JAMES RIVER ASSOCIATION

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

CONTENTS

HARRIS, HARDY & JOHNSTONE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
James River Association
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of James River Association (a nonprofit organization) (the "Association"), which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Association's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of James River Association as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Harris, Hardy & Johnstone, P.C.

Richmond, Virginia
November 12, 2020

JAMES RIVER ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash	$ 831,557	$ 421,854
Accounts receivable	-	600
Contributions receivable	1,644,345	158,531
Investments, operations	216,905	215,778
Prepaid expenses	33,817	98,070
Land, buildings, and equipment, net	706,848	759,851
Deposits	8,948	250
Investments, endowment and long-term	1,324,399	1,405,411
	$ 4,766,819	$ 3,060,345
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 92,507	$ 146,729
NET ASSETS		
Without donor restrictions	1,765,693	1,328,926
With donor restrictions	2,908,619	1,584,690
TOTAL NET ASSETS	4,674,312	2,913,616
	$ 4,766,819	$ 3,060,345

See Independent Auditor's Report and Notes to Financial Statements

JAMES RIVER ASSOCIATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support			
Contributions			
Individuals	$ 732,910	$ 84,500	$ 817,410
Corporations and foundations	484,333	177,124	661,457
Core grants	1,572,372	42,963	1,615,335
Capital campaign	-	1,252,877	1,252,877
Total Support	2,789,615	1,557,464	4,347,079
Special Events			
Special event revenue	6,300	-	6,300
Less: Direct benefits to donors	(11,507)	-	(11,507)
Net Support from Special Events	(5,207)	-	(5,207)
Program Services Revenue			
Fees for services	184,324	-	184,324
Total Program Services Revenue	184,324	-	184,324
Other Revenues and Gains			
Investment return, net	40,028	(56,416)	(16,388)
PPP grant	282,500	-	282,500
Other revenue	1,857	-	1,857
Total Other Revenues and Gains	324,385	(56,416)	267,969
Net Assets Released from Restrictions			
Satisfaction of program restrictions	128,103	(128,103)	-
Expiration of time restrictions	-	-	-
Appropriation from donor endowment and subsequent satisfaction of any related donor restrictions	49,016	(49,016)	-
Total Net Assets Released from Restrictions	177,119	(177,119)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	3,470,236	1,323,929	4,794,165
EXPENSES			
Program Services			
Advocacy	355,328	-	355,328
Awareness	134,359	-	134,359
Action	915,155	-	915,155
Appreciation	771,382	-	771,382
Total Program Services	2,176,224	-	2,176,224
Management and General	437,564	-	437,564
Fundraising	419,681	-	419,681
TOTAL EXPENSES	3,033,469	-	3,033,469
CHANGE IN NET ASSETS	436,767	1,323,929	1,760,696
NET ASSETS, beginning of year	1,328,926	1,584,690	2,913,616
NET ASSETS, end of year	$ 1,765,693	$ 2,908,619	$ 4,674,312

See Independent Auditor's Report and Notes to Financial Statements

JAMES RIVER ASSOCIATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support			
Contributions			
Individuals	$ 763,463	$ 36,009	$ 799,472
Corporations and foundations	5,740	1,141,211	1,146,951
Core grants	-	-	-
Capital campaign	-	160,537	160,537
Total Support	769,203	1,337,757	2,106,960
Special Events			
Special event revenue	221,360	-	221,360
Less: Direct benefits to donors	(48,480)	-	(48,480)
Net Support from Special Events	172,880	-	172,880
Program Services Revenue			
Fees for services	154,538	-	154,538
Total Program Services Revenue	154,538	-	154,538
Other Revenues and Gains			
Investment return, net	38,594	74,551	113,145
PPP grant	-	-	-
Other revenue	1,499	-	1,499
Total Other Revenues and Gains	40,093	74,551	114,644
Net Assets Released from Restrictions			
Satisfaction of program restrictions	1,370,594	(1,370,594)	-
Expiration of time restrictions	30,000	(30,000)	-
Appropriation from donor endowment and subsequent satisfaction of any related donor restrictions	25,399	(25,399)	-
Total Net Assets Released from Restrictions	1,425,993	(1,425,993)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	2,562,707	(13,685)	2,549,022
EXPENSES			
Program Services			
Advocacy	299,078	-	299,078
Awareness	284,056	-	284,056
Action	563,275	-	563,275
Appreciation	643,520	-	643,520
Total Program Services	1,789,929	-	1,789,929
Management and General	220,522	-	220,522
Fundraising	369,535	-	369,535
TOTAL EXPENSES	2,379,986	-	2,379,986
CHANGE IN NET ASSETS	182,721	(13,685)	169,036
NET ASSETS, beginning of year	1,146,205	1,598,375	2,744,580
NET ASSETS, end of year	$ 1,328,926	$ 1,584,690	$ 2,913,616

