

CEDAR FUND, L.P.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

CEDAR FUND, L.P.

TABLE OF CONTENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Balance Sheets	3
Schedules of Investments	4 - 5
Statements of Operations	6
Statements of Changes in Partners' Capital	7
Notes to Financial Statements	8 - 10



INDEPENDENT AUDITORS' REPORT

General Partner and Limited Partners
Cedar Fund, L.P.
Richmond, Indiana

Opinion

We have audited the accompanying financial statements of **Cedar Fund, L.P.**, which comprise the balance sheets as of December 31, 2022 and 2021, and the related schedules of investments, statements of operations and changes in partners' capital for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Cedar Fund, L.P.** as of December 31, 2022 and 2021, and the results of its operations and changes in partners' capital for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of **Cedar Fund, L.P.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT - CONTINUED

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Cedar Fund, L.P.'s** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Cedar Fund, L.P.'s** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.



Richmond, Indiana
February 22, 2023

CEDAR FUND, L.P.**BALANCE SHEETS****DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Investments - at market value (cost - \$11,261,869 and \$11,977,795)	\$ 14,879,761	\$ 17,637,172
Cash and cash equivalents	707,181	1,467,528
Dividends and interest receivable	<u>1,733</u>	<u>24</u>
Total assets	<u>\$ 15,588,675</u>	<u>\$ 19,104,724</u>
LIABILITIES		
Accrued professional fees	\$ 6,415	\$ 5,790
Investment advisory fees payable	26,408	31,151
Accrued bank custodial fees	1,299	1,592
Accrued taxes payable	<u>-</u>	<u>8,678</u>
Total liabilities	<u>34,122</u>	<u>47,211</u>
PARTNERS' CAPITAL		
Harris Harper Counsel's Interest	193,111	210,093
Limited Partners' capital	<u>15,361,442</u>	<u>18,847,420</u>
Total partners' capital	<u>15,554,553</u>	<u>19,057,513</u>
Total liabilities and partners' capital	<u>\$ 15,588,675</u>	<u>\$ 19,104,724</u>
Limited Partner units outstanding	<u>2,814.6644</u>	<u>3,133.8487</u>
Value per Limited Partner unit	<u>\$ 5,457.6460</u>	<u>\$ 6,014.1450</u>

See notes to financial statements.

CEDAR FUND, L.P.**SCHEDULE OF INVESTMENTS****DECEMBER 31, 2022**

	<u>Number of Shares/Units</u>	<u>Cost</u>	<u>Value</u>	<u>Percent of Total Value</u>
COMMON STOCKS				
Berkshire Hathaway, Inc. - Class A	6	\$ 1,013,793	\$ 2,812,266	18.9
Berkshire Hathaway, Inc. - Class B	10,500	<u>1,182,738</u>	<u>3,243,450</u>	<u>21.8</u>
		<u>2,196,531</u>	<u>6,055,716</u>	<u>40.7</u>
MUTUAL FUNDS				
Akre Focus Fund	10,072.522	500,000	484,186	3.2
First Eagle Global Fund - Class I	49,621.984	2,713,834	2,891,969	19.4
FPA Crescent Fund - Class I	79,685.770	2,448,365	2,656,724	17.9
Longleaf Partners Small-Cap Fund	32,067.210	782,125	672,770	4.5
Sequoia Fund, Inc.	10,465.767	1,801,323	1,305,290	8.8
Tweedy Browne International Value Fund	31,924.047	<u>819,691</u>	<u>813,106</u>	<u>5.5</u>
		<u>9,065,338</u>	<u>8,824,045</u>	<u>59.3</u>
		<u>\$ 11,261,869</u>	<u>\$ 14,879,761</u>	<u>100.0</u>

See notes to financial statements.

