

CEDAR FUND, L.P.

Financial Statements
Years Ended December 31, 2011 and 2010

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

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, 2011 and 2010, 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, 2011 and 2010, 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 1, 2012

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

December 31	2011	2010
Assets		
Investments - at market value (cost - \$16,051,626 and \$16,079,330)	\$ 23,541,037	\$ 25,504,672
Cash and cash equivalents	191,806	129,494
Dividends and interest receivable	19,035	1
	23,751,878	25,634,167
Liabilities		
Accrued professional fees	4,500	5,200
Investment advisory fees payable	39,864	42,023
Accrued bank custodial fees	1,840	1,923
	46,204	49,146
Net Assets	\$ 23,705,674	\$ 25,585,021
Net assets applicable to general partner	\$ 95,334	\$ 109,334
Net assets applicable to limited partners	23,610,340	25,475,687
	\$ 23,705,674	\$ 25,585,021
Limited partners-units outstanding	9,835.9587	10,030.0526
Limited partners-net asset value per unit	\$ 2,400.4106	\$ 2,539.9356

See notes to financial statements.

CEDAR FUND, L.P.
Schedule of Investments

December 31, 2011	Number of Shares/Units	Cost	Value	Percent of Total Value
Common Stock				
Berkshire Hathaway, Inc. - Class A	58	\$ 959,400	\$ 6,655,790	28.3
Mutual Funds				
Fairholme Fund	42,638.494	1,190,507	987,081	4.2
First Eagle Global Fund - Class I	55,806.220	2,486,879	2,526,347	10.7
FPA Capital Fund, Inc.	42,137.541	1,367,951	1,751,658	7.4
FPA Crescent Portfolio	60,668.444	1,435,720	1,624,701	6.9
IVA Worldwide Fund-Class I	76,143.140	947,003	1,169,559	5.0
Longleaf Small Cap Fund	42,231.778	1,048,768	1,065,508	4.5
Tilson Dividend Value	57,874.502	691,488	734,427	3.1
Tweedy Browne Global Value Fund	42,932.445	754,583	938,074	4.0
		<u>9,922,899</u>	<u>10,797,355</u>	<u>45.8</u>
Limited Partnership				
Harfam Partners	856.1560	5,169,327	6,087,892	25.9
		<u>\$ 16,051,626</u>	<u>\$ 23,541,037</u>	<u>100.0</u>

See notes to financial statements.

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

December 31, 2010	Number of Shares/Units	Cost	Value	Percent of Total Value
Common Stock				
Berkshire Hathaway, Inc. - Class A	60	\$ 833,998	\$ 7,227,000	28.3
Mutual Funds				
Fairholme Fund	41,050.396	1,150,960	1,460,573	5.8
First Eagle Global Fund - Class I	55,806.220	2,485,081	2,595,547	10.2
FPA Capital Fund, Inc.	42,137.541	1,359,819	1,736,067	6.8
FPA Crescent Portfolio	58,869.127	1,383,490	1,577,104	6.2
IVA Worldwide Fund-Class I	71,351.645	869,506	1,192,999	4.7
Longleaf Small Cap Fund	39,472.047	976,170	1,046,799	4.1
Tilson Dividend Value	57,874.502	690,419	771,467	3.0
Tweedy Browne Global Value Fund	41,076.642	705,553	978,446	3.8
		<u>9,620,998</u>	<u>11,359,002</u>	<u>44.6</u>
Limited Partnership				
Harfam Partners	926.4318	5,624,334	6,918,670	27.1
		<u>\$ 16,079,330</u>	<u>\$ 25,504,672</u>	<u>100.0</u>

See notes to financial statements.