See Independent Auditor's Report and Notes to Financial Statements

JAMES RIVER ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services							
	Advocacy	Awareness	Action	Appreciation	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 231,458	$ 96,941	$ 292,576	$ 456,182	$ 1,077,157	$ 191,335	$ 210,132	$ 1,478,624
Payroll taxes	16,924	7,103	21,225	33,729	78,981	16,931	9,152	105,064
Employee benefits	21,509	1,839	24,758	25,115	73,221	38,589	9,743	121,553
	269,891	105,883	338,559	515,026	1,229,359	246,855	229,027	1,705,241
Professional fees	37,662	515	42,376	600	81,153	15,764	157,998	254,915
Programs	12,500	-	348,341	70,199	431,040	24,057	-	455,097
Depreciation and amortization	16,785	5,792	10,826	65,280	98,683	21,986	-	120,669
Occupancy	1,675	85	8,243	26,387	36,390	44,095	480	80,965
Postage and office	1,869	6,736	3,746	3,115	15,466	12,278	26,463	54,207
Printing, publications, and advertising	271	5,011	355	7,171	12,808	185	2,599	15,592
Travel and meals	1,229	3,656	9,014	16,604	30,503	405	2,421	33,329
Insurance	-	-	-	5,959	5,959	41,732	-	47,691
Meetings - Board/committees	2,494	-	5,013	3,974	11,481	8,028	5,671	25,180
Staff development	1,037	-	2,862	7,111	11,010	2,433	-	13,443
Taxes, fees, and licenses	777	10	763	3,860	5,410	1,090	107	6,607
Technology	284	1,863	381	687	3,215	6,851	2,550	12,616
Program supplies	4,790	2,835	141,565	29,677	178,867	-	-	178,867
Meals and entertainment	355	-	1,441	7,137	8,933	-	-	8,933
Bank charges	-	-	67	1,141	1,208	11,056	2,755	15,019
Other	-	-	-	871	871	720	357	1,948
Repairs and maintenance	907	1,700	1,487	6,118	10,212	-	-	10,212
Dues and subscriptions	2,802	273	116	465	3,656	29	760	4,445
TOTAL EXPENSES	355,328	134,359	915,155	771,382	2,176,224	437,564	431,188	3,044,976
Direct benefits to donors	-	-	-	-	-	-	(11,507)	(11,507)
PER STATEMENT OF ACTIVITIES	$ 355,328	$ 134,359	$ 915,155	$ 771,382	$ 2,176,224	$ 437,564	$ 419,681	$ 3,033,469

See Independent Auditor's Report and Notes to Financial Statements

JAMES RIVER ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services							
	Advocacy	Awareness	Action	Appreciation	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 188,977	$ 121,137	$ 202,500	$ 341,510	$ 854,124	$ 93,515	$ 204,642	$ 1,152,281
Payroll taxes	14,351	9,199	15,378	25,934	64,862	7,101	15,540	87,503
Employee benefits	15,019	9,628	16,094	27,142	67,883	7,432	16,264	91,579
	218,347	139,964	233,972	394,586	986,869	108,048	236,446	1,331,363
Professional fees	30,187	104,727	212,454	60,670	408,038	34,141	89,326	531,505
Programs	4,595	948	51,904	76,908	134,355	3,844	47,514	185,713
Depreciation and amortization	12,621	4,964	23,400	26,335	67,320	1,395	442	69,157
Occupancy	5,779	2,065	13,123	21,091	42,058	6,588	7,840	56,486
Postage and office	11	2,123	2,436	9,113	13,683	25,916	1,801	41,400
Printing, publications, and advertising	147	21,185	3,011	650	24,993	730	9,264	34,987
Travel and meals	6,308	201	5,360	16,926	28,795	1,118	3,083	32,996
Insurance	3,263	1,202	6,010	12,053	22,528	3,836	4,565	30,929
Meetings - Board/committees	1,360	414	4,733	4,746	11,253	5,636	13,320	30,209
Staff development	3,380	-	1,183	6,698	11,261	7,363	152	18,776
Telephone and utilities	1,968	550	1,951	5,680	10,149	7,828	720	18,697
Worker's compensation	3,040	1,949	3,258	5,494	13,741	1,504	3,292	18,537
Taxes, fees, and licenses	1,969	-	373	2,455	4,797	6,596	-	11,393
Technology	710	3,665	(265)	80	4,190	5,279	250	9,719
Dues and subscriptions	5,393	99	372	35	5,899	700	-	6,599
TOTAL EXPENSES	299,078	284,056	563,275	643,520	1,789,929	220,522	418,015	2,428,466
Direct benefits to donors	-	-	-	-	-	-	(48,480)	(48,480)
PER STATEMENT OF ACTIVITIES	$ 299,078	$ 284,056	$ 563,275	$ 643,520	$ 1,789,929	$ 220,522	$ 369,535	$ 2,379,986