CEDAR FUND, L.P.**SCHEDULE OF INVESTMENTS****DECEMBER 31, 2021**

	<u>Number of Shares/Units</u>	<u>Cost</u>	<u>Value</u>	<u>Percent of Total Value</u>
COMMON STOCK				
Berkshire Hathaway, Inc. - Class A	14	<u>\$ 2,174,923</u>	<u>\$ 6,309,268</u>	<u>35.8</u>
MUTUAL FUNDS				
First Eagle Global Fund - Class I	47,561.647	2,563,505	3,084,848	17.5
FPA Crescent Fund - Class I	87,950.298	2,751,760	3,255,041	18.4
Longleaf Partners Small-Cap Fund	31,688.545	771,321	833,409	4.7
Sequoia Fund, Inc.	17,705.250	2,945,786	3,275,294	18.6
Tweedy Browne International Value Fund	30,227.283	<u>770,500</u>	<u>879,312</u>	<u>5.0</u>
		<u>9,802,872</u>	<u>11,327,904</u>	<u>64.2</u>
		<u>\$ 11,977,795</u>	<u>\$ 17,637,172</u>	<u>100.0</u>

CEDAR FUND, L.P.

STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
INVESTMENT INCOME		
Income		
Ordinary and mutual fund capital gain dividends	\$ 264,895	\$ 1,040,496
Interest income	6,169	215
Partnership net investment income	<u>-</u>	<u>797,602</u>
Total income	271,064	1,838,313
Expenses		
Investment advisory fees	166,732	193,904
Custodial and other Investment fees	16,699	18,569
Accounting and auditing fees	<u>6,730</u>	<u>5,940</u>
Total expenses	<u>190,161</u>	<u>218,413</u>
Net investment income	80,903	1,619,900
REALIZED GAIN (LOSS) AND UNREALIZED DEPRECIATION ON INVESTMENTS		
Realized gain (loss) on security transactions		
Sales proceeds	1,743,209	4,225,891
Less cost	<u>1,755,292</u>	<u>2,139,877</u>
Realized gain (loss)	(12,083)	2,086,014
Unrealized depreciation on investments during the year	<u>(2,041,485)</u>	<u>(3,194,521)</u>
Net realized gain (loss) and unrealized depreciation on investments	<u>(2,053,568)</u>	<u>(1,108,507)</u>
INCREASE (DECREASE) IN PARTNERS' CAPITAL FROM OPERATIONS	<u>\$ (1,972,665)</u>	<u>\$ 511,393</u>

See notes to financial statements.

CEDAR FUND, L.P.

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
INCREASE (DECREASE) IN PARTNERS' CAPITAL FROM OPERATIONS		
Net investment income	\$ 80,903	\$ 1,619,900
Realized gain (loss) from security transactions	(12,083)	2,086,014
Unrealized depreciation on investments	<u>(2,041,485)</u>	<u>(3,194,521)</u>
Net increase (decrease) from operations	<u>(1,972,665)</u>	<u>511,393</u>
From Partner transactions:		
Capital contributions by Limited Partners (units - 0 and 179.3329)	-	722,991
Capital withdrawals by Limited Partners (units - 319.1843 and 1,500.3050)	(1,804,766)	(7,799,640)
Increase in capital basis Limited Partner	<u>274,471</u>	<u>2,945,700</u>
Decrease from partner transactions	<u>(1,530,295)</u>	<u>(4,130,949)</u>
DECREASE IN PARTNERS' CAPITAL	(3,502,960)	(3,619,556)
PARTNERS' CAPITAL		
Beginning of year	<u>19,057,513</u>	<u>22,677,069</u>
End of year	<u>\$ 15,554,553</u>	<u>\$ 19,057,513</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Cedar Fund, L.P. (the "Partnership") is an Indiana limited partnership formed on July 1, 1988. The purpose of the Partnership is to seek long-term capital growth by investing its assets primarily in common stocks and other equity-type securities. The General Partner of Cedar Fund, L.P. is Harris Harper Counsel, Inc. During 2022, there were 29 Limited Partners in the Partnership. The liability of each Limited Partner is limited to the value of his/her units of ownership.

Financial Estimates - The preparation of financial statements in conformity 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Investments - Investments are carried at fair value. Fair value is the amount that would be received from selling an asset in an orderly transaction between market participants at the measurement date. For securities with observable market quotations, the Partnership values these investments based upon current market quotations or pricing sources. In the absence of observable market quotations, investments are valued by procedures adopted by the General Partner. The General Partner utilizes data from a variety of sources, taking into account the characteristics of the security, any changes in the credit quality of the securities in the portfolio, the overall movement of interest rates, current market conditions and other factors, which in the General Partner's good faith and judgment are relevant to the value of the security. Because of the inherent uncertainty of valuation, the fair values estimated by the General Partner may not necessarily represent amounts that could be realized from sales or dispositions of investments, and the differences may be material.

