

Cedar Fund Annual Report

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Cedars of Lebanon • Ezekiel 31
Symbol of majesty and strength

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March 22, 2002

Dear Cedar Fund Partner:

We are pleased to report a **5.6%** increase in Cedar Fund value compared to a *decrease of 11.9%* for the S&P 500 index in 2001. The value of a fund unit rose to \$1,735 from \$1,642 the year before. For the important five-year annual average return, the Cedar Fund's 12.4% beat the S&P 500's 10.98%.

The best performing money manager in Cedar Fund was Robert Rodriquez whose FPA Capital soared 38.1%. A finalist as stock manager of the year, Rodriquez was selected by Morningstar, the mutual fund rating service, as best fixed income manager in the country for the 12.3% return earned in his FPA New Income Fund.

Cedar Fund results were aided most by the 9.1% return in Harfam Partners, our partnership of private money managers. The leading manager in Harfam was Eagle Capital, which increased 25.9% for the year. Eagle replaced Emerald Partners, which liquidated after a very successful run. One of the principals of Emerald, Meryl Witmer, then joined her husband, Charles, at Eagle Capital.

The Enron collapse brings into sharp focus an important concern: quality of earnings. Encouraged by Wall Street, businesses emphasized reported earnings instead of true economic earnings. Pro forma statements and one-time nonrecurring items distort the true worth of companies. Quality of earnings is so critical to financial integrity that it is the single most important criteria we look for in a manager. All the managers in Cedar Fund pass this test and one, the Sequoia Fund, is considered to have the most astute and discerning research team in the business.

Our managers, unexcited about future stock performance, continue to suggest about a 7% annual return over the next decade. Rodriquez even sees a 5% return or less per year over the next five years. In his annual letter to Berkshire Hathaway shareholders, Warren Buffett explains "(I have) decidedly lukewarm feelings about the prospects for stocks in general over the next decade or so.... I believe that American business will do fine over time but think that today's equity prices presage only moderate returns for investors. The market outperformed business for a very long period, and that phenomenon had to end. A market that no more than parallels business progress, however, is likely to leave many investors disappointed, particularly those relatively new to the game."

Enclosed are the 2001 Cedar Fund financial statements audited by CPA firm Williams, Keckler & Ratcliffe LLC. The statements list our investments. Also enclosed is the year-end value of your investment in Cedar Fund. The Indiana Securities Division requires that Part II of Form ADV. Investment Advisor Registration be made available to investors. Upon your written request, we will provide you with a copy of Form ADV.

We value your confidence in Cedar Fund. We encourage you to keep investment expectations low and think long term like the owner of a business rather than as a stock trader. This letter and several exhibits are being sent to you by email as well as U.S. mail. In the future we hope to send most of our reports by email, so please let us know if you prefer to continue receiving a hard copy.

