

CEDAR FUND, L.P.

Financial Statements
Years Ended December 31, 2014 and 2013

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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 financial statements of Cedar Fund, L.P., which comprise the statements of assets and liabilities and schedule of investments as of December 31, 2014 and 2013, and the related statements of operations and changes in net assets for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and 2013, and the results of its operations and changes in its net assets for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rodefald, Kassens & North, LLP

March 23, 2015

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

December 31	2014	2013
Assets		
Investments - at market value (cost - \$15,943,218 and \$16,240,254)	\$ 31,341,517	\$ 30,378,549
Cash and cash equivalents	893,705	289,215
Dividends and interest receivable	250	2
	32,235,472	30,667,766
Liabilities		
Accrued professional fees	4,850	4,850
Investment advisory fees payable	53,686	50,642
Accrued bank custodial fees	2,221	2,645
Accrued taxes payable	50	3
	60,807	58,140
Net Assets	\$ 32,174,665	\$ 30,609,626
Net assets applicable to general partner	\$ 220,252	\$ 189,391
Net assets applicable to limited partners	31,954,413	30,420,235
	\$ 32,174,665	\$ 30,609,626
Limited partners-units outstanding	8,510.0692	8,943.1150
Limited partners-net asset value per unit	\$ 3,754.8946	\$ 3,401.5256

See notes to financial statements.

CEDAR FUND, L.P.
Schedule of Investments

December 31, 2014	Number of Shares/Units	Cost	Value	Percent of Total Value
Common Stock				
Berkshire Hathaway, Inc. - Class A	49	\$ 930,061	\$ 11,074,000	35.3
Mutual Funds				
First Eagle Global Fund - Class I	64,646.104	2,953,410	3,402,971	10.9
FPA Capital Fund, Inc.	57,843.972	2,068,727	2,291,200	7.3
FPA Crescent Fund - Class I	69,088.684	1,721,284	2,331,052	7.4
IVA Worldwide Fund - Class I	73,891.421	941,688	1,290,883	4.1
Longleaf Partners Small-Cap Fund	63,201.579	1,692,259	1,922,592	6.1
Sequoia Fund, Inc.	8,930.224	1,477,473	2,098,603	6.7
Tweedy Browne Global Value Fund	51,783.451	990,250	1,348,441	4.4
		<u>11,845,091</u>	<u>14,685,742</u>	<u>46.9</u>
Limited Partnership				
Harfam Partners	493.8079	3,168,066	5,581,775	17.8
		<u>\$ 15,943,218</u>	<u>\$ 31,341,517</u>	<u>100.0</u>

See notes to financial statements.

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

December 31, 2013	Number of Shares/Units	Cost	Value	Percent of Total Value
Common Stock				
Berkshire Hathaway, Inc. - Class A	54	\$ 1,141,752	\$ 9,606,600	31.7
Mutual Funds				
Centaur Total Return	112,157.411	1,441,728	1,491,694	4.9
First Eagle Global Fund - Class I	61,273.099	2,776,890	3,297,718	10.9
FPA Capital Fund, Inc.	51,858.263	1,809,948	2,321,694	7.6
FPA Crescent Fund - Class I	66,319.713	1,623,505	2,185,898	7.2
IVA Worldwide Fund - Class I	70,014.533	872,310	1,247,659	4.1
Longleaf Partners Small-Cap Fund	52,653.381	1,372,695	1,709,129	5.6
Sequoia Fund, Inc.	8,753.223	1,434,363	1,951,268	6.4
Tweedy Browne Global Value Fund	49,903.953	938,152	1,328,443	4.4
		<u>12,269,591</u>	<u>15,533,503</u>	<u>51.1</u>
Limited Partnership				
Harfam Partners	493.8079	2,828,911	5,238,446	17.2
		<u>\$ 16,240,254</u>	<u>\$ 30,378,549</u>	<u>100.0</u>

See notes to financial statements.

