

**Harris and Eliza Kempner Fund**  
**Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis**  
**December 31, 2008**

| <b>Assets</b>                         | Main<br>Fund         | KCM Fixed<br>Income<br>Fund | Fayez<br>Sarofim<br>Fund | J.B.<br>Kempner<br>Fund | Kempner<br>Park<br>Fund | Jennifer<br>Ezell<br>Fund | Student<br>Loan<br>Fund | Plant<br>Fund    | Total                |
|---------------------------------------|----------------------|-----------------------------|--------------------------|-------------------------|-------------------------|---------------------------|-------------------------|------------------|----------------------|
| Current assets:                       |                      |                             |                          |                         |                         |                           |                         |                  |                      |
| Cash                                  | \$ 50                | \$ -                        | \$ -                     | \$ -                    | \$ -                    | \$ -                      | \$ -                    | \$ -             | \$ 50                |
| Short term investments                | 1,467,399            | 1,772,039                   | 35,586                   | 933,746                 | 22,970                  | 13,777                    | 40,580                  | -                | 4,286,097            |
| Investments, at cost                  |                      |                             |                          |                         |                         |                           |                         |                  |                      |
| Stocks                                | 16,170,776           | -                           | 3,386,238                | 5,434,646               | 258,900                 | 134,479                   | -                       | -                | 25,385,039           |
| Bonds                                 | -                    | 2,846,316                   | -                        | 610,250                 | -                       | -                         | -                       | -                | 3,456,566            |
| Unlisted securities                   | 6,154,688            | -                           | -                        | -                       | -                       | 17,140                    | -                       | -                | 6,171,828            |
| Adjustment to FMV                     | (3,259,828)          | 201,394                     | (367,185)                | (1,300,019)             | (84,122)                | (40,402)                  | -                       | -                | (4,850,162)          |
| Accounts receivable                   | 11,153               | -                           | -                        | -                       | -                       | 31                        | -                       | -                | 11,184               |
| Prepaid tax expense                   | 33,066               | -                           | -                        | -                       | -                       | -                         | -                       | -                | 33,066               |
| Student loans, current portion        | -                    | -                           | -                        | -                       | -                       | -                         | 122,495                 | -                | 122,495              |
| Total current assets                  | <u>20,577,304</u>    | <u>4,819,749</u>            | <u>3,054,639</u>         | <u>5,678,623</u>        | <u>197,748</u>          | <u>125,025</u>            | <u>163,075</u>          | <u>-</u>         | <u>34,616,163</u>    |
| Property, plant and equipment:        |                      |                             |                          |                         |                         |                           |                         |                  |                      |
| Land                                  | -                    | -                           | -                        | -                       | -                       | -                         | -                       | 14,780           | 14,780               |
| Office equipment                      | -                    | -                           | -                        | -                       | -                       | -                         | -                       | 46,538           | 46,538               |
| Leasehold equipment                   | -                    | -                           | -                        | -                       | -                       | -                         | -                       | 19,941           | 19,941               |
| Less: accumulated depreciation        | -                    | -                           | -                        | -                       | -                       | -                         | -                       | 81,259           | 81,259               |
| Net property, plant and equipment     | <u>-</u>             | <u>-</u>                    | <u>-</u>                 | <u>-</u>                | <u>-</u>                | <u>-</u>                  | <u>-</u>                | <u>65,087</u>    | <u>65,087</u>        |
| Notes receivable                      |                      |                             |                          |                         |                         |                           |                         |                  |                      |
| Student loans, net of current portion | -                    | -                           | -                        | -                       | -                       | -                         | 227,984                 | -                | 227,984              |
| Total Assets                          | <u>\$ 20,577,304</u> | <u>\$ 4,819,749</u>         | <u>\$ 3,054,639</u>      | <u>\$ 5,678,623</u>     | <u>\$ 197,748</u>       | <u>\$ 125,025</u>         | <u>\$ 391,059</u>       | <u>\$ 16,172</u> | <u>\$ 34,860,319</u> |
| <b>Liabilities and Fund Balance</b>   |                      |                             |                          |                         |                         |                           |                         |                  |                      |
| Current liabilities:                  |                      |                             |                          |                         |                         |                           |                         |                  |                      |
| Overdraft                             | \$ 31,577            | \$ -                        | \$ -                     | \$ -                    | \$ -                    | \$ -                      | \$ -                    | \$ -             | \$ 31,577            |
| Excise tax payable                    | 39,086               | -                           | -                        | -                       | -                       | -                         | -                       | -                | 39,086               |
| Total current liabilities             | <u>70,663</u>        | <u>-</u>                    | <u>-</u>                 | <u>-</u>                | <u>-</u>                | <u>-</u>                  | <u>-</u>                | <u>-</u>         | <u>70,663</u>        |
| Fund balances                         | <u>20,506,641</u>    | <u>4,819,749</u>            | <u>3,054,639</u>         | <u>5,678,623</u>        | <u>197,748</u>          | <u>125,025</u>            | <u>391,059</u>          | <u>16,172</u>    | <u>34,789,655</u>    |
| Total Liabilities and Fund Balances   | <u>\$ 20,577,304</u> | <u>\$ 4,819,749</u>         | <u>\$ 3,054,639</u>      | <u>\$ 5,678,623</u>     | <u>\$ 197,748</u>       | <u>\$ 125,025</u>         | <u>\$ 391,059</u>       | <u>\$ 16,172</u> | <u>\$ 34,860,319</u> |

The accompanying notes are an integral part of these financial statements.

