Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
ADIRONDACK BANK 401(K) THRIFT PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 01/01/2000

2a Plan sponsor's name and address (employer, if for a single-employer plan)
(Address should include room or suite no.)
ADIRONDACK BANK

60 MAIN STREET
SARANAC LAKE, NY 12983-0750

2b Employer Identification Number (EIN)
15-0438700

2c Sponsor's telephone number
518-891-2323

2d Business code (see instructions)
522120

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2011	DIANE KING
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2011	DIANE KING
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
ADIRONDACK BANK

60 MAIN STREET
SARANAC LAKE, NY 12983-0750

3b Administrator's EIN
15-0438700

3c Administrator's telephone number
518-891-2323

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:
a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	199
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	177
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	28
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	205
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	205
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	197
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	10
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2G 2J 2K 3D 2F

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X		**H** (Financial Information)
(2)			**I** (Financial Information – Small Plan)
(3)	X	1	**A** (Insurance Information)
(4)	X		**C** (Service Provider Information)
(5)	X		**D** (DFE/Participating Plan Information)
(6)			**G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
ADIRONDACK BANK 401(K) THRIFT PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500.
ADIRONDACK BANK

D Employer Identification Number (EIN)
15-0438700

Part I **Information Concerning Insurance Contract Coverage, Fees, and Commissions** Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
NATIONWIDE LIFE INSURANCE COMPANY

(b) EIN	**(c)** NAIC code	**(d)** Contract or identification number	**(e)** Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	**(g)** To
31-4156830	66869	169-80162	197	01/01/2010	12/31/2010

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	**(b)** Total amount of fees paid
2966	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

HAZARD & SIEGIL, INC.
5790 WIDE WATERS PARKWAY
P.O. BOX 157
SYRACUSE, NY 13214

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	
2966			3

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

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(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	711463
5	Current value of plan's interest under this contract in separate accounts at year end	5	0

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	6d	

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☒ guaranteed investment (4) ☐ other ▶

b	Balance at the end of the previous year			7b	346476
c	Additions: (1) Contributions deposited during the year	7c(1)	62013		
	(2) Dividends and credits	7c(2)			
	(3) Interest credited during the year	7c(3)	15563		
	(4) Transferred from separate account	7c(4)	418550		
	(5) Other (specify below)	7c(5)	9988		
	▶ LOAN REPAYMENT TRANSFER				
	(6) Total additions			7c(6)	506114
d	Total of balance and additions (add **b** and **c(6)**)			7d	852590
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	106596		
	(2) Administration charge made by carrier	7e(2)	385		
	(3) Transferred to separate account	7e(3)	18201		
	(4) Other (specify below)	7e(4)	15945		
	▶ LOAN WITHDRAWAL				
	(5) Total deductions			7e(5)	141127
f	Balance at the end of the current year (subtract **e(5)** from **d**)			7f	711463

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance
e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug
i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in **c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.			**10b**	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☐ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2010** **This Form is Open to Public Inspection.**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan	**B** Three-digit plan number (PN) ▶	
ADIRONDACK BANK 401(K) THRIFT PLAN		002
C Plan sponsor's name as shown on line 2a of Form 5500	**D** Employer Identification Number (EIN)	
ADIRONDACK BANK	15-0438700	

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

NATIONWIDE

ONE NATIONWIDE PLAZA
COLUMBUS, OH 43215

31-4156830

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 19 37 64	CUSTODIAN	33928	Yes [X] No [ ]	Yes [ ] No [X]	16710	Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

HAZARD & SIEGEL AGENCY

5790 WIDE WATERS PARKWAY
P.O. BOX 157
SYRACUSE, NY 13214

16-0954584

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
22 23 26 27 53	BROKER	0	Yes [X] No [ ]	Yes [ ] No [X]	27565	Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

THE BAY RIDGE GROUP, INC.