HARRIS HARPER COUNSEL, INC., *General Partner*

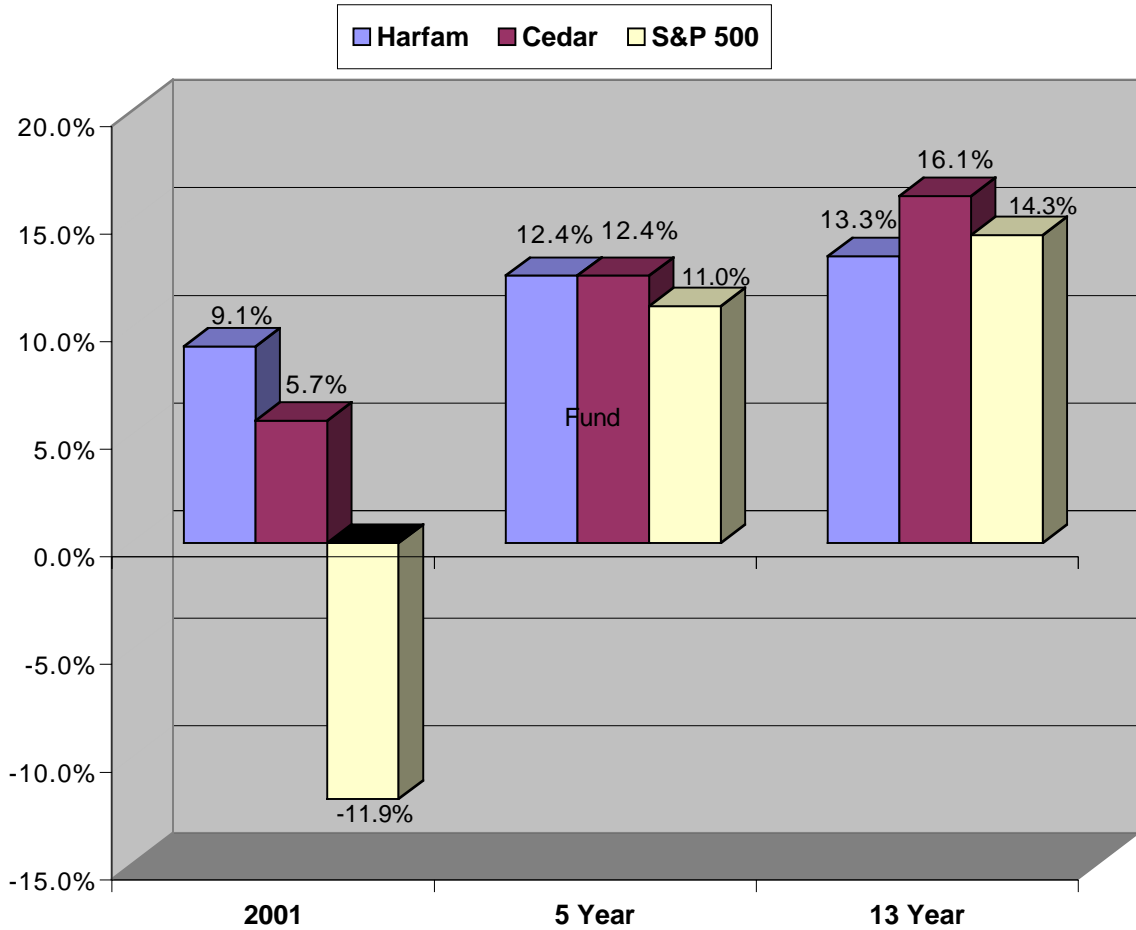
Edward S. Harris, *President*

David F. Harper, *Vice President*

Mark W. Harris, *Sec.-Treas.*

Performance

December 31, 2001

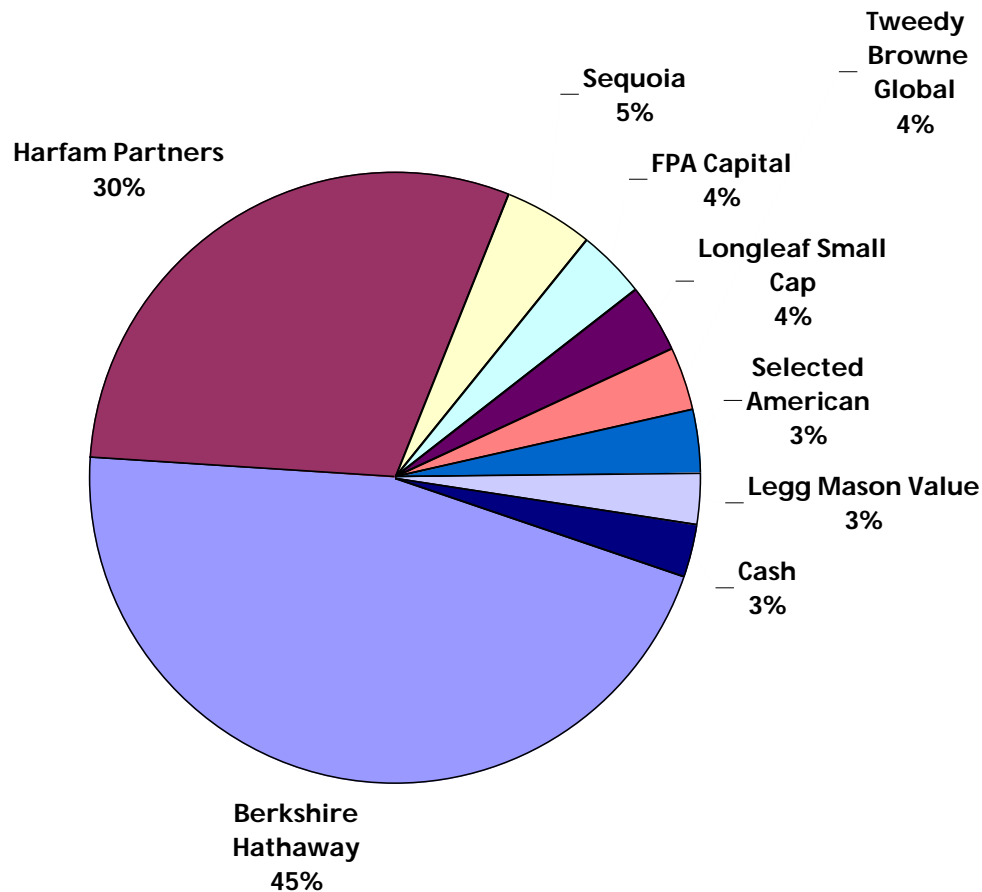


	2001	5 Year	13 Year
Harfam	9.1%	12.4%	13.3%
Cedar	5.7%	12.4%	16.1%
S&P 500	-11.9%	11.0%	14.3%

YEAR	% ANN. RETURN			5-YEAR AVERAGE			INCEPTION		
	Cedar	Harfam	S&P 500	Cedar	Harfam	S&P 500	Cedar	Harfam	S&P 500
2001	5.7%	9.1%	-11.9%	12.4%	12.4%	11.0%	16.1%	13.3%	14.3%
2000	16.1%	13.8%	-9.1%						
1999	-9.3%	-3.3%	21.0%						
1998	26.9%	17.3%	28.6%						
1997	27.1%	27.6%	33.5%						
1996	9.3%	19.1%	23.0%						

