THE CEDARS HOME FOR CHILDREN FOUNDATION, INC.
AND
CEDARS YOUTH SERVICES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

DANA F. COLE
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

THE CEDARS HOME FOR CHILDREN FOUNDATION, INC.
AND
CEDARS YOUTH SERVICES
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The CEDARS Home for Children Foundation, Inc.
To the Board of Directors
CEDARS Youth Services
Lincoln, Nebraska

We have audited the accompanying financial statements of The CEDARS Home for Children Foundation, Inc., and CEDARS Youth Services (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The CEDARS Home for Children Foundation, Inc., and CEDARS Youth Services as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The CEDARS Home for Children Foundation, Inc., and CEDARS Youth Services' 2019 financial statements, and our report dated September 18, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dana F. Cole + Company, LLP

Lincoln, Nebraska
September 11, 2020

THE CEDARS HOME FOR CHILDREN FOUNDATION, INC.
AND
CEDARS YOUTH SERVICES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
ASSETS		
Cash	1,614,155	197,902
Cash - custodial funds	1,900	
Accounts receivable (net of reserve for bad debts of $88,496 for 2020 and $88,496 for 2019)	514,460	503,431
Grant funds receivable	489,519	339,565
Prepaid expenses	54,102	37,734
Investments	26,263,150	25,466,845
Cash value life insurance	33,211	31,467
Fixed assets, at cost less accumulated depreciation of $4,417,055 for 2020 and $4,590,843 for 2019	6,488,382	6,314,805
TOTAL ASSETS	35,458,879	32,891,749

LIABILITIES AND NET ASSETS

	2020	2019
LIABILITIES		
Accounts payable	257,042	329,069
Wages and payroll taxes accrued	363,477	326,444
Vacation liability accrued	332,328	323,145
Refundable reimbursements	30,834	31,788
Deferred revenues	21,985	22,389
PPP loan payable	1,517,100	
Custodial funds	1,900	
Unfunded liability for postemployment benefits	366,923	464,161
Annuities payable	384,037	321,171
Total liabilities	3,275,626	1,818,167
NET ASSETS		
Without donor restrictions		
Undesignated	23,385,083	22,576,267
Designated	6,488,382	6,314,805
	29,873,465	28,891,072
With donor restrictions		
Time and purpose restrictions	467,531	317,175
Restricted in perpetuity	1,842,257	1,865,335
	2,309,788	2,182,510
Total net assets	32,183,253	31,073,582
TOTAL LIABILITIES AND NET ASSETS	35,458,879	32,891,749

See accompanying notes to consolidated financial statements.

THE CEDARS HOME FOR CHILDREN FOUNDATION, INC.
AND
CEDARS YOUTH SERVICES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	2020			
	Without Donor Restrictions	With Donor Restrictions	Total	2019 Total
REVENUES AND OTHER SUPPORT				
Program Revenues				
Service revenues	6,574,187		6,574,187	6,799,973
Grant revenues		2,732,021	2,732,021	2,457,439
Total program revenues	6,574,187	2,732,021	9,306,208	9,257,412
Support				
Contributions and gifts	1,064,290	310,836	1,375,126	1,290,059
Annuity contributions	17,520		17,520	36,037
Bequests	878,019	7,882	885,901	379,164
Total support	1,959,829	318,718	2,278,547	1,705,260
Farm income	24,129		24,129	27,438
Unrealized investment gains (losses)	307,432	(30,960)	276,472	(137,884)
Actuarial adjustments - annuities	(113,812)		(113,812)	(23,994)
Net investment income	724,638		724,638	1,115,927
Realized capital gains	697,828		697,828	334,801
Total investment income	1,640,215	(30,960)	1,609,255	1,316,288
Total revenues and other support	10,174,231	3,019,779	13,194,010	12,278,960
Net assets released from restriction	2,892,501	(2,892,501)		
TOTAL REVENUES AND OTHER SUPPORT	13,066,732	127,278	13,194,010	12,278,960
EXPENSES				
Program Services				
Out of Home Services	5,827,223		5,827,223	5,555,140
Early Childhood and School Age	943,387		943,387	990,370
Family Solutions	916,490		916,490	1,060,820
Juvenile Services	1,076,027		1,076,027	1,105,522
Evaluation	141,519		141,519	148,837
Administration	1,717,532		1,717,532	1,664,170
Total program services	10,622,178		10,622,178	10,524,859