1405 DAVIS AVENUE
ENDWELL, NY 13760-5936

20-8799479

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
22 26 27 37 53	TPA	1900	Yes [X] No [ ]	Yes [ ] No [X]	6891	Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

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Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
ADIRONDACK BANK 401(K) THRIFT PLAN

B Three-digit plan number (PN) ▶ 002

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
ADIRONDACK BANK

D Employer Identification Number (EIN)
15-0438700

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: AIM MID CAP COR

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
31-4156830-009	P	56669

a Name of MTIA, CCT, PSA, or 103-12 IE: AMCAP FD - R3 SHARES

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
31-4156830-009	P	187809

a Name of MTIA, CCT, PSA, or 103-12 IE: BOA - FIXED

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
31-4156830-009	P	711463

a Name of MTIA, CCT, PSA, or 103-12 IE: EUROPACIFIC GRWTH FD R3

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
31-4156830-009	P	408594

a Name of MTIA, CCT, PSA, or 103-12 IE: FID ADV LEVERAGED COMPANY STOCK

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
31-4156830-009	P	130751

a Name of MTIA, CCT, PSA, or 103-12 IE: GARTMORE MONEY MARKET

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
31-4156830-009	P	113417

a Name of MTIA, CCT, PSA, or 103-12 IE: GROWTH FUND OF AMERICA

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
31-4156830-009	P	805615

a Name of MTIA, CCT, PSA, or 103-12 IE: HARBOR INTL FUND INV CL

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN 31-4156830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 390588

a Name of MTIA, CCT, PSA, or 103-12 IE: HARBOR SM CAP GROWTH FUND

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN 31-4156830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 312372

a Name of MTIA, CCT, PSA, or 103-12 IE: JP MORGAN SMALL CAP EQUITY

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN 31-4156830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 25561

a Name of MTIA, CCT, PSA, or 103-12 IE: MFS VALUE FUND

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN 31-4156830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 608368

a Name of MTIA, CCT, PSA, or 103-12 IE: NATIONWIDE S & P 500 INDEX

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN 31-4156830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 204213

a Name of MTIA, CCT, PSA, or 103-12 IE: OPP MAIN ST SMALL CAP

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN 31-4156830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 46056

a Name of MTIA, CCT, PSA, or 103-12 IE: PIMCO TOTAL RETURN FUND - CLASS A

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN 31-4156830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 827083

a Name of MTIA, CCT, PSA, or 103-12 IE: RIVERSOURCE MID CAP

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN 31-4156830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 58623

a Name of MTIA, CCT, PSA, or 103-12 IE: ROYCE PENN MUTUAL

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN 31-4156830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 19342

a Name of MTIA, CCT, PSA, or 103-12 IE: VAN KAMPEN MID CAP GROWTH

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN 31-4156830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 226405

a Name of MTIA, CCT, PSA, or 103-12 IE: WFAF COMMON STOCK

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN 31-4156830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 30379

a Name of MTIA, CCT, PSA, or 103-12 IE: EAGLE SERIES TR MDCAP

b Name of sponsor of entity listed in (a): NATIONWIDE LIFE INSURANCE COMPANY

c EIN-PN 31-4156830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 6616

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
ADIRONDACK BANK 401(K) THRIFT PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
ADIRONDACK BANK

D Employer Identification Number (EIN)
15-0438700

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	14613	16043
(2) Participant contributions	1b(2)	17743	16966
(3) Other	1b(3)	467	785
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	29141	61693
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	3799504	4458461
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	0	
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	346476	711463
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	4207944	5265411
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	4207944	5265411

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	392249	
	(B) Participants	2a(1)(B)	474895	
	(C) Others (including rollovers)	2a(1)(C)	213926	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1081070
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)	1334	
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		1334
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		481191
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		1563595
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	502528	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		502528
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		3600
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		506128
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		1057467
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: DERMODY, BURKE & BROWN CPA'S LLC (2) EIN: 01-0723685

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		4000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
ADIRONDACK BANK 401(K) THRIFT PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
ADIRONDACK BANK

D Employer Identification Number (EIN)
15-0438700

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1**

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 31-4156830

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☒ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☒ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☒ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