See Independent Auditor's Report and Notes to Financial Statements

JAMES RIVER ASSOCIATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,760,696	$ 169,036
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Interest and dividends restricted for reinvestment	(1,127)	(1,067)
Depreciation and amortization	120,669	69,157
Other revenue restricted to Paycheck Protection Program	(282,500)	-
(Increase) decrease in		
Accounts receivable	600	8,100
Contributions receivable	(1,485,814)	13,942
Prepaid expenses	64,253	(66,736)
Deposits	(8,698)	2,500
Increase (decrease) in		
Accounts payable	(54,222)	(4,753)
NET CASH PROVIDED BY OPERATING ACTIVITIES	113,857	190,179
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land, buildings, and equipment	(67,666)	(69,863)
Proceeds from sale of investments, operations	-	109,327
Realized gains on investments, endowment and long-term	(20,851)	(12,488)
Unrealized (gains) losses on endowment and long-term investments	77,267	(62,063)
Reinvestment in investments, endowment and long-term	24,596	29,312
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	13,346	(5,775)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other revenue restricted to Paycheck Protection Program	282,500	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	282,500	-
NET INCREASE IN CASH	409,703	184,404
CASH, beginning of year	421,854	237,450
CASH, end of year	$ 831,557	$ 421,854

See Independent Auditor's Report and Notes to Financial Statements

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The James River Association (the "Association") is a Virginia nonprofit organization dedicated to the preservation and conservation of the James River. The stated mission of the Association is to be a guardian of the James River. The Association operates four principal programs: Advocacy, Awareness, Action, and Appreciation.

Program Description

Advocacy - To achieve policy changes that drive actions needed to protect the James and connect people to it.

Awareness - To ensure all watershed residents know their connection to the James and their role in protecting it.

Action - To engage partners and members to put projects on the ground that protect the James and connect people to it.

Appreciation - To ensure everyone has a personal connection to the James and is inspired to do their part.

Summary of Significant Accounting Policies

The Association prepares its financial statements in accordance with accounting principles generally accepted in the United States of America for nonprofit entities. The significant accounting and reporting policies used by the Association are described subsequently to enhance the usefulness and understandability of the financial statements.

Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 606, Revenue from Contracts with Customers) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in accounting principles generally accepted in the United States of America. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Association adopted ASC 606 with a date of the initial application of July 1, 2019, using the full-retrospective method.

As part of the adoption of ASC 606, the Association elected to use the following transition practical expedients: (1) revenue from contracts which begin and end in the same fiscal year has not been restated; and (2) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate.

The Association's revenue subject to ASC 606 is recognized over time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Association's contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Adoption of New Accounting Standard - Continued
The adoption of ASC 606 did not have a significant impact on the Association's financial position, results of operations, or cash flows. The Association's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Association's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Fair Value Measurements
The Association reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by accounting principles generally accepted in the United States of America, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the Association has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
    - quoted prices for similar assets or liabilities in active markets;
    - quoted prices for identical or similar assets in markets that are not active;
    - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
    - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the Association measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the Association is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

The primary uses of fair value measures in the Association's financial statements are

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- recurring measurement of operating investments (Note D).
- recurring measurement of endowment and long-term investments (Note F).

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Association uses the following ways to determine the fair value of its investments:

Money market funds: Determined by the published NAV per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

Invested cash and certificates of deposit: Determined by the cost basis of the instrument plus any investment return through the last day of the year.

