ORANGE COUNTY COMMUNITY FOUNDATION, INC.
AND AFFILIATES

COMBINED FINANCIAL STATEMENTS

Years Ended September 30, 2021 and 2020

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deming malone livesay + ostroff

Independent Auditors' Report

To the Board of Directors
Orange County Community Foundation, Inc.
And Affiliates

We have audited the accompanying combined financial statements of Orange County Community Foundation, Inc. (a not-for-profit organization) and Affiliates (the "Foundation"), which comprise the combined statements of financial position as of September 30, 2021 and 2020, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Orange County Community Foundation, Inc. and Affiliates as of September 30, 2021 and 2020, 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.

Report on Summarized Comparative Information

We previously audited Orange County Community Foundation, Inc.'s combined financial statements as of September 30, 2020 and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated January 26, 2021. In our opinion, the summarized comparative information on page 5 as of and for the year ended September 30, 2020 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Deming, Malone, Livesay & Ostroff

Deming, Malone, Livesay & Ostroff
New Albany, Indiana
January 25, 2022

ORANGE COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATES

COMBINED STATEMENTS OF FINANCIAL POSITION

September 30, 2021 and 2020

Assets	2021	2020
Cash and cash equivalents	$ 292,080	$ 344,603
Investments - money market funds	217,394	181,355
Investments	12,011,215	10,633,245
Accounts receivable	1,648	100,000
Property and equipment, net of accumulated depreciation	7,977	4,059
Total assets	$ 12,530,314	$ 11,263,262
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 3,273	$ 49,916
Accrued expenses	7,253	8,516
Deferred revenue		23,298
Total liabilities	10,526	81,730
Net Assets		
Net assets without donor restriction:		
Donor advised funds	834,104	734,377
Donor designated funds	4,653,123	4,205,537
Board designated funds	6,135,484	5,168,922
Other		45,807
Total net assets without donor restriction	11,622,711	10,154,643
Net assets with donor restrictions	897,077	1,026,889
Total net assets	12,519,788	11,181,532
Total liabilities and net assets	$ 12,530,314	$ 11,263,262

See Notes to Combined Financial Statements.

ORANGE COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATES

COMBINED STATEMENTS OF ACTIVITIES
Years Ended September 30, 2021 and 2020

	2021	2020
Net Assets Without Donor Restrictions		
Public support and revenues:		
Public support:		
Contributions and grants	$ 893,066	$ 692,308
Net investment return:		
Realized and unrealized gain on investments, net	1,311,881	329,826
Investment interest and dividends	316,871	284,400
Revenues:		
Administration fees	360,060	317,628
Rent	3,000	4,200
Other	107	235
In-kind		100
Loss on sale of assets		(460)
Net assets released from restrictions	255,104	16,265
Total revenues and public support without donor restrictions	3,140,089	1,644,502
Expenses:		
Program	1,353,131	955,437
Management and general	234,222	261,411
Fundraising	84,668	92,358
Total expenses	1,672,021	1,309,206
Net change in net assets without donor restrictions	1,468,068	335,296
Net Assets With Donor Restrictions		
Public support:		
Contributions and grants		190,171
Net investment return:		
Realized and unrealized gain on investments, net	101,497	28,693
Investment interest and dividends	23,795	21,292
Net assets released from restrictions	(255,104)	(16,265)
Change in net assets with donor restrictions	(129,812)	223,891
Change in net assets	1,338,256	559,187
Net assets at the beginning of the year	11,181,532	10,622,345
Net assets at the end of the year	$ 12,519,788	$ 11,181,532

See Notes to Combined Financial Statements.

ORANGE COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATES

COMBINED STATEMENT OF FUNCTIONAL EXPENSE

Year Ended September 30, 2021 (with comparative totals for 2020)