ADIRONDACK BANK 401(k) THRIFT PLAN

FINANCIAL STATEMENTS

December 31, 2010 and 2009

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Dermody, Burke & Brown, CPAs, LLC

INDEPENDENT AUDITORS' REPORT

TRUSTEES
ADIRONDACK BANK 401(k) THRIFT PLAN

We were engaged to audit the accompanying statement of net assets available for benefits of **ADIRONDACK BANK 401(k) THRIFT PLAN** (the "Plan") as of December 31, 2010 and the related statement of changes in net assets available for benefits for the year then ended, and the supplemental schedule of assets (held at end of year) as of and for the year ended December 31, 2010. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Nationwide Financial Services, Inc., the custodian of the Plan, except for comparing the information to the related information included in the financial statements. We have been informed by the Plan Administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the custodian for the year ended December 31, 2010 stating that the information provided to the Plan Administrator by the custodian is complete and accurate.

Because of the significance of the information in the Plan's 2010 financial statements that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole as of or for the year ended December 31, 2010. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

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The 2009 financial statements of the Adirondack Bank 401(k) Thrift Plan were audited by other independent accountants, whose report dated September 8, 2010, stated that, due to the significance of the information in the Plan's 2009 financial statements that they did not audit, they were unable to, and did not express an opinion on the financial statements and supplemental schedule taken as a whole as of and for the year ended December 31, 2009. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, Nationwide Financial Services, Inc. were audited by the independent accountants in accordance with auditing standards generally accepted in the United States of America. In the other independent accountants' opinion, the financial statements and supplemental schedule taken as a whole as of and for the year ended December 31, 2009 were in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Dermody, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, NY

October 7, 2011

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2010 and 2009

	2010	2009
ASSETS		
Investments, at Fair Value:		
Pooled Separate Accounts	$ 5,169,924	$ 4,145,981
Receivables:		
Participant	16,966	17,743
Employer	16,043	14,613
Other	785	467
Notes Receivable from Participants	61,693	29,141
Total Receivables	95,487	61,964
NET ASSETS AVAILABLE FOR BENEFITS	$ 5,265,411	$ 4,207,945

See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Years Ended December 31, 2010 and 2009

	2010	2009
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Net Investment Income:		
Net Appreciation in Fair Value of Investments - Pooled Separate Accounts	$ 481,191	$ 744,605
Interest on Participant Loans	1,333	1,444
Net Investment Income	482,524	746,049
Contributions:		
Employer Contributions	392,196	358,090
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Rollover Contributions	213,926	121,289
Total Contributions	1,081,070	935,991
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Administrative Expenses	3,600	2,699
Total Deductions	506,128	86,743
NET INCREASE	1,057,466	1,595,297
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year	4,207,945	2,612,648
End of Year	$ 5,265,411	$ 4,207,945

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – DESCRIPTION OF THE PLAN

The following description of Adirondack Bank 401(k) Thrift Plan provides only general information. Participants should refer to the Summary Plan Description or Plan Document for a more complete description of the Plan's provisions

General

Adirondack Bank 401(k) Thrift Plan (the Plan) is a defined contribution 401(k) profit sharing plan covering eligible employees of Adirondack Bank and Adirondack Financial Services, Inc. (the Company). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year participants may contribute up to a maximum percentage allowable not-to-exceed the limits of Code Sections 401(k), 401(g), 404, and 415. The Company contributes a profit sharing contribution based upon the number of years the participant has been employed. In 2009, the Plan was amended to add a safe harbor provision of 3% employer contribution of the participant compensation.

Participant Accounts

Each participant's account is credited with the participant’s contribution, the employer’s safe harbor contributions, employer profit sharing contributions and Plan earnings. Allocations of Plan earnings are based upon performance of the investment funds chosen by the individual participant. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions and rollovers, plus actual earnings thereon. Vesting in the Company's matching and profit sharing contributions plus earnings thereon is based on years of continuous service. Participants become vested in employer contributions gradually over a five-year period.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – DESCRIPTION OF THE PLAN – Continued

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates as determined by the Plan Administrator. Principal and interest are paid ratably through weekly payroll deductions.

