and per share amounts)	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2017	1,351,194	$ 7.13		
Option grants	76,950	5.82		
Restricted stock unit grants	70,705	—		
Exercised options	(15,000)	5.61		
Cancelled or forfeited options	(17,700)	3.21		
Cancelled or forfeited restricted stock units	(29,801)	—		
Outstanding at December 31, 2017	1,436,348	$ 7.67	5.2	$ 13,459
Exercisable options at December 31, 2017	209,150	$ 6.70	6.9	$ 1,192

The table below presents our valuation data for the Plan:

(in thousands, except per share amounts)	2017	2016	2015
Valuation Data:			
Weighted-average fair value (per share)	$ 7.68	$ 4.92	$ 1.86
Total stock-based compensation expense	$ 1,833	$ 674	$ 339
Total income tax impact on provision	$ 585	$ 551	$ 281

We issue new shares upon the exercise of options and vesting of RSUs, which will occur in 2020 and 2022. We received approximately $0.1 million, $1.0 million and $0.2 million in cash from stock options exercised during

2017, 2016 and 2015, respectively. The total intrinsic value of options exercised during 2017, 2016 and 2015 was $0.1 million, $1.8 million, and $0.1 million, respectively. The total fair value of options vested was $0.3 million, $1.3 million, and $0.9 million during 2017, 2016 and 2015, respectively.

As of December 31, 2017, there was $5.9 million of unrecognized cost related to non-vested shared-based compensation arrangements granted under the Plan. We expect that cost to be recognized over a weighted-average period of 3.54 years.

9. Income Taxes

Our provision for income taxes is comprised of the following:

	For the Years Ended December 31,		
(in thousands)	**2017**	**2016**	**2015**
Current:			
Federal	$ (1,040)	$ —	$ —
State	5	—	(3)
Total current	(1,035)	—	(3)
Deferred:			
Federal	105	(5,884)	—
State	5	(260)	—
Total deferred	110	(6,144)	—
Total income tax benefit	$ (925)	$ (6,144)	$ (3)

Variations from the federal statutory rate are as follows:

(in thousands)	**2017**	**2016**	**2015**
Expected federal income tax benefit at statutory rate of 34%	$ (8,373)	$ (5,755)	$ (3,068)
Effect of permanent other differences	184	212	44
Return to provision adjustments	(1,144)	—	—
Effect of federal rate change at year-end	2,870	—	—
Difference in basis for sale of discontinued operations	—	(347)	—
State income tax benefit, net of federal benefit tax assets	(369)	(254)	(135)
Valuation allowance	5,907	—	3,156
Total income tax benefit	$ (925)	$ (6,144)	$ (3)

Deferred income taxes reflect net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The components of the net accumulated deferred income tax assets (liabilities) as of December 31, 2017 and 2016 are as follows:

	As of December 31,	
(in thousands)	**2017**	**2016**
Deferred tax assets (liabilities):		
Stock-based compensation	$ 587	$ 264
Depreciation and amortization	(318)	43
Section 181 qualified production expense	(1,933)	(2,550)
Net operating loss carryforward	6,012	—
Charitable carryforward	278	—
Other	342	737
Tax credits	276	953
Valuation allowance	(5,907)	—
Total deferred tax assets (liabilities), net of valuation allowance	$ (663)	$ (553)

The source of income (loss) before income taxes are as follows:

(in thousands)	**2017**	**2016**	**2015**
Domestic	$ (24,626)	$ (16,926)	$ (9,022)

Periodically, we perform assessments of the realization of our net deferred tax assets considering all available evidence, both positive and negative. During 2017, we determined that a $5.9 million valuation allowance against our deferred tax assets was necessary due to the cumulative loss incurred over a three-year period, excluding the sale of the Gaiam Brand segment in 2016. We released a full valuation allowance in 2016 on these deferred tax assets and in 2017 for AMT tax credits as recent federal tax law has recharacterized them as fully refundable by 2021. We have federal and state net operating loss carryforwards of approximately $26.7 million and $1.3 million, respectively, which expire after 2037.

