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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Harris and Eliza Kempner Fund
Galveston, Texas

We have audited the accompanying statement of assets, liabilities, and fund balances - modified cash basis of the Harris and Eliza Kempner Fund (a non-profit organization) as of December 31, 2008, the related statement of revenues, expenses and changes in fund balances - modified cash basis, and the statement of cash flows - modified cash basis for the year then ended. These financial statements are the responsibility of the Organization'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.

As described in Note A these financial statements were prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances of the Harris and Eliza Kempner Fund as of December 31, 2008, and its revenue, expenses, changes in its fund balances, and its cash flows for the year then ended, on the basis of accounting described in Note A.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of program and general and administrative expenses on pages 10 and 11 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DRDA, P.C.

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Galveston, Texas
October 15, 2009