CEDAR FUND, L.P.
Statements of Operations

Year Ended December 31	2011	2010
Investment Income		
Income		
Ordinary and mutual fund capital gain dividends	\$ 357,624	\$ 241,237
Interest income	11	59
Partnership net investment income	609	578,332
Total income	<u>358,244</u>	<u>819,628</u>
Expenses		
Investment advisory fees	250,333	243,316
Custodial fees	23,008	21,315
Accounting and auditing fees	3,800	5,400
Total expenses	<u>277,141</u>	<u>270,031</u>
Net investment income	<u>81,103</u>	<u>549,597</u>
Realized Gain (Loss) and Unrealized Appreciation (Depreciation) on Investments		
Realized gain (loss) on security transactions		
Sales proceeds	253,218	678,519
Less cost	<u>30,364</u>	<u>758,061</u>
Realized gain (loss)	222,854	(79,542)
Unrealized appreciation (depreciation) on investments during the year	<u>(1,935,930)</u>	<u>2,734,632</u>
Net realized gain (loss) and unrealized appreciation (depreciation) on investments	<u>(1,713,076)</u>	<u>2,655,090</u>
Increase (Decrease) in Net Assets From Operations	<u>\$ (1,631,973)</u>	<u>\$ 3,204,687</u>

See notes to financial statements.

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

Year Ended December 31	2011	2010
Increase (Decrease) in Net Assets		
From Operations:		
Net investment income	\$ 81,103	\$ 549,597
Realized gain (loss) from security transactions	222,854	(79,542)
Unrealized appreciation (depreciation) on investments	<u>(1,935,930)</u>	<u>2,734,632</u>
Net increase (decrease) from operations	<u>(1,631,973)</u>	<u>3,204,687</u>
From partner transactions:		
Capital contributions by limited partners (units - 151.9742 and 120.7232)	474,812	219,330
Capital withdrawals by limited partners (units - 346.0681 and 239.1291)	(722,173)	(459,549)
Capital withdrawals by general partner	<u>(13)</u>	<u>(80,000)</u>
Net decrease from partner transactions	<u>(247,374)</u>	<u>(320,219)</u>
Increase (Decrease) in Net Assets	(1,879,347)	2,884,468
Net Assets, Beginning of Year	<u>25,585,021</u>	<u>22,700,553</u>
Net Assets, End of Year	<u>\$ 23,705,674</u>	<u>\$ 25,585,021</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 2011, there were 62 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.

The Partnership's Forms 1065, *U.S. Return of Partnership Income*, for the years ended 2009, 2010, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits in money market accounts. At December 31, 2011 and 2010, the Partnership's cash accounts were not covered by federal insurance.

CEDAR FUND, L.P.
Notes to Financial Statements

Note 1 (continued)

Date of Management's Review

Management has evaluated subsequent events through March 1, 2012, the date on which 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 paid to Harris Harper Counsel, Inc. were \$250,333 and \$243,316 for the years ended December 31, 2011 and 2010.

Note 3 - Investments

Investments consist of the following:

December 31	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Common stock	\$ 959,400	\$ 6,655,790	\$ 833,998	\$ 7,227,000
Mutual Funds	9,922,899	10,797,355	9,620,998	11,359,002
Limited partnership	5,169,327	6,087,892	5,624,334	6,918,670
	\$ 16,051,626	\$ 23,541,037	\$ 16,079,330	\$ 25,504,672

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.

CEDAR FUND, L.P.
Notes to Financial Statements

Note 3 (continued)

Fair value measurements are as follows:

	December 31, 2011			
	Level I	Level II	Level III	Total
Common stock	\$ 6,655,790			\$ 6,655,790
Mutual Funds	10,797,355			10,797,355
Limited partnership		\$ 6,087,892		6,087,892
	\$ 17,453,145	\$ 6,087,892	\$ -	\$ 23,541,037
	December 31, 2010			
	Level I	Level II	Level III	Total
Common stock	\$ 7,227,000			\$ 7,227,000
Mutual Funds	11,359,002			11,359,002
Limited partnership		\$ 6,918,670		6,918,670
	\$ 18,586,002	\$ 6,918,670	\$ -	\$ 25,504,672

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, including common stocks and mutual and hedge funds that hold primarily common stocks. The Partnership's investment was valued at \$6,087,892 and \$6,918,670 on December 31, 2011 and 2010. Its investment represented a 57% and 55% ownership interest in Harfam Partners at December 31, 2011 and 2010, respectively. 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 26% and 27% of total investment assets at December 31, 2011 and 2010, respectively.

Note 5 - Major Investment

The Partnership had 28% of its total investment assets in one common stock as of December 31, 2011 and 2010.