

CEDAR FUND, L.P.

Financial Statements
Years Ended December 31, 2009 and 2008

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CEDAR FUND, L.P.

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Independent Auditors' Report

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

We have audited the accompanying statements of assets and liabilities and schedule of investments of Cedar Fund, L.P. as of December 31, 2009 and 2008, and the related statements of 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 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 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 audits provide 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, 2009 and 2008, 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

March 8, 2010

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

December 31	2009	2008
Assets		
Investments - at market value (cost - \$15,340,599 and \$15,135,430)	\$ 22,031,309	\$ 19,161,059
Cash and cash equivalents	713,899	1,033,992
Dividends and interest receivable	10	661
	<u>22,745,218</u>	<u>20,195,712</u>
Liabilities		
Accrued professional fees	5,000	4,900
Investment advisory fees payable	37,941	33,851
Accrued bank custodial fees	1,724	1,238
	<u>44,665</u>	<u>39,989</u>
Net Assets	<u>\$ 22,700,553</u>	<u>\$ 20,155,723</u>
Net assets applicable to general partner	\$ 156,892	\$ 133,560
Net assets applicable to limited partners	<u>22,543,661</u>	<u>20,022,163</u>
	<u>\$ 22,700,553</u>	<u>\$ 20,155,723</u>
Limited partners-units outstanding	<u>10,148.4585</u>	<u>9,996.3741</u>
Limited partners-net asset value per unit	<u>\$ 2,221.3877</u>	<u>\$ 2,002.9425</u>

See notes to financial statements.

CEDAR FUND, L.P.
Schedule of Investments

December 31, 2009	Number of Shares/Units	Cost	Value	Percent of Total Value
Common Stock				
Berkshire Hathaway, Inc. - Class A	60	\$ 799,551	\$ 5,952,000	27.0
Mutual Funds				
Fairholme Fund	38,686.753	1,069,931	1,164,084	5.3
First Eagle Global Fund - Class I	55,806.220	2,485,425	2,238,387	10.2
FPA Capital Fund, Inc.	42,137.541	1,359,703	1,397,281	6.3
FPA Crescent Portfolio	56,715.375	1,328,267	1,407,676	6.4
IVA Worldwide Fund-Class I	69,172.523	832,937	1,014,761	4.6
Longleaf Small Cap Fund	39,310.095	971,889	855,781	3.9
Tweedy Browne Global Value Fund	40,550.607	692,486	859,673	3.9
Wintergreen Fund	55,707.680	758,225	644,538	2.9
		<u>9,498,863</u>	<u>9,582,181</u>	<u>43.5</u>
Limited Partnership				
Harfam Partners	926.4318	5,042,185	6,497,128	29.5
		<u>\$ 15,340,599</u>	<u>\$ 22,031,309</u>	<u>100.0</u>

See notes to financial statements.

CEDAR FUND, L.P.
Schedule of Investments (continued)

December 31, 2008	Number of Shares/Units	Cost	Value	Percent of Total Value
Common Stock				
Berkshire Hathaway, Inc. - Class A	65	\$ 748,070	\$ 6,279,000	32.8
Mutual Funds				
Fairholme Fund	38,341.844	1,060,900	837,386	4.4
First Eagle Global Fund - Class I	54,929.143	2,453,828	1,816,507	9.5
FPA Capital Fund, Inc.	42,088.921	1,360,282	908,700	4.7
FPA Crescent Portfolio	55,973.891	1,312,169	1,096,529	5.7
Longleaf Small Cap Fund	39,310.095	973,927	573,141	3.0
Tweedy Browne Global Value Fund	39,924.779	679,431	623,625	3.3
Wintergreen Fund	55,604.165	758,723	485,424	2.5
		<u>8,599,260</u>	<u>6,341,312</u>	<u>33.1</u>
Limited Partnership				
Harfam Partners	926.4318	5,788,100	6,540,747	34.1
		<u>\$ 15,135,430</u>	<u>\$ 19,161,059</u>	<u>100.0</u>

See notes to financial statements.