THE CEDARS HOME FOR CHILDREN FOUNDATION, INC.
AND
CEDARS YOUTH SERVICES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	2020			
	Without Donor Restrictions	With Donor Restrictions	Total	2019 Total
EXPENSES (Continued)				
Supporting Services				
Management and general	1,152,148		1,152,148	967,806
Fundraising	310,013		310,013	383,694
Total supporting services	1,462,161		1,462,161	1,351,500
TOTAL EXPENSES	12,084,339		12,084,339	11,876,359
CHANGE IN NET ASSETS	982,393	127,278	1,109,671	402,601
NET ASSETS, beginning of year	28,891,072	2,182,510	31,073,582	30,670,981
NET ASSETS, end of year	29,873,465	2,309,788	32,183,253	31,073,582

See accompanying notes to consolidated financial statements.

THE CEDARS HOME FOR CHILDREN FOUNDATION, INC.
AND
CEDARS YOUTH SERVICES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Program Services							Supporting Services			Total	Total
	Out of Home Services	Early Childhood and School Age	Family Solutions	Juvenile Services	Evaluation	Administration	Total Program Services	Management and General	Fund-raising	Total Supporting Services	All Expenses 2020	All Expenses 2019
Wages	2,297,727	603,642	574,596	654,057	102,716	1,231,523	5,464,261	611,386	89,214	700,600	6,164,861	5,922,121
Taxes	186,047	48,681	46,366	54,658	8,284	92,557	436,593	44,936	6,530	51,466	488,059	507,762
Benefits	345,243	102,046	91,391	106,068	20,652	252,433	917,833	132,592		132,592	1,050,425	1,037,716
Travel	72,137	2,775	5,333	31,445	54	4,530	116,274	169	2,296	2,465	118,739	156,659
Staff development, training, and recruiting	33,057	4,549	8,320	2,763	678	34,427	83,794	892	347	1,239	85,033	70,731
Printing and postage	1,890	7	195	189		5,382	7,663	7,287	133,091	140,378	148,041	167,810
Supplies	228,410	44,816	53,037	27,762	74	26,625	380,724	3,687	21,912	25,599	406,323	408,775
Professional fees	44,877	27,782	65,873	31,384	1,055	63,101	234,072	51,147	56,614	107,761	341,833	392,320
Foster care contract payments	1,908,128						1,908,128				1,908,128	1,960,175
Insurance	49,125	12,536	15,778	15,582	852	33,432	127,305	37,717		37,717	165,022	152,495
Assistance to youth	351,738	19,753	10,585	22,333			404,409				404,409	343,078
Occupancy	125,277	29,201	61,203	62,220	2,015	69,389	349,305	13,722	9	13,731	363,036	319,547
Equipment repair and maintenance and depreciation	53,044	10,341	19,478	27,385	1,539	73,701	185,488	244,663		244,663	430,151	427,009
Scholarship								3,950		3,950	3,950	6,000
Other expense	(320)	5,305		165		1,179	6,329				6,329	4,161
Intercompany rents	130,843	31,953	(35,665)	40,016	3,600	(170,747)						
Totals	5,827,223	943,387	916,490	1,076,027	141,519	1,717,532	10,622,178	1,152,148	310,013	1,462,161	12,084,339	11,876,359

See accompanying notes to consolidated financial statements.

THE CEDARS HOME FOR CHILDREN FOUNDATION, INC.
AND
CEDARS YOUTH SERVICES
CONSOLIDATED STATEMENTS OF CASH FLOWS
JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	1,109,671	402,601
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	307,064	296,575
Unrealized (gains) losses on investments	(276,472)	137,884
Gains on sale of assets	(697,828)	(334,801)
Contributions to permanently restricted endowment	(7,882)	(15,503)
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(11,029)	131,557
Grants receivable	(149,954)	47,569
Prepaid expenses	(16,368)	(12,946)
Cash value life insurance	(1,744)	(1,655)
Increase (decrease) in liabilities:		
Accounts payable	(72,027)	9,742
Wages and payroll taxes accrued	37,033	(40,072)
Vacation accrued	9,183	(89,272)
Custodial fund liability	1,900	
Deferred revenues	(404)	(78,207)
Refundable reimbursement	(954)	1,481
Annuities payable	62,866	(15,790)
Unfunded liability for defined benefit plan	(97,238)	(85,552)
Total adjustments	(913,854)	(48,990)
Net cash provided by operating activities	195,817	353,611
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(480,641)	(147,023)
Sales of fixed assets	5,900	4,050
Sales of investments	3,249,457	2,258,164
Purchase of investments	(3,077,362)	(2,535,657)
Net cash used in investing activities	(302,646)	(420,466)