We realized $0.1 million and $0.8 million in tax benefits recorded to additional paid-in capital because of the exercise of stock options during 2017 and 2016, respectively. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. We measure the tax benefits recognized in the consolidated financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The application of income tax law is inherently complex. Laws and regulations in this area are voluminous and are often ambiguous. As such, we are required to make many subjective assumptions and judgments regarding our income tax exposures. Interpretations of and guidance surrounding income tax law and regulations change over time and may result in changes to our subjective assumptions and judgments which can materially affect amounts recognized in our consolidated balance sheets and consolidated statements of operations.

The result of our assessment of our uncertain tax positions did not have a material impact on our consolidated financial statements. Our federal and state tax returns for all years after 2012 are subject to future examination by tax authorities for all our tax jurisdictions. We recognize interest and penalties related to income tax matters in interest and other income (expense) and corporate, general and administrative expenses, respectively.

10. Segment Information and Geographic Information

Our chief operating decision maker reviews operating results on a consolidated basis and we therefore have one reportable segment.

Geographic Information

We have subscribers in the United States and over 170 foreign countries. The major geographic territories are the U.S. and Canada, and are based on the location of the customer. The following represents geographical data for our operations as of and for the years ended December 31, 2017, 2016 and 2015:

(in thousands)	2017	2016	2015
Revenue:			
United States	$ 21,977	$ 13,641	$ 10,519
International	6,313	3,606	2,940
	$ 28,290	$ 17,247	$ 13,459

11. Discontinued Operations

In 2016 we sold our 51.4% equity interest in Natural Habitat, our eco-travel subsidiary, in exchange for $12.85 million in cash, and recognized a gain of $10.3 million.

Also in 2016, we sold the assets and liabilities of our Gaiam Brand business in exchange for a gross sale price of $167.0 million and recognized a gain of $114.5 million. Our Gaiam Brand business previously constituted the majority of our consolidated revenues and expenses, and consisted of Gaiam branded yoga, fitness and wellness consumer products, and content (excluding streaming rights).

The Gaiam Brand business and our interest in our eco-travel subsidiary constituted all the assets and liabilities of our Gaiam Brand segment.

The assets and liabilities, operating results, and cash flows of our Gaiam Brand segment are presented as discontinued operations, separate from our continuing operations, for all periods presented in these consolidated financial statements and footnotes, unless otherwise indicated. Discontinued operating results for 2015 also include legal expenses associated with the sale of our former DVD distribution business to Cinedigm. We were involved in arbitration with Cinedigm associated with the sale, which was settled during 2015.

The income from discontinued operations amounts as reported on our consolidated statements of operations was comprised of the following amounts:

	Years Ended December 31,		
(in thousands)	2017	2016	2015
Net revenue	$ —	$ 52,627	$ 174,559
Cost of revenues	—	32,975	100,652
Gross profit	—	19,652	73,907
Operating expenses	—	33,641	73,118
Income (loss) from operations	—	(13,989)	789
Other income (expense), net	—	234	(1,560)
Loss before income taxes and noncontrolling interest	—	(13,755)	(771)
Income tax expense (benefit)	(429)	(4,831)	1,222
Loss from discontinued operations attributable to the non-controlling interest, net of tax	—	(310)	(694)
Income (loss) from the operation of discontinued operations	429	(9,234)	(2,687)
Gain on disposal of discontinued operations:			
Gain on sale of Gaiam Brand segment	—	124,826	—
Write-off of assets impacted by, but not included in sale	—	3,740	—
Income tax expense	—	14,004	—
Income (loss) from discontinued operations, net of tax	$ 429	$ 97,848	$ (2,687)

12. Quarterly Results of Operations (Unaudited)

The following tables set forth our unaudited results of operations for each of the quarters in 2017 and 2016.

	Year 2017 Quarters Ended			
(in thousands, except per share data)	March 31	June 30	September 30	December 31
Net revenues	$ 5,784	$ 6,558	$ 7,522	$ 8,426
Gross profit	4,964	5,647	6,485	7,267
Loss from continuing operations	(6,180)	(6,310)	(5,634)	(5,577)
Income from discontinued operations	—	—	429	—
Net loss	(6,180)	(6,310)	(5,205)	(5,577)
Basic and diluted net loss per share	$ (0.41)	$ (0.42)	$ (0.34)	$ (0.37)
Weighted average shares outstanding - basic and diluted	15,153	15,157	15,161	15,168