	2021				2020
	Program	Management and General	Fundraising	Total	Total All Funds (Memorandum Only)
Program expense from non-permanent funds	$ 452,254		$ 35,681	$ 487,935	$ 178,139
Grants	444,659			444,659	375,093
Admin fee	360,060			360,060	313,428
Payroll	71,611	$ 122,967	40,989	235,567	242,315
Insurance		38,232		38,232	50,797
Scholarships	32,522			32,522	48,194
Rent		21,720		21,720	21,720
Payroll taxes	5,583	9,585	3,195	18,363	18,802
Professional fees		14,765		14,765	16,554
Employee retirement benefits	10,408			10,408	9,679
Programming		2,250	4,528	6,778	37,806
Marketing	50	5,648		5,698	6,841
Equipment maintenance and tech support		3,196		3,196	5,430
Printing and reproduction		2,777		2,777	2,085
Supplies		2,572		2,572	3,024
Internet service and domain registration		2,372		2,372	1,685
Depreciation	2,122			2,122	1,285
Dues and subscriptions		1,894		1,894	1,428
Building maintenance		1,620		1,620	1,500
Postage and delivery		1,566		1,566	1,998
Bank service charges	252	1,088		1,340	817
Telephone		1,136		1,136	2,650
Scholarship administration		351	275	626	1,226
Licenses and permits		263		263	54
Conference/training/meetings		220		220	2,121
Awards					500
In-kind					100
Donor-related travel					36
Board and committee meetings					32
Reimbursed	(26,390)			(26,390)	(36,133)
Total expenses	$ 1,353,131	$ 234,222	$ 84,668	$ 1,672,021	$ 1,309,206
Expenses for the year ended September 30, 2020	$ 955,437	$ 261,411	$ 92,358	$ 1,309,206	

See Notes to Combined Financial Statements.

ORANGE COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATES

COMBINED STATEMENTS OF CASH FLOWS
Years Ended September 30, 2021 and 2020

	2021	2020
Cash Flows Used In Operating Activities		
Change in net assets	$ 1,338,256	$ 559,187
Adjustments to reconcile change in net assets to net cash flows used in operating activities:		
Depreciation	2,122	1,285
Loss on sale of assets		460
Net investment return	(1,786,661)	(664,211)
Decrease (increase) in assets:		
Accounts receivable	98,352	(89,249)
Increase (decrease) in liabilities:		
Accounts payable	(46,643)	44,186
Accrued expenses	(1,263)	159
Deferred revenue	(23,298)	(166,577)
Contributions restricted for long-term purposes		(16,265)
Net cash flows used in operating activities	(419,135)	(331,025)
Cash Flows Provided By Investing Activities		
Purchases of investments	(3,076,570)	(3,883,815)
Sales of investments	3,485,261	4,036,277
Purchases of property and equipment	(6,040)	
Net cash flows provided by investing activities	402,651	152,462
Cash Flows Provided By Financing Activities		
Collections of contributions restricted for long-term purposes		16,265
Net cash flows provided by financing activities		16,265
Net change in cash and cash equivalents	(16,484)	(162,298)
Cash and cash equivalents at beginning of the year	525,958	688,256
Cash and cash equivalents at end of the year	$ 509,474	$ 525,958
Reconciliation to Combined Statements of Financial Position		
Cash and cash equivalents	$ 292,080	$ 344,603
Investments - money market funds	217,394	181,355
Cash and cash equivalents at end of the year	$ 509,474	$ 525,958

See Notes to Combined Financial Statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Organization activities:

This summary of significant accounting policies of Orange County Community Foundation, Inc. and Affiliates ("OCCF" or the "Foundation"): Orange County Commissioners Supporting Organization, Inc., Sol Strauss Supporting Organization, Inc., and Orange County Community Foundation Properties, LLC, is presented to assist in understanding the Foundation's combined financial statements.

The Orange County Community Foundation, Inc., established as a not-for-profit organization in 2001, is an independent organization with a volunteer board of directors, which primarily serves Orange County in Southern Indiana. The Foundation's purpose is to build a permanent resource of funds to help meet community needs today, and changing needs of future generations, by encouraging philanthropic leadership, providing flexible endowment opportunities, and practicing financial stewardship of donated funds.

The Orange County Commissioners Supporting Organization, Inc. was established as a not-for-profit charitable organization in 2005 in order to operate exclusively for the benefit of, or to perform the functions of, or carry out the purposes of Orange County Community Foundation, Inc.

The Sol Strauss Supporting Organization, Inc. was established as a not-for-profit charitable organization in 2006 in order to support and expand the charitable works and civic activities of Orange County Community Foundation, Inc. benefiting the Town of Paoli, Indiana by contributing support to the Orange County Community Foundation, Inc., with a particular emphasis on improving the quality of life in Southern Indiana.

Orange County Community Foundation Properties, LLC is a single member Limited Liability Company established in 2008 and owned by Orange County Community Foundation, Inc.

Basis of accounting:

The combined financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of presentation:

The Foundation records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Net assets subject to donor restrictions. Donor-imposed restrictions can be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash equivalents:

For purposes of the Combined Statements of Cash Flows, the Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Revenue recognition:

The Foundation's major revenue sources consist of contributions and grants, administration fees, and investment income.

