

CEDAR FUND, L.P.

Financial Statements
Years Ended December 31, 2006 and 2005

Ramsey, Rodefeld, Kassens & North, LLP
CPAs and Business Advisors
808 South A Street, Suite 1
Richmond, IN 47374

CEDAR FUND, L.P.

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements	
Statements of assets and liabilities	2
Investments in securities	3 - 4
Statements of operations	5
Statements of changes in net assets	6
Notes to financial statements	7 - 8



Independent Auditors' Report

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

We have audited the accompanying statements of assets and liabilities of Cedar Fund, L.P. as of December 31, 2006 and 2005, and the related statements of investments in securities, operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Partnership's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2006 and 2005, and the results of its operations and changes in its net assets for the years then ended in conformity with auditing standards generally accepted in the United States of America.

Ramsey, Rodefeld, Kassens & North, LLP

February 16, 2007

CEDAR FUND, L.P.
Statements of Assets and Liabilities

December 31	2006	2005
Assets		
Investments - at market value (cost - \$14,763,450 and \$10,233,152)	\$ 26,999,346	\$ 20,482,456
Cash and cash equivalents	1,481,604	458,185
Dividends and interest receivable	5,996	944
	<u>28,486,946</u>	<u>20,941,585</u>
Liabilities		
Accrued professional fees	4,700	4,600
Investment advisory fees payable	50,720	38,124
Accrued bank custodial fees	1,720	879
	<u>57,140</u>	<u>43,603</u>
Net Assets	<u>\$ 28,429,806</u>	<u>\$ 20,897,982</u>
Net assets applicable to general partner	\$ 187,801	\$ 150,780
Net assets applicable to limited partners	<u>28,242,005</u>	<u>20,747,202</u>
	<u>\$ 28,429,806</u>	<u>\$ 20,897,982</u>
Limited partners-units outstanding	<u>11,063.6194</u>	<u>9,440.7102</u>
Limited partners-net asset value per unit	<u>\$ 2,552.6913</u>	<u>\$ 2,197.6314</u>

See notes to financial statements.

CEDAR FUND, L.P.
Investments in Securities

December 31, 2006	Number of Shares/Units	Cost	Value	Percent of Total Value
Common Stock				
Berkshire Hathaway, Inc.	80	\$ 794,545	\$ 8,799,200	32.6
Private Capital Management - common stock portfolio		<u>1,168,380</u>	<u>1,363,342</u>	<u>5.0</u>
		<u>1,962,925</u>	<u>10,162,542</u>	<u>37.6</u>
Mutual Funds				
Artisan International Value Fund	38,650.503	1,062,801	1,079,509	4.0
Fairholme Fund	36,568.799	1,014,979	1,060,129	3.9
First Eagle Global Fund	45,644.957	2,073,864	2,090,539	7.7
FPA Capital Fund, Inc.	33,757.411	1,107,783	1,398,907	5.2
FPA Crescent Portfolio	48,935.795	1,133,170	1,291,905	4.8
Longleaf Small Cap Fund	32,997.044	813,873	993,871	3.7
Tweedy Browne Global Value Fund	30,390.806	481,580	939,988	3.5
		<u>7,688,050</u>	<u>8,854,848</u>	<u>32.8</u>
Limited Partnership				
Harfam Partners	926.4318	5,112,475	7,981,956	29.6
		<u>\$ 14,763,450</u>	<u>\$ 26,999,346</u>	<u>100.0</u>

See notes to financial statements.

CEDAR FUND, L.P.
Investments in Securities

December 31, 2005	Number of Shares/Units	Cost	Value	Percent of Total Value
Common Stock				
Berkshire Hathaway, Inc.	85	\$ 836,987	\$ 7,532,700	36.8
Private Capital Management - common stock portfolio		<u>1,090,682</u>	<u>1,109,021</u>	<u>5.4</u>
		<u>1,927,669</u>	<u>8,641,721</u>	<u>42.2</u>
Mutual Funds				
First Eagle Global Fund	20,471.433	873,732	861,028	4.2
FPA Capital Fund, Inc.	30,945.182	989,580	1,326,929	6.5
FPA Crescent Portfolio	45,653.308	1,046,501	1,149,094	5.6
Longleaf Small Cap Fund	30,069.210	725,853	812,470	4.0
Tweedy Browne Global Value Fund	29,637.410	458,285	782,428	3.8
		<u>4,093,951</u>	<u>4,931,949</u>	<u>24.1</u>
Limited Partnership				
Harfam Partners	926.4318	<u>4,211,532</u>	<u>6,908,786</u>	<u>33.7</u>
		<u>\$ 10,233,152</u>	<u>\$ 20,482,456</u>	<u>100.0</u>

See notes to financial statements.