Cedar Fund Managers

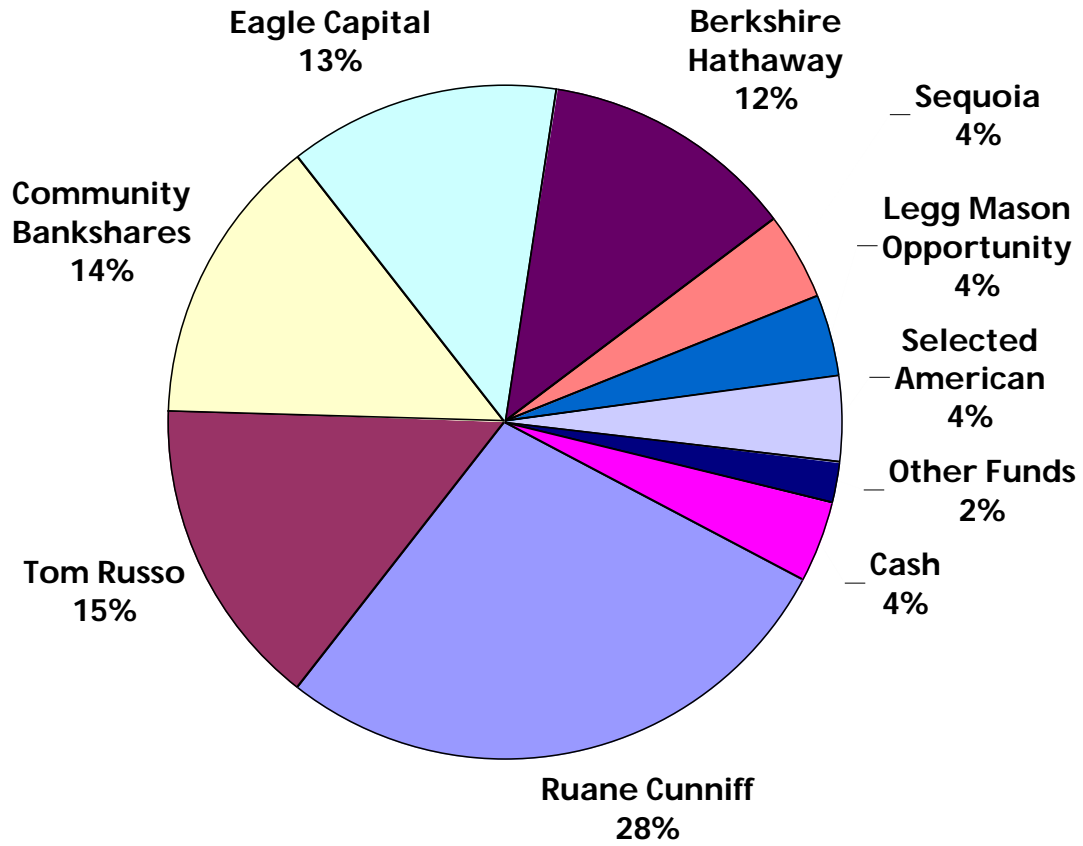
December 31, 2001



% of Portfolio	Manager	Amount	RETURN (Annualized)	
			5 Year	1 Year
46%	Berkshire Hathaway	\$7,182,000	18.8%	6.5%
30	Harfam Partners	4,715,448	12.4	9.1
5	Sequoia	717,699	16.5	10.5
4	FPA Capital	573,703	12.4	38.1
4	Longleaf Small Cap	560,824	12.5	5.5
3	Tweedy Browne Global	539,636	12.9	-4.7
3	Selected American	512,582	13.3	-11.2
3	Legg Mason Value	443,856	16.7	-9.3
3	Cash	418,624		
		\$15,664,372	12.4	5.6

Harfam Managers

December 31, 2001



% of Portfolio	Manager	Amount	RETURN (Annualized)	
			5 Year	1 Year
28%	Ruane Cunniff	\$2,597,925	16.5%	10.5%
15	Tom Russo	1,404,804	11.9	0.2
14	Community Bankshares	1,289,791	7.0	9.5
13	Eagle Capital	1,211,300	22.4	25.9
12	Berkshire Hathaway	1,134,000	18.8	6.5
4	Sequoia	394,045	16.5	10.5
4	Legg Mason Opportunity	377,494		1.9
4	Selected American	377,194	13.3	-11.2
2	Other Funds	176,964		
4	Cash	368,903		
		\$9,332,420	12.4	9.1

Harris Harper Family

Cedar Fund

This investment vehicle is for the families and friends of Ed Harris, Mark Harris and David Harper. The partnership operates similarly to a mutual fund because it is based on a net unit value (similar to the Net Asset Value NAV of a mutual fund). A partnership offers several advantages over a mutual fund.

- Lower costs
- Access to money managers not available to the general public (through Harfam Partners)
- Distributions are not taxable until all the capital deposited by the partner is first withdrawn.

The fund focuses on identifying superior money managers, usually in mutual funds but occasionally in stocks.

Harfam Partners

This is the investment partnership of the immediate Harris Harper family. It searches for money managers used by high net worth individuals. These managers are found in limited partnerships, hedge funds, directly managed accounts and private companies.

Harris Harper Counsel, Inc.

The corporation is a Registered Investment Advisor and operates the Cedar Fund as its general partner. The officers are: Ed Harris, president, David Harper, vice president and Mark Harris, secretary and treasurer. Ed oversees the investments. Dave, a CPA, handles the accounting. Mark administers all the details and maintains the website. All three are involved in investing, personally and with charitable organizations. They also assist Cedar Fund and Harfam partners with financial planning issues.

Mission Statement

- Promote family unity and harmony
- Model the covenantal family
- Communicate family purposes, priorities and values to younger generation
- ^a Promote Christian spiritual and moral values to the larger community

Investment Committee

Senior family members join the younger generation to watch over the philosophy and direction of the Cedar Fund and Harfam Partners. Issues of succession as well as involving the younger generations are discussed.

Current members are:

- Ed Harris, St. Louis, MO
- David Harper, Richmond, IN
- Mark Harris, Richmond, IN
- Chris Harper, Atlanta, GA; Mission To the World at the Presbyterian Church in America PCA.
- Kevin Harris, Columbus, OH; assistant pastor at Northwest Chapel.
- Corey Harper, Indianapolis, IN; CPA, financial planner at Ron Blue & Co.

Family Meetings

Twice a year the family gathers to:

- Review investments in Cedar Fund and Harfam Partners
- Make grants from the Harris Harper Family Foundation
- Hear family members research and give educational talks on financial planning issues, for example, principles of investing, stewardship, IRA and 401k, Education IRA and retirement planning

Website

www.harfam.org/cf

Home page of the Cedar Fund and Harfam Partners. It contains detailed performance data, profiles of money managers and current manager allocations.

www.harfam.org

Home page keeps the Harris Harper family posted on:

- Events in lives of individual families
- Family history and genealogy
- Harris Harper Family Foundation, the giving arm of the family.