Contributions and grants - All contributions and grants are considered available for general use unless specifically restricted by the donor. Contributions and grants which are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the year in which the contributions and grants are recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of noncash assets are recorded at their fair value at the date of donation.

Administration fees - Administration fees consist of fees charged on funds managed by the Foundation.

Investment income - Investment income includes investment interest and dividends, as well as realized and unrealized gains and losses on investments, net of investment fees.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the combined Statements of Financial Position. Realized and unrealized gains and losses are included in the change in net assets.

Property and equipment:

Items capitalized as part of property and equipment are valued at cost. Maintenance and repairs are expensed as incurred. The Foundation uses the straight-line method of computing depreciation at rates adequate to amortize the cost of the applicable assets over their useful lives, which range from five to ten years. The Foundation's policy is to expense assets costing $1,000 or less. The asset cost and related accumulated depreciation of assets sold, or otherwise disposed of, are removed from the related accounts and the gain or loss is included in operations.

Deferred revenue:

Income from certain grants is deferred and recognized over the periods in which the required match will be met.

Grants and scholarships:

Grants and scholarships are recorded as expenses when they are approved by the Board of Directors for payment.

Income taxes:

The Foundation and Affiliates are exempt from federal, Indiana, and local income taxes as not-for-profit corporations as described under Internal Revenue Code Section 501(c)(3). The Foundation and Affiliates file informational tax returns in the U.S. federal jurisdiction and with the Indiana Department of Revenue. However, income from certain activities not directly related to the Foundation and Affiliates' tax-exempt purpose may be subject to taxation as unrelated business income. Management does not believe that the Foundation and Affiliates have unrelated business income for the years ended September 30, 2021 and 2020.

As of September 30, 2021 and 2020, the Foundation and Affiliates did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

Use of estimates:

Management uses estimates and assumptions in preparing the combined financial statements in accordance with accounting principles generally accepted by the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Combined financial statements:

The combined financial statements include the accounts of the Orange County Community Foundation, Inc. and its supporting organizations: Orange County Commissioners Supporting Organization, Inc., Sol Strauss Supporting Organization, Inc., and its wholly owned subsidiary, Orange County Community Foundation Properties, LLC. All inter-organizational accounts and transactions have been eliminated in the combined financial statements.

Prior year summarized comparative information:

The September 30, 2021 Combined Statement of Functional Expenses presents summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's combined financial statements for the year ended September 30, 2020, from which the summarized information was derived.

Functional allocation of expenses:

The Combined Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management allocated these expenses based on estimates of time and effort.

Recent accounting pronouncements:

The Financial Accounting Standards Board issued the following accounting standards, which will be effective in subsequent years: 1) ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* effective for fiscal years beginning after June 15, 2021, 2) ASU No. 2016-02, *Leases,* effective for fiscal years beginning after December 15, 2021; and 3) ASU No. 2016-13, *Financial Instruments-Credit Losses,* effective for fiscal years beginning after December 15, 2022.

The Foundation is evaluating the impact of these standards on future combined financial statements.

Date of management's review:

Management has evaluated events and transactions occurring subsequent to the Combined Statement of Financial Position date of September 30, 2021 for items that should potentially be recognized or disclosed in these combined financial statements. The evaluation was conducted through the date of the report, which is the date these combined financial statements were available to be issued.

Note 2. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of September 30, 2021 and 2020 consist of the following:

		2021		2020
Cash	$	292,080	$	344,603
Investments - money market funds		217,394		181,355
Accounts receivable		1,648		100,000
		511,122		625,958
Less: assets not available for general expenditure		(223,895)		(273,490)
Assets available for general expenditure	$	287,227	$	352,468

All or portions of the payouts from the Foundation's Operating Endowment and the Irvin Mefford Designated Endowment are made available to the Foundation each year for operating expenses. In addition, the Board may designate up to 5% of the payouts from all other Unrestricted Endowments to the Foundation for operating expenses. Approximately 2% of the Foundation's invested endowment is held in liquid assets for accessibility. It is from these liquid assets that the management fees assessed on managed endowments are paid to the Foundation each year, and those management fees are held in a money market account until needed. Cash for program expenses is also maintained in the money market fund for easier accessibility. The Foundation also maintains a reserve fund in cash assets. Expenditures from donor funds designated as net assets without donor restrictions must be approved by the Board, so these balances are not included as available for general expenditure.