CEDAR FUND, L.P.
Statements of Operations

Year Ended December 31	2009	2008
Investment Income (loss)		
Income		
Ordinary and mutual fund capital gain dividends	\$ 111,454	\$ 403,845
Interest income	890	20,742
Partnership net investment income (loss)	<u>(757,298)</u>	<u>122,966</u>
Total income (loss)	<u>(644,954)</u>	<u>547,553</u>
Expenses		
Investment advisory fees	208,366	261,318
Custodial fees	17,290	19,491
Accounting and auditing fees	<u>5,100</u>	<u>5,000</u>
Total expenses	<u>230,756</u>	<u>285,809</u>
Net investment income (loss)	<u>(875,710)</u>	<u>261,744</u>
Realized Gain and Unrealized Appreciation (Depreciation) on Investments		
Realized gain on security transactions		
Sales proceeds	492,681	2,581,757
Cost	<u>67,433</u>	<u>2,477,524</u>
Realized gain	425,248	104,233
Unrealized appreciation (depreciation) on investments during the year	<u>2,665,081</u>	<u>(9,127,902)</u>
Net realized gain and unrealized appreciation (depreciation) on investments	<u>3,090,329</u>	<u>(9,023,669)</u>
Increase (Decrease) in Net Assets From Operations	<u><u>\$ 2,214,619</u></u>	<u><u>\$ (8,761,925)</u></u>

See notes to financial statements.

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

Year Ended December 31	2009	2008
Increase (Decrease) in Net Assets		
From operations:		
Net investment income	\$ (875,710)	\$ 261,744
Realized gain from security transactions	425,248	104,233
Unrealized appreciation (depreciation) on investments	<u>2,665,081</u>	<u>(9,127,902)</u>
Net increase (decrease) from operations	<u>2,214,619</u>	<u>(8,761,925)</u>
From partner transactions		
Capital contributions by limited partners (units - 1,414.9668 and 183.2696)	2,819,031	434,337
Capital withdrawals by limited partners (units - 1,262.8824 and 765.4571)	<u>(2,488,820)</u>	<u>(1,885,855)</u>
Net increase (decrease) from partner transactions	<u>330,211</u>	<u>(1,451,518)</u>
Increase (Decrease) in Net Assets	2,544,830	(10,213,443)
Net Assets, Beginning of Year	<u>20,155,723</u>	<u>30,369,166</u>
Net Assets, End of Year	<u><u>\$ 22,700,553</u></u>	<u><u>\$ 20,155,723</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. During 2009, there were 65 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 fair value. Fair value is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For securities with observable market quotations, the Partnership will value 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 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, 2009 and 2008, the Partnership's cash accounts were not covered by federal insurance.

CEDAR FUND, L.P.
Notes to Financial Statements

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 paid to Harris Harper Counsel, Inc. were \$208,366 and \$258,968 for the years ended December 31, 2009 and 2008.

Note 3 - Investments

Investments consist of the following:

December 31	2009		2008	
	Cost	Fair Value	Cost	Fair Value
Common stock	\$ 799,551	\$ 5,952,000	\$ 748,070	\$ 6,279,000
Mutual Funds	9,498,863	9,582,181	8,599,260	6,341,312
Limited partnership	5,042,185	6,497,128	5,788,100	6,540,747
	<u>\$ 15,340,599</u>	<u>\$ 22,031,309</u>	<u>\$ 15,135,430</u>	<u>\$ 19,161,059</u>

The Partnership follows guidance which requires enhanced disclosures about investments that are measured and reported at fair value. This guidance establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level I Measurements) and the lowest priority to unobservable pricing inputs (Level III Measurements). The three levels of the fair value hierarchy are described below:

- Level I- Valuations are based on unadjusted, quoted prices in active markets for identical, unrestricted assets or liabilities;
- Level II- Valuations are based on quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active;
- Level III- Prices or valuations that are unobservable and where there is little, if any, market activity for the investments. The inputs into the determination of fair value inputs for these investments require significant judgment or estimation.

Fair value measurements are as follows:

	December 31, 2009			
	Level I	Level II	Level II	Total
Common stock	\$ 5,952,000			\$ 5,952,000
Mutual Funds	9,582,181			9,582,181
Limited partnership		\$ 6,497,128		6,497,128
	<u>\$ 15,534,181</u>	<u>\$ 6,497,128</u>	<u>\$ -</u>	<u>\$ 22,031,309</u>

	December 31, 2008			
	Level I	Level II	Level II	Total
Common stock	\$ 6,279,000			\$ 6,279,000
Mutual Funds	6,341,312			6,341,312
Limited partnership		\$ 6,540,747		6,540,747
	<u>\$ 12,620,312</u>	<u>\$ 6,540,747</u>	<u>\$ -</u>	<u>\$ 19,161,059</u>

CEDAR FUND, L.P.
Notes to Financial Statements

Note 4 - 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 \$6,497,128 and \$6,540,747 on December 31, 2009 and 2008. Its investment represented a 54% ownership interest in Harfam Partners at December 31, 2009 and 2008. The stockholders 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, 2009 and 2008.

Note 5 - Major Investment

The Partnership had 27% and 33% of its total investment assets in one common stock as of December 31, 2009 and 2008, respectively.