THE CEDARS HOME FOR CHILDREN FOUNDATION, INC.
AND
CEDARS YOUTH SERVICES
CONSOLIDATED STATEMENTS OF CASH FLOWS
JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	1,517,100	
Contributions to permanently restricted endowment	7,882	15,503
Net cash provided by financing activities	1,524,982	15,503
NET (INCREASE) DECREASE IN CASH	1,418,153	(51,352)
CASH, beginning of year	197,902	249,254
CASH, end of year	1,616,055	197,902

See accompanying notes to consolidated financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CEDARS Home for Children Foundation, Inc., is a nonprofit corporation organized to financially and otherwise support the mission of CEDARS Youth Services (CYS). The Foundation engages in a variety of fundraising efforts, including annual campaigns, major gifts, bequests, and events, resulting in gifts that ensure CYS will remain in perpetuity.

The Foundation exists to establish strong relationships with donors and act as a good steward of the funds given by those donors. In doing so, the Foundation is also working to create a solid reputation for both entities, based on over 70 years of quality care for kids in need.

CEDARS Youth Services (CYS) is a community-based private nonprofit organization dedicated to helping children and youth achieve safety, stability and enduring family relationships. Through a robust and uniquely integrated service array, CEDARS is committed to helping kids in crisis and building strong families in our community.

CEDARS Youth Services works to provide the highest quality care based on individual need, not financial ability. CEDARS is accredited by the Council on Accreditation (COA), National Association for the Education of Young Children (NAEYC), and is a Better Business Bureau Accredited Charity, as well as a partner of the United Way. CEDARS Youth Services serves a diverse population of kids and their families through an array of services dedicated to helping kids who are unable to live at home, families in need of resources, support and education, and youth involved in juvenile services.

Basis of Consolidation

CEDARS Home for Children Foundation, Inc., and CEDARS Youth Services are included in the consolidated statements. The consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America and with current financial reporting requirements. All interorganization amounts and transactions have been eliminated.

Basis of Accounting

The financial statements of the Organizations have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The consolidated financial statements report amounts by class of net assets, as required by ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets, revenues, gains, and losses are classified 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 without donor restrictions are resources available to support operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for capital reserves.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are 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 are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

Contributions restricted by donors received in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The provisions of ASU 2014-09 apply to exchange transactions with customers that are bound by contracts or similar arrangements and establish a performance obligation approach to revenue recognition. The new standard also requires expanded disclosures regarding the qualitative and quantitative information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for annual reporting periods beginning after December 15, 2018, and permits the use of either a full retrospective or a modified retrospective approach.

The Organization adopted the new standard on July 1, 2019, using the modified retrospective method. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. The adoption of the ASU 2014-09 did not have an impact on the Organization's financial statements. Therefore, no cumulative adjustment was recognized in net assets upon adoption.

Effective July 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (ASC Topic 606 - *Revenue Recognition*). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. ASU 2018-08 was implemented on a modified prospective basis. Therefore, in 2019, the new standard was applied to agreements that were either not completed as of July 1, 2019, or entered into after July 1, 2019. The 2019 financial statements were not restated and continue to be reported under the accounting standards in effect in that period. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

Contributions

The Organizations utilize FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. This standard requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organizations to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributed Materials and Services

The Organizations record various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Organizations with their operations. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organizations consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2020 and 2019.

Accounts Receivable

The Organizations use the allowance method to account for uncollectible accounts receivable.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value, if donated. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organizations provide for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives, which range from 2 to 40 years.

Depreciation in the amounts of $307,064 and $296,575 was charged to fixed assets for the years ended June 30, 2020 and 2019.

Investments

The Organizations have adopted FASB ASC 958-320, *Not-for-Profit Entities, Investments - Debt and Equity Securities*. FASB ASC 958-320 establishes standards of reporting at fair value certain investments, debt and equity securities, held by not-for-profit organizations. Therefore, investments in equity securities that have a readily determinable fair value and all investments in debt securities are stated at fair value, with gains and losses included in the statement of activities. Fair value is determined by quoted market values.