	Year 2016 Quarters Ended			
(in thousands, except per share data)	March 31	June 30	September 30	December 31
Net revenues	$ 3,830	$ 4,198	$ 4,462	$ 4,757
Gross profit	3,117	3,451	(3,761)	4,075
Loss from continuing operations	(4,126)	(3,085)	(151)	(3,421)
Income (loss) from discontinued operations	(3,498)	646	100,595	106
Net income (loss)	(7,624)	(2,439)	100,444	(3,315)
Basic and diluted net income (loss) per share	$ (0.31)	$ (0.10)	$ 6.64	$ (0.22)
Weighted average shares outstanding - basic and diluted	24,531	24,580	15,138	15,148

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based upon their evaluation as of December 31, 2017, our management has concluded that those disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, the effectiveness of our controls in future periods is uncertain and subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2017 using the criteria set forth in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission in its "*Internal Control-Integrated Framework.*" Based on that assessment, our management concluded that, as of December 31, 2017, our internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by EKS&H LLLP, an independent registered public accounting firm, as stated in their report, which is included herein.

Item 9B. Other Information

On December 28, 2017, our wholly-owned subsidiary Boulder Road LLC entered into a credit agreement with Great Western Bank for a revolving line of credit of up to $13.5 million. See Note 5 to the Consolidated Financial Statements in Item 8 of this Form 10-K.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We incorporate herein the information required by this Item by reference to our Proxy Statement for our Annual Meeting of Shareholders, to be held on May 3, 2018, to be filed with the Commission pursuant to Regulation 14A.

Code of Ethics

We have adopted a Code of Ethics applicable to our employees, including our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. We have posted a copy of our Code of Ethics on the corporate section of our website at http://ir.gaia.com/governance-docs. Our full board of directors must approve in advance any waivers of the Code of Ethics with respect to any executive officer or director. We will post any amendments or waivers from our Code of Ethics that apply to our executive officers and directors on the “Governance” section of our internet website located at http://ir.gaia.com/governance-docs.

Item 11. Executive Compensation

We incorporate herein the information required by this Item by reference to our Proxy Statement for our Annual Meeting of Shareholders, to be held on May 3, 2018, to be filed with the Commission pursuant to Regulation 14A.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

We incorporate herein the information required by this Item by reference to our Proxy Statement for our Annual Meeting of Shareholders, to be held on May 3, 2018, to be filed with the Commission pursuant to Regulation 14A.

Item 13. Certain Relationships and Related Transactions, and Director Independence

We incorporate herein the information required by this Item by reference to our Proxy Statement for our Annual Meeting of Shareholders, to be held on May 3, 2018, to be filed with the Commission pursuant to Regulation 14A.

Item 14. Principal Accountant Fees and Services

We incorporate herein the information required by this Item by reference to our Proxy Statement for our Annual Meeting of Shareholders, to be held on May 3, 2018, to be filed with the Commission pursuant to Regulation 14A.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report are as follows:

1. Consolidated Financial Statements.

   See listing of Consolidated Financial Statements included as part of this Form 10-K in Item 8 of Part II.

2. Exhibits:

The following exhibits are incorporated by reference or are filed or furnished with this report as indicated below:

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of Gaiam, Inc. (now known as Gaia, Inc.) dated October 24, 1999 (incorporated by reference to Exhibit 3.1 of Gaia's quarterly report on Form 10-Q filed on August 9, 2016).
3.2	Articles of Amendment to Amended and Restated Articles of Incorporation of Gaiam, Inc. (now known as Gaia, Inc.) dated October 4, 2006 (incorporated by reference to Exhibit 3.2 of Gaia's quarterly report on Form 10-Q filed on August 9, 2016).
3.3	Articles of Amendment to the Amended and Restated Articles of Incorporation of Gaia, Inc., dated July 14, 2016 (incorporated by reference to Exhibit 3.3 of Gaia's quarterly report on Form 10-Q filed on August 9, 2016).
3.4	Amended and Restated Bylaws of Gaiam, Inc. (now known as Gaia, Inc.) (incorporated by reference to Exhibit 3.1 of Gaiam's current report on Form 8-K dated November 29, 2007 and filed November 30, 2007 (No. 000-27517)).
4.1	Form of Gaiam, Inc. (now known as Gaia, Inc.) Stock Certificate (incorporated by reference to Exhibit 4.1 of Gaiam's Amendment No. 6 to the registration statement on Form S-1, filed October 27, 1999 (No. 333-83283)).
10.1*	Gaiam, Inc. (now known as Gaia, Inc.) 2009 Long-Term Incentive Plan, dated January 15, 2009 (incorporated by reference to Exhibit A of Gaiam's proxy statement dated and filed March 13, 2009 (No. 000-27517)).
10.2*	Form of Employee Stock Option Agreement, under Gaiam's 2009 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.15 of Gaiam's annual report on Form 10-K for the year ended December 31, 2009 filed March 16, 2010 (No. 000-27517)).
10.3*	Form of Restricted Stock Unit Awards Agreement under Gaiam's 2009 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of Gaia's current report on Form 8-K filed July 8, 2016).
10.4	Insurance and Stock Redemption Agreement, dated as of August 4, 2005, between Gaiam, Inc. (now known as Gaia, Inc.) and Jirka Rysavy (incorporated by reference to Exhibit 10.5 of Gaiam's current report on Form 8-K dated August 3, 2005, filed August 9, 2005 (No. 000-27517)).
10.5	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.19 of Gaiam's annual report on Form 10-K for the year ended December 31, 2013 filed March 31, 2014 (No. 000-27517)).
10.6	Business Loan Agreement and Addendum dated December 28, 2017 between Boulder Road LLC and Great Western Bank (filed herewith).
21.1	List of Gaia, Inc. Subsidiaries (filed herewith).
23.1	Consent letter from EKS&H LLLP (filed herewith).
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 (filed herewith).
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 (filed herewith).
32.1	Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification of CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

* Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GAIA, INC.

By: /s/ Jirka Rysavy
Jirka Rysavy
Chief Executive Officer
February 26, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jirka Rysavy Jirka Rysavy	Chief Executive Officer and Director (Principal Executive Officer)	February 26, 2018
/s/ Kristin Frank Kristin Frank	Director	February 26, 2018
/s/ Chris Jaeb Chris Jaeb	Director	February 26, 2018
/s/ David Maisel David Maisel	Director	February 26, 2018
Keyur Patel	Director	
/s/ Wendy Schoppert Wendy Schoppert	Director	February 26, 2018
/s/ Paul Sutherland Paul Sutherland	Director	February 26, 2018
/s/ Paul Tarell Paul Tarell	Chief Financial Officer (Principal Financial and Accounting Officer)	February 26, 2018

Exhibit 10.6

BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$13,500,000.00	12-28-2017	12-28-2020	15525533871	1E1 / 150		melinc	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "***" has been omitted due to text length limitations.

Borrower:	**Boulder Road LLC, a Colorado limited liability company 833 W South Boulder Rd Louisville, CO 80027**	**Lender:**	**GREAT WESTERN BANK Boulder West End 1900 Ninth St Boulder, CO 80302**

THIS BUSINESS LOAN AGREEMENT dated December 28, 2017, is made and executed between Boulder Road LLC, a Colorado limited liability company ("Borrower") and GREAT WESTERN BANK ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of December 28, 2017, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

ADVANCE AUTHORITY. The following person or persons are authorized to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority: **Paul Tarell, Chief Financial Officer of GAIA, INC., a Colorado corporation, Sole Member and Manager of Boulder Road LLC, a Colorado limited liability company.**

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) guaranties; (6) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Colorado. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 833 W South Boulder Rd, Louisville, CO 80027. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of organization or membership agreements, or

(b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the

Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Additional Requirements.

Rent Rolls: As soon as available, but in no event later than forty five (45) days after December 31st (12/31) and June 30th (6/30) of each year, a complete and accurate rent roll of all tenants of the properties located at 833 West

South Boulder Road, Louisville, CO 80027, including names, addresses, rents paid/due, lease commencement and expiration dates, and other information requested by Borrower for the most recent reporting period most recently ended. Said report shall be prepared by Borrower in a format reasonably acceptable to Lender.

Annual Financial Statements. As soon as available, but in no event later than forty-five (45) days after FYE, Borrowers Balance Sheet and Income Statement for the period ended, prepared by Borrower. As soon as available, but in no event later than forty-five (45) days after FYE, GAIA, Inc.'s Balance Sheet and Income Statement for the period ended, prepared by GAIA, Inc.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Additional Requirements.