Payment of Benefits

No distributions from the Plan will be made until a participant retires, dies (in which case, payment shall be made to their beneficiary) or otherwise terminates employment with the Company. A participant may, however, upon attainment of age 59 1/2, elect to receive a pre-retirement distribution while remaining in the service of the sponsor. A participant's normal form of distribution is a lump sum amount equal to the vested balance in their account.

Forfeitures

Forfeitures of employer contributions will be used to reduce future employer contributions. In 2010 and 2009, employer contributions were reduced by $3,965 and $2,699, respectively, from forfeited nonvested accounts. At December 31, 2010 and 2009, there were $66 and $2,218, respectively, in forfeitures available.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting

Use of Estimates

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 changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments held by the Plan are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for further discussions of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Administrative Expenses

Certain transaction fees are paid by the Plan and all other administrative expenses of the Plan are paid by the Plan Sponsor.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Payment of Benefits

Benefits are recorded when paid.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

Subsequent Events

Management has evaluated subsequent events through October 7, 2011 which is the date the financial statements were available to be issued.

Reclassifications

Certain amounts in prior years' financial statements have been reclassified to conform to the current year's presentation

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued guidance which expanded the required disclosures about fair value measurements. In particular, this guidance requires new disclosures for transfers in and out of Level 1 and 2 classifications and more detail about the activity in Level 3 fair value measurements. The new guidance also clarifies previous disclosure requirements by increasing the level of disaggregation to the class level for investments and by requiring more disclosures about inputs and valuation techniques for fair value measurements in Level 2 and Level 3. This guidance is effective for annual reporting periods beginning after December 15, 2009 except for reporting the activity in Level 3 which is effective for fiscal years beginning after December 15, 2010. The partial adoption of this guidance did not have a material effect on the Plan's net assets available for benefits or changes in net assets available for benefits. See Note 5 – Fair Value Measurements for expanded disclosures.

In September 2010, the FASB issued new guidance for reporting loans to participants by defined contribution plans. The new guidance requires that participant loans be classified as notes receivable from participants, which are segregated from Plan investments, and measured at their unpaid principal balances plus any accrued but unpaid interest. Previously, loans were measured at fair value and classified as investments. This guidance is effective for fiscal years ending after December 15, 2010 and is required to be applied retrospectively. The adoption of this guidance did not have a material effect on the Plan's statements of changes in net assets available for benefits. Participant loans have been reclassified to notes receivable from participants in the statements of net assets available for plan benefits as of December 31, 2009.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 3 – INFORMATION CERTIFIED BY TRUSTEE

The Plan Administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the Plan Administrator has obtained a trustee certification from Nationwide Financial Services, Inc. as of December 31, 2010 and 2009 and for the years then ended. All investment information disclosed in the accompanying financial statements and supplemental schedule including investments and notes receivable from participants held at December 31, 2010 and net appreciation in fair value of investments, interest, dividends and investment expenses for the years ended December 31, 2010 and 2009 were obtained or derived solely from information supplied to the Plan Administrator and certified as complete and accurate by the custodian.

NOTE 4 – INVESTMENTS

The fair value of investments which represents 5% or more of the Plan's net assets available for benefits at December 31, 2010 and 2009 were:

	2010	2009
Europacific Growth Fund	$ 408,594	$ 375,190
Growth Fund of America	805,615	639,670
Best of America (BOA) - Fixed	711,463	346,476
Harbor International Fund	390,588	371,259
Harbor Small Cap Growth Fund	312,372	228,210
MFS Value Fun	608,368	462,254
PIMCO Total Return Fund Class A	827,083	588,365
NW Money Market Fund	204,213	437,986

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the Plan has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active (i.e. markets in which there are few transactions for the asset or liability (i.e. interest rates, yield curves volatilities).