Note 3. Accounts Receivable

Accounts receivable consists of amounts due from contracts and reimbursed expenses. Accounts receivable is stated at the amount management expects to collect from balances outstanding at year-end. As of September 30, 2021 and 2020, accounts receivable totaled $1,648 and $100,000, respectively. Management has determined that the accounts receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary as of September 30, 2021 or 2020.

Note 4. Property And Equipment

Property and equipment consists of the following as of September 30, 2021 and 2020:

		2021		2020
Furniture and equipment	$	26,972	$	20,932
Less accumulated depreciation		(18,995)		(16,873)
Property and equipment, net	$	7,977	$	4,059

Note 5. Investments

Investments in marketable securities are stated at fair value. Fair values and unrealized appreciation (depreciation) are summarized as follows:

	September 30, 2021		
	Cost	Fair Value	Unrealized Appreciation
Domestic equity:			
Large blend	$ 2,733,917	$ 3,678,999	$ 945,082
World stock	1,212,306	1,601,435	389,129
Small growth	367,613	545,196	177,583
Mid-cap blend	407,175	544,663	137,488
Multi-alternative	1,302,443	1,381,414	78,971
Domestic fixed income:			
Bond funds	4,193,156	4,259,508	66,352
Total	$ 10,216,610	$ 12,011,215	$ 1,794,605

	September 30, 2020		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Domestic equity:			
Large blend	$ 3,003,816	$ 3,351,421	$ 347,605
World stock	898,000	1,006,163	108,163
Small growth	449,000	521,898	72,898
Mid-cap blend	449,000	457,743	8,743
Multi-alternative	1,207,093	1,164,432	(42,661)
International equity	359,567	418,617	59,050
Domestic fixed income:			
Bond funds	3,603,896	3,712,971	109,075
Total	$ 9,970,372	$ 10,633,245	$ 662,873

Note 6. Fair Value of Financial Instruments

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available.

The Foundation's investments consist of bond and equity funds stated at fair market value as of September 30, 2021 and 2020. Equity funds are valued at the closing price reported on the active market on which the individual securities are traded (Level 1). Bond funds are valued using pricing models maximizing the use of observable inputs for similar securities (Level 1). The Foundation has no assets requiring the use of Level 2 or Level 3 inputs for the periods presented.

Note 7. Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of contributions and grants without any donor restrictions, donor advised funds, donor designated funds, and board designated funds. Donor advised funds are contributions which are given by a donor with the assistance of a particular community or area in mind. Donor designated funds are given by the donor with a specific organization designated as the beneficiary. Board designated funds are designated by the Board for a specific purpose. These funds are classified as net assets without donor restrictions due to the variance power maintained by the Foundation.

Although grant recommendations are accepted from donors and other providers of grants and are typically followed, the Foundation has the right to redirect the distribution of the assets donated or the income obtained from them ("variance power"). This variance power provides that the ultimate discretion of the use of donated funds lies with the Foundation's Board of Directors. The variance power is explicitly stated in donor and grant agreements and effectively causes donor-specified restricted funds to be classified as net assets without donor restrictions.

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions include assets that have restrictions which are perpetual in nature, assets with time restrictions, and assets with purpose restrictions. The fund balances with donor restrictions include the following:

	September 30, 2021	September 30, 2020
Net assets with perpetual restrictions		
Sol Strauss Supporting Organization, Inc.	$ 897,077	$ 836,793
Net assets with time restrictions		
Accounts receivable		100,000
Net assets with purpose restrictions		
COVID funds		90,096
Total net assets with donor restrictions	$ 897,077	$ 1,026,889

Note 9. Endowment

The Foundation's endowment consists of 124 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as allowing endowment funds to be classified as net assets without donor restrictions as each fund agreement includes variance power providing the Foundation's Board with discretion regarding the expenditure of the funds. Those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation 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 Foundation 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 Foundation
7) The investment policies of the Foundation

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for granting purposes while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must use for a donor-specified purpose, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk. The Foundation desired the endowment funds, over time, to provide an average rate of return of approximately 6.54 percent annually. Actual returns in any given year may vary from this amount.

To satisfy the long-term rate of return objectives, the Foundation relies on a total return strategy in which investment decisions shall be made with the intent of maximizing the long-term total return of the portfolio through market value changes (realized and unrealized) and through earned income (dividends and interest).