Debt Service Coverage Ratio (Commercial Real Estate – Property Specific) – Post- Distribution. Maintain a minimum Debt Service Coverage Ratio of 1.20 to 1.00 as of the end of each calendar year period. “Debt Service Coverage Ratio - Post-Distribution” means, Borrower's EBIDA after distributions plus contributions, divided by the sum of the following for a stated period: interest expense and the current principal portion of long term debt. The financial information for the following described property(ies) shall be included in the calculation of the ratio: The 3 building office complex located at 833 West South Boulder Road, Louisville, CO 80027

Borrower will maintain its primary operating accounts with Lender for the life of the loan.

The subject loan to Borrower shall receive a 0.50% interest rate reduction for the next calendar quarter if the previous quarter’s average deposit balances exceed $15,000,000 combined for Boulder Road LLC and GAIA, Inc.

Borrower will pay an “Unused Line Fee” of $30,000 for each calendar year if it does not meet the Minimum Interest Requirement for such calendar year, which shall be measured beginning December 31, 2018. Minimum Interest Requirement defined as a minimum $15,000.00 interest accrued and paid to Lender during a calendar year.

Advances will be limited to the following using a Borrowing Base Certificate to be measured January 1st and July 1st of each year:

1. Maximum credit of $13,500,000.00 to be reduced by $500,000.00 semi-annually beginning June 30, 2018, and then an additional reduction of $500,000.00 every December 31 and June 30 following that date.

2. A minimum 10% debt yield (or 10x the average of the previous 2 years Net Operating Income) for Borrower's previous 2 year average.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and

(6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Guaranties. Prior to disbursement of any Loan proceeds, furnish executed guaranties of the Loans in favor of Lender, executed by the guarantor named below, on Lender's forms, and in the amount and under the conditions set forth in those guaranties.

Name of Guarantor	**Amount**
GAIA, INC., a Colorado corporation	**Unlimited**

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender.

Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance duringany proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) make any distribution with respect to any capital account, whether by reduction of capital or otherwise.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise

attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution of Borrower (regardless of whether election to continue is made), any member withdraws from Borrower, or any other termination of Borrower's existence as a going business or the death of any member, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's reasonable costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the reasonable costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Colorado without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Colorado.

Choice of Venue. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Boulder County, State of Colorado.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion ofLender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means Boulder Road LLC, a Colorado limited liability company and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means GREAT WESTERN BANK, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note dated December 28, 2017 and executed by Boulder Road LLC, a Colorado limited liability company in the principal amount of $13,500,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED DECEMBER 28, 2017.

BORROWER:

Boulder Road LLC, a Colorado limited liability company

By: GAIA, INC., a Colorado corporation, Manager of Boulder Road LLC, a Colorado limited liability company

By: ______________________________

Paul Tarell, Chief Financial Officer of GAIA, INC., a Colorado corporation

Addendum to Business Loan Agreement and Related Documents

This Addendum is made as of December_, 2017, to (i) the Business Loan Agreement dated December_, 2017 (the "Agreement") between Boulder Road LLC, a Colorado limited liability company ("Borrower") and Great Western Bank ("Lender"), (ii) the Promissory Note dated December_, 2017 (the "Note") issued by Borrower to Lender in the principal amount of $13,500,000, (iii) the Commercial Guaranty dated December_, 2017 (the "Guaranty"), by GAIA, Inc. (the "Guarantor") in favor of Lender, (iv) the Deed of Trust dated December_, 2017 (the "Deed of Trust"), among Borrower, Lender and the Public Trustee of Boulder County Colorado,(v) the Assignment of Rents dated December_, 2017 (the "Assignment"), between Borrower and Lender, and (vi) the Corporate Resolution to Guarantee certified by Guarantor to Lender dated December_, 2017 (the "Corporate Resolution"). Capitalized terms used in this Addendum that are not defined in this Addendum have the same meanings as set forth in the Agreement.