**Harris and Eliza Kempner Fund**  
**Statement of Revenues, Expenses and Changes in Fund Balances - Modified Cash Basis**  
**December 31, 2008**

|   | Main Fund            | KCM Fixed Income Fund | Fayez Sarofim Fund  | J.B. Kempner Fund   | Kempner Park Fund | Jennifer Ezell Fund | Student Loan Fund | Plant Fund       | Total                |
|---|----------------------|-----------------------|---------------------|---------------------|-------------------|---------------------|-------------------|------------------|----------------------|
| <b>Revenues</b>                                 |                      |                       |                     |                     |                   |                     |                   |                  |                      |
| Dividends                                       | \$ 689,329           | \$ 3,671              | \$ 145,146          | \$ 183,458          | \$ 8,571          | \$ 4,958            | \$ 2,456          | \$ -             | \$ 1,037,589         |
| Interest  | 3,972                | 231,982               | -                   | 59,260              | -                 | 11                  | -                 | -                | 295,225              |
| Limited partnership income                      | 73,786               | -                     | -                   | -                   | -                 | 207                 | -                 | -                | 73,993               |
| Realized gains (losses)                         | (1,199,131)          | 375,988               | (165,815)           | (186,765)           | (15,170)          | (6,385)             | -                 | -                | (1,197,278)          |
| Miscellaneous income                            | 70,644               | -                     | -                   | -                   | -                 | 32                  | -                 | -                | 70,676               |
| Contributions                                   | 10,500               | -                     | -                   | -                   | -                 | -                   | -                 | -                | 10,500               |
| Unrealized gains (losses)                       | <u>(7,262,627)</u>   | <u>(167,153)</u>      | <u>(1,838,013)</u>  | <u>(2,289,165)</u>  | <u>(85,539)</u>   | <u>(47,501)</u>     | <u>-</u>          | <u>-</u>         | <u>(11,689,998)</u>  |
| Total Revenues                                  | <u>(7,613,527)</u>   | <u>444,488</u>        | <u>(1,858,682)</u>  | <u>(2,233,212)</u>  | <u>(92,138)</u>   | <u>(48,678)</u>     | <u>2,456</u>      | <u>-</u>         | <u>(11,399,293)</u>  |
| <b>Expenses</b>                                 |                      |                       |                     |                     |                   |                     |                   |                  |                      |
| Program expenses                                | 2,111,314            | 19,314                | 35,839              | 329,372             | 14,119            | 7,560               | 5,247             | 619              | 2,523,384            |
| General and administrative expenses             | <u>237,565</u>       | <u>55,764</u>         | <u>35,342</u>       | <u>65,702</u>       | <u>2,287</u>      | <u>1,446</u>        | <u>469</u>        | <u>-</u>         | <u>398,575</u>       |
| Total Expenses                                  | <u>2,348,879</u>     | <u>75,078</u>         | <u>71,181</u>       | <u>395,074</u>      | <u>16,406</u>     | <u>9,006</u>        | <u>5,716</u>      | <u>619</u>       | <u>2,921,959</u>     |
| <b>Excess of Revenues Over (Under) Expenses</b> | (9,962,406)          | 369,410               | (1,929,863)         | (2,628,286)         | (108,544)         | (57,684)            | (3,260)           | (619)            | (14,321,252)         |
| <b>Fund Balance, at December 31, 2007</b>       | 27,860,618           | 4,635,775             | 7,083,362           | 8,433,092           | 291,116           | 178,938             | 611,216           | 16,791           | 49,110,908           |
| Transfers                                       | <u>2,608,429</u>     | <u>(185,436)</u>      | <u>(2,098,860)</u>  | <u>(126,183)</u>    | <u>15,176</u>     | <u>3,771</u>        | <u>(216,897)</u>  | <u>-</u>         | <u>-</u>             |
| <b>Fund Balance, at December 31, 2008</b>       | <u>\$ 20,506,641</u> | <u>\$ 4,819,749</u>   | <u>\$ 3,054,639</u> | <u>\$ 5,678,623</u> | <u>\$ 197,748</u> | <u>\$ 125,025</u>   | <u>\$ 391,059</u> | <u>\$ 16,172</u> | <u>\$ 34,789,656</u> |

The accompanying notes are an integral part of these financial statements.