- Level 3: These use unobservable inputs that are not corroborated by market data. These values are generally estimated based upon methodologies utilizing significant inputs that are generally less observable from objective sources.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

Pooled Separate Accounts: Valued at the net asset value, based on the fair values of the underlying investments.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 5 – FAIR VALUE MEASUREMNETS – Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the fair value of the Plan's assets recorded at fair value on a recurring basis as of December 31, 2010.

Assets at Fair Value as of December 31, 2010

	Level 1	Level 2	Level 3	Total
Pooled Separate Accounts:				
Money Market Fund	$ 113,417	$ 0	$ 0	$ 113,417
Growth Funds	0	1,214,209	0	1,214,209
Total Return Funds	0	827,083	0	827,083
Fixed Fund	0	0	711,463	711,463
Value Funds	0	608,368	0	608,368
Mid Cap Funds	0	536,122	0	536,122
Small Cap Funds	0	383,989	0	383,989
International Funds	0	390,588	0	390,588
Indexed Funds	0	204,213	0	204,213
Leveraged Funds	0	130,751	0	130,751
Other Funds	0	49,721	0	49,721
Total Assets at Fair Value	$ 113,417	$ 4,345,044	$ 711,463	$ 5,169,924

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 5 – FAIR VALUE MEASUREMNETS – Continued

The following table sets forth by level, within the fair value hierarchy, the fair value of the Plan's assets recorded at fair value on a recurring basis as of December 31, 2009.

Assets at Fair Value as of December 31, 2009

	Level 1	Level 2	Level 3	Total
Pooled Separate Accounts:				
Money Market Fund	$ 437,986	$ 0	$ 0	$ 437,986
Growth Funds	0	1,014,860	0	1,014,860
Total Return Funds	0	588,365	0	588,365
Fixed Fund	0	0	346,476	346,476
Value Funds	0	462,254	0	462,254
Mid Cap Funds	0	342,398	0	342,398
Small Cap Funds	0	248,389	0	248,389
International Funds	0	371,259	0	371,259
Indexed Funds	0	168,262	0	168,262
Leveraged Funds	0	165,514	0	165,514
Other Funds	0	218	0	218
Total Assets at Fair Value	$ 437,986	$ 3,361,519	$ 346,476	$ 4,145,981

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2010:

Level 3 Assets

	Unallocated Insurance Contract
Balance, Beginning of Year	$ 346,476
Contributions, Transfers and Loan Repayments	72,086
Exchanges	400,307
Gains	15,134
Withdrawals	(122,540)
Balance, End of Year	$ 711,463

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 6 – TAX STATUS

The Plan is an adoption of a prototype plan of its Plan Administrator, The Bay Ridge Group. The Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2008.

NOTE 7 – RELATED PARTY TRANSACTION

Certain Plan investments are shares of mutual funds managed by Nationwide Financial Services, Inc. Nationwide Financial Services, Inc. is the custodian as defined by the Plan and therefore, these transactions qualify as party-in-interest transactions. Transactions involving notes receivable from participants also qualify as party-in-interest transactions

SCHEDULE OF ASSETS HELD AT END OF YEAR

Year Ended December 31, 2010

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	**Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value**	** **Cost of Asset**	*** **Current Value**
*	AmFds EuroPacific Gr R3	Pooled Separate Accounts	$ 0	$ 408,594
*	Invsco MdCap Cor Eq A	Pooled Separate Accounts	0	56,669
*	Col MdCap Val Oppr A	Pooled Separate Accounts	0	58,623
*	AmFds AMCAP R3	Pooled Separate Accounts	0	187,809
*	AmFds Gr Df Am R3	Pooled Separate Accounts	0	805,615
*	Best of America (BOA) - Fixed	Pooled Separate Accounts - Unallocated Contract	0	711,463
*	FidAdv Levr Co. Stk A	Pooled Separate Accounts	0	130,751
*	NW Mny Mkt Inst	Money Market Account	0	113,417
*	Eagle Series Tr MidCap Gr A	Pooled Separate Accounts	0	6,616
*	Harbor Intl Inv	Pooled Separate Accounts	0	390,588
*	Harbor SmCap Gr Inv	Pooled Separate Accounts	0	312,372
*	JPM SmCap Eq A	Pooled Separate Accounts	0	25,561
*	MFS Val A	Pooled Separate Accounts	0	608,368
*	NW S&P 500 Index Svc	Pooled Separate Accounts	0	204,213
*	PIMCO Ttl Rtn A	Pooled Separate Accounts	0	827,083
*	Royce Penn Mut K	Pooled Separate Accounts	0	19,342
*	WFA Cmn Stk A	Pooled Separate Accounts	0	30,379
*	Invsco VK MdCap Gr A	Pooled Separate Accounts	0	226,405
*	OPP Mn StSmMdCap A	Pooled Separate Accounts	0	46,056
	Total Investments at Fair Value		0	5,169,924
*	Notes Receivable from Participants	(Rates ranging from 2.5% - 6.25%)	0	61,693
	Total Net Assets at Fair Value		$ 0	$ 5,231,617