Bank, Borrower and Guarantor hereby agree that:

1. Notwithstanding anything to the contrary under the subsection titled Affirmative Covenants- Loan Proceeds in the Agreement, the loan proceeds may be used by Gaia, Inc. for its business operations.
2. (a) The subsection titled Affirmative Covenants - Inspection in the Agreement is amended to add "following reasonable written notice to Borrower" after the phrase at "any reasonable time" in the first sentence of such subsection, and (b) the subsection titled Possession and Maintenance of the Property- Lender's Right to Enter in the Deed of Trust is amended to add "following reasonable prior written notice to Grantor" after the phrase "at all reasonable times" in the first sentence of such subsection.
3. Clause (2) under the subsection titled Negative Covenants - Indebtedness and Liens in the Agreement is amended and restated in its entirety to read: "sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except (i) as allowed under Permitted Liens and (ii) for leases entered into in the ordinary course of business),".
4. Clause (3) under the subsection titled Negative Covenants - Continuity of Operations in the Agreement is deleted in its entirety.
5. Clause (E) under the section subsection titled Cessation of Advances in the Agreement is deleted in its entirety.
6. Notwithstanding anything to the contrary under the subsection titled Default - Payment Default in the Agreement or any of the Related Documents, Borrower shall have a five-day grace period to cure any payment default before such default constitutes an Event of Default.
7. (a) The default set forth under the subsection titled Default - Adverse Change in each of the Agreement and the Note is amended and restated in its entirety to read “A material adverse change occurs in Borrower’s financial condition" and (b) the default set forth under the subsection titled Events of Default - Adverse Change in the Guaranty and under the subsection titled Default - Adverse Change in the Assignment is amended and restated in its entirety to read "A material adverse change occurs in Grantor's/Guarantor's (as applicable) financial condition".
8. The default set forth under the subsection titled Default - Insecurity in the Note is deleted in its entirety.
9. The subsection titled Miscellaneous - Subsidiaries and Affiliates of Borrower in the Agreement is deleted in its entirety.
10. Clause (H) under the section titled Guarantor's Representations and Warranties in the Guaranty is amended to add the phrase "other than litigation, claims, investigations, proceedings or similar actions arising in the ordinary course of business that would not reasonably be expected to have a material

adverse effect on Guarantor's business or financial condition".

11. The second sentence under the section titled Lender's Rights to Receive and Collect Rents in the Assignment is amended and restated in its entirety to read: "Lender is hereby given and granted the follow rights, powers and authority following the occurrence and during the continuance of an Event of Default:"

12. The subsection of the Corporate Resolution titled "Actions Authorized - Execute Security Documents" is deleted in its entirety.

All other terms and conditions of the Agreement and Related Documents will remain unchanged.

IN WITNESS WHEREOF, Borrower, Guarantor and Bank have executed this Addendum as of the date first set forth above.

BORROWER:

Boulder Road LLC, a Colorado limited liability

By: GAIA, Inc. a Colorado corporation, as Manager of Boulder Road LLC, a Colorado limited liability company

By: ______________________________
Paul Tarell, Chief Financial Officer

GUARANTOR:

GAIA, Inc., a Colorado corporation

By: ______________________________
Paul Tarell, Chief Financial Officer

LENDER:

Great Western Bank

By: ______________________________
Authorized Officer

Exhibit 21.1

GAIA, INC.
SUBSIDIARIES

Subsidiaries	**State or Country of Incorporation or Registration**
Boulder Road, LLC.	State of Colorado
Gaia International, Inc.	State of Colorado

All subsidiaries are 100% owned by Gaia, Inc.

This list omits subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Gaia, Inc.'s Registration Statements, as set forth below, of our report dated February 26, 2018, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting of Gaia, Inc., which appears in this Annual Report on Form 10-K for the year ended December 31, 2017.

Form	Registration Statement	Description
S-3	333-213895	Shelf Registration Statement
S-8	333-161450	Gaiam, Inc. 2009 Long-Term Incentive Plan

EKS&H LLLP

February 26, 2018
Denver, Colorado

Exhibit 31.1

CERTIFICATION

I, Jirka Rysavy, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2017, of Gaia, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15((f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2018

/s/ Jirka Rysavy

Jirka Rysavy
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Paul Tarell, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2017, of Gaia, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15((f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2018

/s/ Paul Tarell

Paul Tarell
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CEO PURSUANT TO

18 U.S.C. SECTION 1350

As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the report of Gaia, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2017, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Jirka Rysavy, Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2018

/s/ Jirka Rysavy

Jirka Rysavy
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF CFO PURSUANT TO

18 U.S.C. SECTION 1350

As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the report of Gaia, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2017, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Paul Tarell, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2018

/s/ Paul Tarell

Paul Tarell
Chief Financial Officer
(Principal Financial Officer)