Compensated Absences

Employees' vacation benefits are recognized in the period earned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organizations are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organizations' tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organizations qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations other than a private foundation under Section 509(a)(2).

The Organizations utilize the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Organizations continually evaluate expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organizations believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that would be material to the financial statements.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

Advertising costs of the Organizations are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis in the statement of functional expenses. Expenses have been allocated based on time studies, square footage of space used, or other appropriate measures.

Comparative Totals

The financial statements include certain prior year 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 Organizations' financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification

In certain instances, figures for the prior year have been reclassified to place them on a basis comparable with the current year.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Organizations have deposits in financial institutions subject to the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2020 and 2019, there were no deposits in excess of the insurance provided by FDIC.

Financial instruments which potentially subject the Organizations to concentrations of credit risk consist primarily of trade receivables with a variety of customers. The Organizations generally do not require collateral from their customers. Such credit risk is considered by management to be limited due to the Organizations' broad customer base and their customers' financial resources.

NOTE 3. FIXED ASSETS

The major classes of fixed assets in service at June 30, 2020 and 2019, are as follows:

	2020	2019
Land	828,835	828,835
Land improvements	34,666	34,666
Building	8,790,755	8,371,272
Playground	22,181	22,181
Equipment	904,774	1,323,668
Vehicles	324,226	325,026
	10,905,437	10,905,648
Less accumulated depreciation	4,417,055	4,590,843
Net fixed assets	6,488,382	6,314,805

NOTE 4. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors has appropriated unrestricted net assets for the establishment of the following reserves:

Reserve for Operations

The Board approved that annually the change in unrestricted net fixed assets be transferred (charged) to a reserve to fund future operations.

The balance in this reserve was $6,488,382 and $6,314,805 at June 30, 2020 and 2019, respectively.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following as of June 30, 2020 and 2019:

	2020	2019
Contributions for specific projects	467,531	317,175
Restricted in perpetuity	1,842,257	1,865,335
	2,309,788	2,182,510

NOTE 6. INVESTMENTS

The Foundation has adopted FASB ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in FASB ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income, and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

NOTE 6. INVESTMENTS (Continued)

For the fiscal year ended June 30, 2020, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Marketable Equity Securities

The fair value of marketable equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Fair Value on a Recurring Basis

The table below presents the balances of assets measured at June 30, 2020, at fair value on a recurring basis.

	Total	Level 1	Level 2	Level 3
Cash equivalents	7,526	7,526		
Bond funds	6,481,930	6,481,930		
U.S. mutual funds	18,872,904	18,872,904		
Real estate	900,790		900,790	
Totals	26,263,150	25,362,360	900,790	

The carrying amounts, market value, unrealized gains, and unrealized losses of the investments at June 30, 2020 and 2019, are as follows:

	2020		
	Total Cost	Unrealized Gains (Losses)	Estimated Fair Value
Cash equivalents	7,526		7,526
Bond funds	4,987,598	1,494,332	6,481,930
U.S. mutual funds	13,797,084	5,075,820	18,872,904
Totals	18,792,208	6,570,152	25,362,360

NOTE 6. INVESTMENTS (Continued)

	2019		
	Total Cost	Unrealized Gains (Losses)	Estimated Fair Value
Cash equivalents	20,896		20,896
Bond funds	4,876,690	1,170,094	6,046,784
U.S. mutual funds	13,374,788	5,092,627	18,467,415
Totals	18,272,374	6,262,721	24,535,095

Management evaluates securities for other than temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial conditions and near-term prospects of the issuer, and (3) the intent and ability of the Organizations to retain their investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold securities for the foreseeable future, no declines are deemed to be other than temporary.

Real Estate

The real estate is valued at market value based on assessed values set by the county treasurer.

NOTE 7. EMPLOYEE BENEFIT PLAN

The Organizations have implemented 401(k) and 403(b) defined contribution pension plans, which cover all employees who have completed one year of service and attained age 21. The Organizations make contributions equal to 5% of each eligible employee's gross salary. The Organizations made contributions to the plans totaling $215,253 and $231,007 during the years ended June 30, 2020 and 2019.