* Party-in-Interest as defined by ERISA.

** In accordance with ERISA, the historical cost has been ommitted as the Plan's investments are participant directed.

ADIRONDACK BANK 401(k) THRIFT PLAN

FINANCIAL STATEMENTS

December 31, 2010 and 2009

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INDEPENDENT AUDITORS' REPORT

TRUSTEES
ADIRONDACK BANK 401(k) THRIFT PLAN

We were engaged to audit the accompanying statement of net assets available for benefits of **ADIRONDACK BANK 401(k) THRIFT PLAN** (the "Plan") as of December 31, 2010 and the related statement of changes in net assets available for benefits for the year then ended, and the supplemental schedule of assets (held at end of year) as of and for the year ended December 31, 2010. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Nationwide Financial Services, Inc., the custodian of the Plan, except for comparing the information to the related information included in the financial statements. We have been informed by the Plan Administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the custodian for the year ended December 31, 2010 stating that the information provided to the Plan Administrator by the custodian is complete and accurate.

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Dermody, Burke & Brown

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Syracuse, NY

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Each participant's account is credited with the participant’s contribution, the employer’s safe harbor contributions, employer profit sharing contributions and Plan earnings. Allocations of Plan earnings are based upon performance of the investment funds chosen by the individual participant. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions and rollovers, plus actual earnings thereon. Vesting in the Company's matching and profit sharing contributions plus earnings thereon is based on years of continuous service. Participants become vested in employer contributions gradually over a five-year period.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – DESCRIPTION OF THE PLAN – Continued

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates as determined by the Plan Administrator. Principal and interest are paid ratably through weekly payroll deductions.

Payment of Benefits

No distributions from the Plan will be made until a participant retires, dies (in which case, payment shall be made to their beneficiary) or otherwise terminates employment with the Company. A participant may, however, upon attainment of age 59 1/2, elect to receive a pre-retirement distribution while remaining in the service of the sponsor. A participant's normal form of distribution is a lump sum amount equal to the vested balance in their account.

Forfeitures

Forfeitures of employer contributions will be used to reduce future employer contributions. In 2010 and 2009, employer contributions were reduced by $3,965 and $2,699, respectively, from forfeited nonvested accounts. At December 31, 2010 and 2009, there were $66 and $2,218, respectively, in forfeitures available.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting

Use of Estimates

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 changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments held by the Plan are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for further discussions of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Administrative Expenses

Certain transaction fees are paid by the Plan and all other administrative expenses of the Plan are paid by the Plan Sponsor.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Payment of Benefits

Benefits are recorded when paid.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

Subsequent Events

Management has evaluated subsequent events through October 7, 2011 which is the date the financial statements were available to be issued.