U.S. Department of Treasury obligations and Corporate bonds: Determined using contractual cash flows and the interest rate determined by the closing bid price on the last business day of the fiscal year if the same or an obligation with a similar maturity is actively traded.

Equity securities traded on national securities exchanges: Determined by the closing price on the last business day of the fiscal year.

Open-end fixed income and mutual funds: Determined by the published NAV per unit at the end of the last trading day of the fiscal year, which is the basis for transactions at that date.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities as of the date of the financial statements. On an ongoing basis, the Association's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Association's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements, with no effect on previously reported change in net assets.

Income Tax

The Association is exempt from federal income taxes as defined under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Association's tax-exempt purpose could be subject to taxation as unrelated business income. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private Association under Section 509(a)(2).

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Uncertain Tax Positions
The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Association may 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 taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Association and various positions related to the potential sources of unrelated business taxable income (UBTI). The Association has recognized no uncertain tax positions for the years ended June 30, 2020 and 2019.

Classification of Transactions
All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on donor restricted investments are reported as decreases in net assets without donor restrictions. Net gains on donor restricted investments increase net assets with donor restrictions, and net losses on donor restricted investments reduce that net asset class.

Cash Equivalents
Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a long-term or endowment nature.

Accounts Receivable/Allowance
Accounts receivable are primarily unsecured non-interest-bearing amounts due from customers for program services. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Contributions Receivable/Allowance
Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value as of the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises.

Investments, Operations
The Association invests cash in excess of its immediate needs in certificates of deposit. Investments, operations are reported at fair value.

The investment policy specific to these investments is monitored by the Investment Committee of the Association's Board of Directors. The policy requires that investments be readily marketable and nonvolatile.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Land, Buildings, and Equipment/Depreciation
Land, buildings, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets.

Land, buildings, and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Investments, Endowment and Long-term
Endowment and long-term investments consist of investments purchased with the following resources:

- Donor-restricted term endowments, which are contributions restricted by donors to investment for the term specified by the donor. During that term, the donor may either require investment income and appreciation to be reinvested in the fund or may permit the Association to spend those amounts in accordance with the donor's restrictions on use.

Endowment and long-term investments are reported at fair value with changes to fair value reported as investment return in the statement of activities. Purchases and sales of investments are reported on the trade date.

The investment and spending policies for these endowment and long-term investments, called the Kirby and Youth Leadership Funds, are discussed in note F.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments, Endowment and Long-term - Continued
The Association is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) of Virginia and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of James River Association has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Association considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Association has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of James River Association.

Net Assets
The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions
Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Association, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions
Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Association must continue to use the resources in accordance with the donor's instructions.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets - Continued

Net Assets With Donor Restrictions - Continued
The Association's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Association, unless the donor provides more specific directions about the period of its use.

Contributions
Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Gifts-in-Kind Contributions
The Association receives contributions in a form other than cash or investments. Most are donated supplies, which are recorded as contributions as of the date of gift and as expenses when the donated items are placed into service or distributed. If the Association receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meet the Association's capitalization policy.

The Association benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Association's program operations and in its fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. Accounting principles generally accepted in the United States of America allow recognition of contributed services only if (*a*) the services create or enhance nonfinancial assets or (*b*) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. The Association did not have any personal services that met the above thresholds for the years ended June 30, 2020 and 2019.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition Policy
Revenue is measured based on consideration specified in a contract with a customer. The Association recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The Association has no contract assets or liabilities to report as of June 30, 2020 and 2019.

Performance Obligations
Educational programs - For performance obligations related to educational programs, control transfers to the attendee(s) over time. Revenue is recognized throughout the program. The programs have durations that vary depending on the event, but are generally an hour to 24 hours.

Special Events - For performance obligations related to special events, control transfers to the attendee(s) over time. Revenue is recognized throughout the event. The events have durations that generally last a few hours.