CEDAR FUND, L.P.
Statements of Operations

Year Ended December 31	2014	2013
Investment Income		
Income		
Ordinary and mutual fund capital gain dividends	\$ 995,584	\$ 1,138,994
Interest income	1,686	48
Partnership net investment income	<u>324,413</u>	<u>236,954</u>
Total income	<u>1,321,683</u>	<u>1,375,996</u>
Expenses		
Investment advisory fees	311,524	288,326
Custodial and other investment fees	27,706	29,724
Accounting and auditing fees	<u>4,850</u>	<u>5,100</u>
Total expenses	<u>344,080</u>	<u>323,150</u>
Net investment income	<u>977,603</u>	<u>1,052,846</u>
Realized Gain and Unrealized Appreciation on Investments		
Realized gain on security transactions		
Sales proceeds	2,889,485	549,111
Less cost	<u>2,485,184</u>	<u>225,601</u>
Realized gain	404,301	323,510
Unrealized appreciation on investments during the year	<u>1,260,004</u>	<u>4,545,974</u>
Net realized gain and unrealized appreciation on investments	<u>1,664,305</u>	<u>4,869,484</u>
Increase in Net Assets From Operations	<u><u>\$ 2,641,908</u></u>	<u><u>\$ 5,922,330</u></u>

See notes to financial statements.

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

Year Ended December 31	2014	2013
Increase in Net Assets		
From Operations:		
Net investment income	\$ 977,603	\$ 1,052,846
Realized gain from security transactions	404,301	323,510
Unrealized appreciation on investments	1,260,004	4,545,974
Net increase from operations	<u>2,641,908</u>	<u>5,922,330</u>
From partner transactions:		
Capital contributions by limited partners (units - 58.4832 and 111.5288)	228,201	371,202
Capital withdrawals by limited partners (units - 491.5290 and 451.4570)	<u>(1,305,070)</u>	<u>(1,225,948)</u>
Net decrease from partner transactions	<u>(1,076,869)</u>	<u>(854,746)</u>
Increase in Net Assets	1,565,039	5,067,584
Net Assets, Beginning of Year	<u>30,609,626</u>	<u>25,542,042</u>
Net Assets, End of Year	<u><u>\$ 32,174,665</u></u>	<u><u>\$ 30,609,626</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 2014, there were 53 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 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.

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 2011, 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after their original due date.

CEDAR FUND, L.P.
Notes to Financial Statements

Note 1 (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits in money market accounts. At December 31, 2014 and 2013, the Partnership's cash accounts were not covered by federal insurance.

Date of Management's Review

Management has evaluated subsequent events through March 23, 2015, 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 \$311,524 and \$288,326 for the years ended December 31, 2014 and 2013.

Note 3 - Investments

Investments consist of the following:

December 31	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Common stock	\$ 930,061	\$ 11,074,000	\$ 1,141,752	\$ 9,606,600
Mutual Funds	11,845,091	14,685,742	12,269,591	15,533,503
Limited partnership	3,168,066	5,581,775	2,828,911	5,238,446
	<u>\$ 15,943,218</u>	<u>\$ 31,341,517</u>	<u>\$ 16,240,254</u>	<u>\$ 30,378,549</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 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, 2014			
	Level I	Level II	Level III	Total
Common stock	\$ 11,074,000			\$ 11,074,000
Mutual Funds	14,685,742			14,685,742
Limited partnership		\$ 5,581,775		5,581,775
	\$ 25,759,742	\$ 5,581,775	\$ -	\$ 31,341,517

	December 31, 2013			
	Level I	Level II	Level III	Total
Common stock	\$ 9,606,600			\$ 9,606,600
Mutual Funds	15,533,503			15,533,503
Limited partnership		\$ 5,238,446		5,238,446
	\$ 25,140,103	\$ 5,238,446	\$ -	\$ 30,378,549

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 \$5,581,775 and \$5,238,446 on December 31, 2014 and 2013. Its investment represented a 46% and 45% ownership interest in Harfam Partners at December 31, 2014 and 2013, respectively. The stockholders of Harris Harper Counsel, Inc., the general partner and investment advisor of Cedar Fund, L.P., have controlling interests in Harfam Partners. The Partnership's investment in Harfam Partners represented approximately 18% and 17% of total investment assets at December 31, 2014 and 2013, respectively.

Note 5 - Major Investment

The Partnership had 35% and 32% of its total investment assets in one common stock as of December 31, 2014 and 2013, respectively.