CEDAR FUND, L.P.
Statements of Operations

Year Ended December 31	2006	2005
Investment Income		
Income		
Ordinary and capital gain dividends on mutual funds	\$ 610,821	\$ 363,722
Interest income	41,265	18,100
Partnership net investment income	900,942	300,941
Total income	<u>1,553,028</u>	<u>682,763</u>
Expenses		
Investment advisory fees	246,117	215,919
Custodial fees	13,485	10,005
Accounting and auditing fees	4,800	4,600
Total expenses	<u>264,402</u>	<u>230,524</u>
Net investment income	<u>1,288,626</u>	<u>452,239</u>
Realized and Unrealized Gain on Investments		
Realized gain on security transactions		
Sales proceeds	671,121	1,361,090
Cost	250,135	909,227
Realized gain	<u>420,986</u>	<u>451,863</u>
Unrealized gain (loss) on investments during the year	<u>1,986,592</u>	<u>(122,865)</u>
Net realized and unrealized gain on investments	<u>2,407,578</u>	<u>328,998</u>
Increase in Net Assets From Operations	<u><u>\$ 3,696,204</u></u>	<u><u>\$ 781,237</u></u>

See notes to financial statements.

CEDAR FUND, L.P.
Statements of Changes in Net Assets

Year Ended December 31	2006	2005
Increase in Net Assets		
From operations		
Net investment income	\$ 1,288,626	\$ 452,239
Realized gain from security transactions	420,986	451,863
Unrealized gain (loss) on investments	<u>1,986,592</u>	<u>(122,865)</u>
Net increase in net assets from operations	<u>3,696,204</u>	<u>781,237</u>
From partner transactions		
Capital contributions by limited partners (units - 2,157.8371 and 2,768.2362)	4,479,325	2,206,900
Capital withdrawals by limited partners (units - 534.9279 and 2,871.4757)	<u>(643,705)</u>	<u>(2,296,083)</u>
Net increase (decrease) from partner transactions	<u>3,835,620</u>	<u>(89,183)</u>
Increase in Net Assets	7,531,824	692,054
Net Assets, Beginning of Year	<u>20,897,982</u>	<u>20,205,928</u>
Net Assets, End of Year	<u><u>\$ 28,429,806</u></u>	<u><u>\$ 20,897,982</u></u>

See notes to financial statements.

CEDAR FUND, L.P.

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Cedar Fund, L.P. 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. At December 31, 2006, there were 58 limited partners in the Partnership. The liability of each limited partner is limited to the value of his/her units of ownership.

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Investments

Investments are carried at market value. 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 income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Investment Expenses

Investment expenses are recorded on the accrual basis.

Income Tax Status

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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits in money market accounts. At December 31, 2006, the Partnership's cash accounts were not covered by federal insurance.

Note 2 - Investment Advisory Agreement

Pursuant to an investment advisory agreement, the Partnership has retained its general partner, Harris Harper Counsel, Inc., as its 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 \$232,798 and \$204,299 for the years ended December 31, 2006 and 2005.

CEDAR FUND, L.P.
Notes to Financial Statements

Note 3 - Investment in Harfam Partners

The Partnership has an investment in Harfam Partners, an Indiana limited partnership. Harfam Partners owns a diversified portfolio of securities, primarily common stocks. The Partnership's investment was valued at \$7,981,956 and \$6,908,786 on December 31, 2006 and 2005. Its investment represented a 52% ownership interest in Harfam Partners at December 31, 2006 and 2005. The owners of Harris Harper Counsel, Inc., the general partner and investment advisor of Cedar Fund, L.P., are general partners in Harfam Partners. The Partnership's investment in Harfam Partners represented approximately 30% and 34% of total investment assets at December 31, 2006 and 2005.

Note 4 - Major Investment

The Partnership had 33% and 37% of its total investment assets in one common stock as of December 31, 2006 and 2005.