Expense Recognition and Allocation
The cost of providing the Association's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Occupancy, insurance, and depreciation and amortization are allocated based on management's estimate of the costs of programs and supporting activities occupying the space.
- Other expenses that cannot be directly identified are allocated on the basis of management's estimate of the allocable portion to each program and supporting activity.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Association.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Association generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

NOTE B - LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 are:

Financial assets:	
Cash and cash equivalents	$ 831,557
Contributions receivable	1,644,345
Investments, operations	216,905
Investments, endowment and long-term	1,324,399
Total financial assets	4,017,206
Less financial assets held to meet donor-imposed restrictions:	
Purpose restricted net assets (Note G)	360,027
Donor-restricted endowment funds (Note F)	1,295,715
Less financial assets not available within one year:	
Contributions receivable (Note C)	765,107
Total financial assets available for general expenditures within one year	$1,596,357

The above table reflects donor-restricted endowment funds as unavailable because it is the Association's intention to invest those resources for the long-term support of the Association. Note F provides more information about those funds and about the spending policies for all endowment funds.

As part of the Association's liquidity management plan, cash in excess of daily requirements is kept in short-erm investments (Note D). The Association maintains a revolving line of credit of $200,000 to cover short-term cash needs (Note K).

NOTE C - CONTRIBUTIONS RECEIVABLE

As of June 30, 2020 and 2019, contributors to the Association have made unconditional promises to give that relate to the following purposes:

	2020	2019
Current	$ 879,238	$ 128,531
Non-current	765,107	30,000
	$1,644,345	$ 158,531

NOTE D - INVESTMENTS

Investments consist of the following as of June 30, 2020 and 2019:

	2020	2019
Investments, operations		
Certificates of deposit	$ 216,905	$ 215,778
Total investments, operations	216,905	215,778
Investments, endowment and long-term:		
Equities	909,567	959,664
U. S. treasury obligations	94,020	139,157
Corporate bonds	183,487	109,580
Fixed-income securities	79,857	84,802
Invested cash	47,285	62,149
Certificates of deposit	10,183	50,059
Total investments, endowment and long-term	1,324,399	1,405,411
Total investments	$ 1,541,304	$ 1,621,189

NOTE E - LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consist of the following as of June 30, 2020 and 2019:

	2020	2019
Property, equipment, and software	$ 636,205	$ 653,481
Buildings and improvements	564,040	535,510
Land	141,700	141,700
	1,341,945	1,330,691
Less: Accumulated depreciation and amortization	635,097	570,840
	$ 706,848	$ 759,851

NOTE F - ENDOWMENTS (KIRBY FUND AND YOUTH LEADERSHIP FUND)

The Association received cumulative cash contributions from the F. M. Kirby Association, Inc. and the Guilford Association, Inc. for the creation of a perpetually restricted fund designated the Kirby Fund. Fund assets are invested in marketable securities.

Prior to the year ended June 30, 2015, the Association had limited withdrawals to interest and dividend income only, to be used for executive operating expenditures. Unexpended interest and dividend income did not become a part of the restricted fund balance. The restricted fund balance was, however, adjusted by realized and unrealized gains and losses of Kirby Fund assets. Effective January 1, 2014, the donor approved an amendment to the policy for withdrawals from the Fund. On a quarterly basis, in approximately March, June, September and December, funds were transferred from the Kirby Fund to the operating account of the Association in equal quarterly installments. The annual amount transferred was a declared percentage of the average closing value of the portfolio on December 31 of the prior three years. For the calendar years 2014 through 2016 the declared rate was 4%. In the absence of action by the Executive Committee, the default rate remained 4%. After 2016, the Executive Committee can authorize a rate between 2% and 4.5% for a specific year, based on its assessment of the investment climate and the Association's cash needs. This rate can be authorized or adjusted at any time up to the date of the first (March) draw for the new calendar year. As a result of the policy amendment, the permanent restriction of the Kirby Fund was lifted and the net assets became restricted for time.

The Association received $100,000 during the year ended June 30, 2014 to establish another endowment fund, the Youth Leadership Fund. The Youth Leadership Fund is used for the benefit of the Association's environmental education. Funds distributed from this endowment shall be used to hold an annual Youth Leadership Summit for the Environment. The Youth Leadership Fund is subject to the same earnings and withdrawal policies as the Kirby Fund.

The net asset composition of the endowments as of June 30, 2020 and 2019 is as follows:

	2020	2019
Donor-restricted funds:		
Perpetual endowment	$ 1,295,715	$ 1,401,147

All endowment net assets as of June 30, 2020 and 2019 are with donor restrictions.

The changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Endowment net assets, beginning of year	$ 1,401,147	$ 1,351,995
Investment return	(56,416)	74,551
Appropriations of endowment assets for expenditure	(49,016)	(25,399)
Endowment net assets, end of year	$ 1,295,715	$ 1,401,147

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2020 and 2019, net assets with donor restrictions are available for the following purposes or periods:

	2020	2019
Purpose restrictions, available for spending:		
Education	$ 173,924	$ 65,000
Action	117,700	-
Appreciation	42,963	-
Community conservation	25,440	25,440
Watershed	-	63,103
Total purpose-restricted net assets	360,027	153,543
Time restrictions:		
Contributions receivable, which are unavailable for spending until due, some of which are also subject to purpose restrictions (education)	1,252,877	30,000
Endowment Funds, which must be appropriated in accordance with Fund spending policies	1,295,715	1,401,147
Total net assets with donor restrictions	$ 2,908,619	$ 1,584,690

NOTE H - PAYCHECK PROTECTION PROGRAM (PPP) FORGIVABLE LOAN

On April 16, 2020, the Association received loan proceeds in the amount of $282,500 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provided for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable after eight weeks, or an optional twenty-four weeks, as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness is reduced if the borrower terminated employees or reduced salaries during the eight or twenty-four week period.

The Association used 100% of the loan proceeds for qualifying expenses and therefore believes that the PPP's eligibility criteria have been met and the loan proceeds represent, in substance, a grant that is expected to be forgiven. In accordance with FASB 958-605 loan proceeds that are expected to be forgiven should be accounted for as conditional contributions. The Association believes it has substantially met all conditions required to obtain forgiveness and has therefore recognized the entire loan as other revenue in the accompanying statement of activities.

NOTE I - RETIREMENT PLANS

The Association adopted a 401(k) plan for its employees on January 1, 2016. All eligible employees can make elective salary-deferred contributions to the plan. The Association makes discretionary contributions to the plan on behalf of full-time employees, subject to plan requirements of one year of service and the age of twenty-one. Employees are fully vested in the plan after six years of service. For the years ended June 30, 2020 and 2019, the Association contributed $24,290 and $19,911, respectively, under the plan. Contributions by the Association are reported in the financial statements as employee benefits.

NOTE J - LEASE COMMITMENTS

Under an office lease dated April 23, 2018, the Association entered a four-year lease agreement for office space in the City of Richmond, Virginia commencing on September 1, 2018 and ending on September 30, 2022. The lease calls for monthly rent of $3,300 with incremental increases each year of the lease term.

The Association leases office equipment under a non-cancelable operating lease. The lease term is five years commencing on April 4, 2017 and ending on April 13, 2022. The lease calls for monthly rent of $179.

Under an office lease dated July 1, 2012, the Association rents office space located in the City of Lynchburg, Virginia. The lease expired December 31, 2018, then was extended on a month to month basis, currently at a rate of $500 per month.

Under an office lease dated January 1, 2019, the Association rents office space located in the City of Scottsville, Virginia. The lease was for one year and expired on December 31, 2019 with monthly rent of $400. The lease was extended on a month to month basis.

Future rental payments on the non-cancelable operating leases are as follows:

Year	
2021	$ 43,854
2022	44,568
2023	10,818
	$ 99,240

NOTE K - LINE OF CREDIT

The Association had available an unsecured line of credit totaling $200,000 carrying interest at the Prime rate (3.5% at June 30, 2020) as of June 30, 2020 and 2019. Borrowings on the line of credit totaled $0 as of June 30, 2020 and 2019. The line matures November 29, 2020, at which time it is expected to renew for an additional 12 months.

NOTE L - CONCENTRATION OF CREDIT RISK

As of June 30, 2020 and 2019, deposits were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. From time to time, the Association has deposits in excess of FDIC coverage.

NOTE M - CONSERVATION EASEMENTS

The Association is the holder or co-holder of easements received pursuant to the Virginia Conservation Easement Act establishing perpetual conservation easements exclusively for the purpose of conserving and forever maintaining wildlife habitat, agriculture resource base, scenic character, and open space character of the subject property. Easements are held in the Counties of Charles City, Goochland, James City, Powhatan, and Prince George, Virginia. The Association has opted not to attach a monetary value to these conservation easements, and accordingly, they are not recorded as assets on the accompanying statement of financial position.

NOTE N - COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Association's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Association is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021 and beyond.

NOTE O - SUBSEQUENT EVENTS

In the preparation of its financial statements, James River Association considered subsequent events through November 12, 2020, which was the date the financial statements were available to be issued.