The Foundation has a policy of appropriating for distribution each year 2.5 to 4.0 percent of the endowment funds' average fair value over the prior 12 quarters, or a lesser percentage as voted upon annually by the Board of Directors. In establishing this policy, the Foundation considered the long-term expected return on the endowment.

Endowment funds by net asset type as of September 30, 2021 and 2020 were as follows:

2021	Net assets without donor restrictions	Net assets with donor restrictions	Total
Board Designated Funds	$ 6,064,913	$	$ 6,064,913
Donor Advised Funds	815,480		815,480
Other	4,271,383	897,077	5,168,460
	$ 11,151,776	$ 897,077	$ 12,048,853

2020	Net assets without donor restrictions	Net assets with donor restrictions	Total
Board Designated Funds	$ 5,005,013	$	$ 5,005,013
Donor Advised Funds	734,377		734,377
Other	4,014,179	836,793	4,850,972
	$ 9,753,569	$ 836,793	$ 10,590,362

Changes in endowed funds for the years ending September 30, 2021 and 2020 were as follows:

2021	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment net assets, beginning of the year	$ 9,753,569	$ 836,793	$ 10,590,362
Contributions	459,765		459,765
Net investment return	1,661,238	125,292	1,786,530
Appropriation of endowment assets for expenditure	(722,796)	(65,008)	(787,804)
Endowment net assets, end of the year	$ 11,151,776	$ 897,077	$ 12,048,853

2020	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment net assets, beginning of the year	$ 9,469,129	$ 802,998	$ 10,272,127
Contributions	450,896	75	450,971
Net investment return	644,250	49,985	694,235
Appropriation of endowment assets for expenditure	(810,706)	(16,265)	(826,971)
Endowment net assets, end of the year	$ 9,753,569	$ 836,793	$ 10,590,362

Note 10. Revenue From Contracts With Customers

The Foundation's revenue from contracts with customers consisted of administration fees for managing endowment funds. The total fees were $360,060 and $317,628 for the years ended September 30, 2021 and 2020, respectively. Performance obligations are satisfied over time as the services are provided. Transaction prices are set based on a fee schedule. The time between invoicing and when the performance obligations are satisfied is not significant, and there is not a significant financing component or significant payment terms.

Note 11. Lease Agreements

The Foundation is the lessor in a month-to-month lease agreement for office space with the Orange County Habitat for Humanity. Under the initial agreement, two employees designate a total of thirty-six hours a week for services to the Orange County Habitat for Humanity. The initial monthly lease is $350 per month, plus reimbursement of the employees' salaries, taxes, and benefits. The initial agreement was in effect through September 1, 2012, and was renewed annually. A new agreement was negotiated on July 1, 2021 for $300 per month with no payroll services bring provided, which will be in effect until December 31, 2021.

On January 1, 2017, the Foundation became the lessee in a five-year lease agreement for office space with the Orange County Indiana Board of Commissioners. The initial agreement ends on December 31, 2021. In August 2021 the Foundation negotiated a new agreement covering the period January 1, 2022 through January 1, 2027. Under both agreements, the Foundation pays $1,810 per month. Total lease expense for each of the years ended September 30, 2021 and 2020 was $21,720.

In July 2020 the Foundation entered into an equipment lease for a point of sale system. The lease is effective for three years at $39 per month. Total expense for the year ended September 30, 2021 was $468.

Future minimum lease payments under the operating leases are as follows:

Year ending September 30,	
2022	$ 22,188
2023	22,071
2024	21,720
2025	21,720
2026	21,720
Thereafter	5,430
	$ 114,849

Note 12. Defined Contribution Retirement Plan

The Foundation has a defined contribution retirement plan covering eligible employees. The Foundation makes a contribution to the plan each year of up to 5% of participating employees' compensation. Total expense for the years ended September 30, 2021 and 2020 was $10,408 and $9,679, respectively, and is included in employee retirement benefits on the Combined Statement of Functional Expense.

Note 14. Related Parties

As discussed in Note 11, the Foundation rents office space from the Orange County Indiana Board of Commissioners. One of the County Commissioners is also on the Foundation's board.

Note 15. Contingencies

The COVID-19 outbreak in the United States caused disruptions to businesses and organizations through mandated and voluntary closures. While these disruptions are expected to be temporary, there is considerable uncertainty about the duration of the outbreak, the federal and state government responses, and the impact on the economy and the Foundation's vendors and individuals served. The extent of the impact on the Foundation's future operations and cash flows is uncertain.