Securities traded on a national securities exchange are valued at the last sale price on the last business day of the year. Mutual funds are valued at their net asset value on the last business day of the year. A limited partnership investment is valued at its net asset value on the last day of the year. Investment transactions are accounted for on the trade date. The net realized gain or loss on security transactions is determined, for accounting and tax purposes, on the specific-identification basis.

Investment Income - The Partnership follows industry practice and records security transactions on the trade date. Dividend and interest income are recorded on the accrual basis. Unrealized appreciation and depreciation is reflected in the increase or decrease from operations.

Investment Expenses - Investment expenses are recorded on the accrual basis.

Income Taxes - The Partnership is not subject to federal or state income tax. The partners must include their proportionate share of the Partnership's taxable income in their personal income tax returns, whether or not it is distributed to them.

Accounting for Uncertainty in Income Taxes - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Partnership's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. No significant uncertain tax positions exist as of December 31, 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents - Cash and cash equivalents consist of cash deposits in money market accounts. At December 31, 2022 and 2021, the Partnership's cash accounts were not covered by federal insurance.

Subsequent Events - In preparing these financial statements, the Partnership has evaluated events and transactions for potential recognition or disclosure through February 22, 2023, the date the financial statements were available to be issued.

NOTE 2 - INVESTMENT ADVISORY AGREEMENT

Pursuant to an investment advisory agreement, the Partnership has retained its General Partner, Harris Harper Counsel, Inc., as its primary investment advisor. Harris Harper Counsel, Inc. provides investment advice, administrative services and facilities in return for an annual management fee of 1% of the Partnership's average monthly net asset values. The investment advisory fees were \$166,732 and \$193,904 for the years 2022 and 2021.

NOTE 3 - INVESTMENTS

Investments consist of the following:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Common stocks	\$ 2,196,531	\$ 6,055,716	\$ 2,174,923	\$ 6,309,268
Mutual funds	<u>9,065,338</u>	<u>8,824,045</u>	<u>9,802,872</u>	<u>11,327,904</u>
	<u>\$ 11,261,869</u>	<u>\$ 14,879,761</u>	<u>\$ 11,977,795</u>	<u>\$ 17,637,172</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

The Partnership's investments in common stocks and mutual funds are reflected at fair value as determined annually. Fair value is defined as 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 the principal or most advantageous market. The Partnership uses a fair value hierarchy that has three levels of inputs, both observable and unobservable, with use of the lowest possible level of input to determine fair value.

Level 1 inputs include quoted market prices in an active market or the price of an identical asset or liability. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data. The Partnership had no Level 3 assets at December 31, 2022 and 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS - continued

The Partnership uses valuation techniques in a consistent manner from year-to-year. The Partnership's Board of Advisors approved the investment valuation at December 31, 2022 and 2021. Fair values of the Partnership's financial assets measured on a recurring basis at December 31, 2022 and 2021 are as follows:

	2022			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common stocks	\$ 6,055,716	\$ 6,055,716	\$ -	\$ -
Mutual funds	<u>8,824,045</u>	<u>8,824,045</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,879,761</u>	<u>\$ 14,879,761</u>	<u>\$ -</u>	<u>\$ -</u>

	2021			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common stock	\$ 6,309,268	\$ 6,309,268	\$ -	\$ -
Mutual funds	<u>11,327,904</u>	<u>11,327,904</u>	<u>-</u>	<u>-</u>
	<u>\$ 17,637,172</u>	<u>\$ 17,637,172</u>	<u>\$ -</u>	<u>\$ -</u>

Common stocks and mutual funds: The valuation of these investments is based on quoted market prices.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, the Partnership believes its valuation methods are appropriate and consistent with other market participants, and the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 5 - MAJOR INVESTMENT

The Partnership had approximately 41% and 36% of its total investment assets in the common stock of one company as of December 31, 2022 and 2021.