Reclassifications

Certain amounts in prior years' financial statements have been reclassified to conform to the current year's presentation

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued guidance which expanded the required disclosures about fair value measurements. In particular, this guidance requires new disclosures for transfers in and out of Level 1 and 2 classifications and more detail about the activity in Level 3 fair value measurements. The new guidance also clarifies previous disclosure requirements by increasing the level of disaggregation to the class level for investments and by requiring more disclosures about inputs and valuation techniques for fair value measurements in Level 2 and Level 3. This guidance is effective for annual reporting periods beginning after December 15, 2009 except for reporting the activity in Level 3 which is effective for fiscal years beginning after December 15, 2010. The partial adoption of this guidance did not have a material effect on the Plan's net assets available for benefits or changes in net assets available for benefits. See Note 5 – Fair Value Measurements for expanded disclosures.

In September 2010, the FASB issued new guidance for reporting loans to participants by defined contribution plans. The new guidance requires that participant loans be classified as notes receivable from participants, which are segregated from Plan investments, and measured at their unpaid principal balances plus any accrued but unpaid interest. Previously, loans were measured at fair value and classified as investments. This guidance is effective for fiscal years ending after December 15, 2010 and is required to be applied retrospectively. The adoption of this guidance did not have a material effect on the Plan's statements of changes in net assets available for benefits. Participant loans have been reclassified to notes receivable from participants in the statements of net assets available for plan benefits as of December 31, 2009.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 3 – INFORMATION CERTIFIED BY TRUSTEE

The Plan Administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the Plan Administrator has obtained a trustee certification from Nationwide Financial Services, Inc. as of December 31, 2010 and 2009 and for the years then ended. All investment information disclosed in the accompanying financial statements and supplemental schedule including investments and notes receivable from participants held at December 31, 2010 and net appreciation in fair value of investments, interest, dividends and investment expenses for the years ended December 31, 2010 and 2009 were obtained or derived solely from information supplied to the Plan Administrator and certified as complete and accurate by the custodian.

NOTE 4 – INVESTMENTS

The fair value of investments which represents 5% or more of the Plan's net assets available for benefits at December 31, 2010 and 2009 were:

	2010	2009
Europacific Growth Fund	$ 408,594	$ 375,190
Growth Fund of America	805,615	639,670
Best of America (BOA) - Fixed	711,463	346,476
Harbor International Fund	390,588	371,259
Harbor Small Cap Growth Fund	312,372	228,210
MFS Value Fun	608,368	462,254
PIMCO Total Return Fund Class A	827,083	588,365
NW Money Market Fund	204,213	437,986

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the Plan has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active (i.e. markets in which there are few transactions for the asset or liability (i.e. interest rates, yield curves volatilities).

- Level 3: These use unobservable inputs that are not corroborated by market data. These values are generally estimated based upon methodologies utilizing significant inputs that are generally less observable from objective sources.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

Pooled Separate Accounts: Valued at the net asset value, based on the fair values of the underlying investments.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 5 – FAIR VALUE MEASUREMNETS – Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the fair value of the Plan's assets recorded at fair value on a recurring basis as of December 31, 2010.

Assets at Fair Value as of December 31, 2010

	Level 1	Level 2	Level 3	Total
Pooled Separate Accounts:				
Money Market Fund	$ 113,417	$ 0	$ 0	$ 113,417
Growth Funds	0	1,214,209	0	1,214,209
Total Return Funds	0	827,083	0	827,083
Fixed Fund	0	0	711,463	711,463
Value Funds	0	608,368	0	608,368
Mid Cap Funds	0	536,122	0	536,122
Small Cap Funds	0	383,989	0	383,989
International Funds	0	390,588	0	390,588
Indexed Funds	0	204,213	0	204,213
Leveraged Funds	0	130,751	0	130,751
Other Funds	0	49,721	0	49,721
Total Assets at Fair Value	$ 113,417	$ 4,345,044	$ 711,463	$ 5,169,924

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 5 – FAIR VALUE MEASUREMNETS – Continued

The following table sets forth by level, within the fair value hierarchy, the fair value of the Plan's assets recorded at fair value on a recurring basis as of December 31, 2009.