The CEDARS Home for Children Foundation, Inc., and CEDARS Youth Services are participating in supplemental executive retirement agreements which have been classified as defined benefit plans. The Organizations have adopted the requirements of FASB-ASC 715-20, *Employers' Accounting for Defined Benefit Pension and Other Postretirement*

NOTE 7. EMPLOYEE BENEFIT PLAN (Continued)

effective with the year ended June 30, 2009. FASB-ASC 715-20 requires the Organizations to recognize the funded status of a defined benefit plan. Information regarding the Plan as of June 30, 2020 and 2019, is summarized as follows:

Pension Plan obligations and funded status:

	2020	2019
Projected benefit obligation	(1,607,239)	(1,460,966)
Plan assets at fair value	1,240,316	996,805
Net unfunded liability for postemployment benefits	(366,923)	(464,161)

Due to the nature of the supplemental executive retirement agreements, there is no current obligation until certain criteria are met. Additionally, there are no employer or participant contributions to the Plan, and no benefits paid in the current year.

Amounts recognized in the statement of financial position consist of:

	2020	2019
Unfunded liability for postemployment benefits	366,923	464,161

Amounts recognized in the statement of activities consist of:

	2020	2019
Net gain	(48,134)	(59,183)
Net periodic pension cost	145,876	82,696
Expense recognized	97,742	23,513

The projected benefit obligation is calculated using a discount rate of 6% and the length of time until the participants reach the age of retirement. Plan assets are held in the form of mutual fund investments. No benefits are expected to be paid in the next five years.

The Organizations' overall investment strategy for the Plan's assets is to invest in mutual funds with a mix of approximately 74 percent equity funds and 26 percent bond funds.

Fair values of the Plan's assets at June 30, 2020, by asset class are as follows:

	Total	Level 1	Level 2	Level 3
Money market	3,574	3,574		
Bond funds	372,454	372,454		
U.S. mutual funds	864,288	864,288		
Totals	1,240,316	1,240,316		

NOTE 8. ANNUITY CONTRACTS PAYABLE

Annuity contracts payable consisted of the following at June 30, 2020:

	Contract Rate	Original Contracts	Present Value of Life-Annuity
Total for all annuitants	4.5% to 9.9%	876,522	384,037

NOTE 9. DONOR-DESIGNATED ENDOWMENTS

The Organization's endowment consists of individual funds established for a variety of purposes. Its endowment includes donor-restricted funds. 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 Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power

NOTE 9. DONOR-DESIGNATED ENDOWMENTS (Continued)

Investment Return Objectives, Risk Parameters, and Strategies (Continued)

of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return equal to or greater than the rate of inflation plus the distribution plus all fees and expenses annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy of appropriating for distribution each year 5% of the 3-year rolling average of the monthly portfolio market value with a budgeting lead of one year. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 2-3% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30, 2020 and 2019, is as follows:

	2020	2019
Net assets restricted in perpetuity	1,842,257	1,865,335

Changes in endowment net assets as of June 30, 2020 and 2019, are as follows:

	2020	2019
Endowment assets, beginning of year	1,865,335	1,881,702
Contributions	7,882	15,503
Income	(30,960)	(31,870)
Transfers	- 0 -	- 0 -
Endowment assets, end of year	1,842,257	1,865,335

NOTE 10. ECONOMIC DEPENDENCY

CEDARS Youth Services received $5,862,448 or 79.44% of its service revenues during the year ended June 30, 2020, from the state of Nebraska, either through the Nebraska Department of Health and Human Services or the Probation Office. If this major funding source was lost, CEDARS Youth Services could not continue the level of services currently provided for that program.

NOTE 11. PPP LOAN

CEDARS Youth Services received $1,517,100 loan from the SBA's Payroll Protection Program. This program provides loans to businesses that may be forgiven, provided certain criteria are met. Any amounts unforgiven have a maturity of 2 years, with an interest rate of 1%. The Organization expects the loan to be fully forgiven in the next fiscal year.

NOTE 12. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2020	2019
Cash	1,614,155	197,902
Accounts receivable	514,460	503,431
	602,250	847,889

As part of the liquidity management plan, cash in excess of short-term requirements is invested in accordance with the investment policy of the Organizations.

NOTE 13. SUBSEQUENT EVENTS

The Coronavirus (COVID-19) outbreak has prompted global health concern. Consequently, the Organization may experience a loss in revenue sourced due to the economic impacts of the virus, or may experience an increase in costs to provide services. An estimate of the effect of the COVID-19 pandemic cannot be made at this time.

In preparing the financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through September 11, 2020, the date the financial statements were available to be issued.