Assets at Fair Value as of December 31, 2009

	Level 1	Level 2	Level 3	Total
Pooled Separate Accounts:				
Money Market Fund	$ 437,986	$ 0	$ 0	$ 437,986
Growth Funds	0	1,014,860	0	1,014,860
Total Return Funds	0	588,365	0	588,365
Fixed Fund	0	0	346,476	346,476
Value Funds	0	462,254	0	462,254
Mid Cap Funds	0	342,398	0	342,398
Small Cap Funds	0	248,389	0	248,389
International Funds	0	371,259	0	371,259
Indexed Funds	0	168,262	0	168,262
Leveraged Funds	0	165,514	0	165,514
Other Funds	0	218	0	218
Total Assets at Fair Value	$ 437,986	$ 3,361,519	$ 346,476	$ 4,145,981

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2010:

Level 3 Assets

	Unallocated Insurance Contract
Balance, Beginning of Year	$ 346,476
Contributions, Transfers and Loan Repayments	72,086
Exchanges	400,307
Gains	15,134
Withdrawals	(122,540)
Balance, End of Year	$ 711,463

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 6 – TAX STATUS

The Plan is an adoption of a prototype plan of its Plan Administrator, The Bay Ridge Group. The Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2008.

NOTE 7 – RELATED PARTY TRANSACTION

Certain Plan investments are shares of mutual funds managed by Nationwide Financial Services, Inc. Nationwide Financial Services, Inc. is the custodian as defined by the Plan and therefore, these transactions qualify as party-in-interest transactions. Transactions involving notes receivable from participants also qualify as party-in-interest transactions

SCHEDULE OF ASSETS HELD AT END OF YEAR

Year Ended December 31, 2010

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	**Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value**	** **Cost of Asset**	*** **Current Value**
*	AmFds EuroPacific Gr R3	Pooled Separate Accounts	$ 0	$ 408,594
*	Invsco MdCap Cor Eq A	Pooled Separate Accounts	0	56,669
*	Col MdCap Val Oppr A	Pooled Separate Accounts	0	58,623
*	AmFds AMCAP R3	Pooled Separate Accounts	0	187,809
*	AmFds Gr Df Am R3	Pooled Separate Accounts	0	805,615
*	Best of America (BOA) - Fixed	Pooled Separate Accounts - Unallocated Contract	0	711,463
*	FidAdv Levr Co. Stk A	Pooled Separate Accounts	0	130,751
*	NW Mny Mkt Inst	Money Market Account	0	113,417
*	Eagle Series Tr MidCap Gr A	Pooled Separate Accounts	0	6,616
*	Harbor Intl Inv	Pooled Separate Accounts	0	390,588
*	Harbor SmCap Gr Inv	Pooled Separate Accounts	0	312,372
*	JPM SmCap Eq A	Pooled Separate Accounts	0	25,561
*	MFS Val A	Pooled Separate Accounts	0	608,368
*	NW S&P 500 Index Svc	Pooled Separate Accounts	0	204,213
*	PIMCO Ttl Rtn A	Pooled Separate Accounts	0	827,083
*	Royce Penn Mut K	Pooled Separate Accounts	0	19,342
*	WFA Cmn Stk A	Pooled Separate Accounts	0	30,379
*	Invsco VK MdCap Gr A	Pooled Separate Accounts	0	226,405
*	OPP Mn StSmMdCap A	Pooled Separate Accounts	0	46,056
	Total Investments at Fair Value		0	5,169,924
*	Notes Receivable from Participants	(Rates ranging from 2.5% - 6.25%)	0	61,693
	Total Net Assets at Fair Value		$ 0	$ 5,231,617

* Party-in-Interest as defined by ERISA.

** In accordance with ERISA, the historical cost has been ommitted as the Plan's investments are participant directed.

ADIRONDACK BANK 401(k) THRIFT PLAN

FINANCIAL STATEMENTS

December 31, 2010 and 2009

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ADIRONDACK BANK 401(k) THRIFT PLAN

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Dermody, Burke & Brown, CPAs, LLC

INDEPENDENT AUDITORS' REPORT

TRUSTEES
ADIRONDACK BANK 401(k) THRIFT PLAN

We were engaged to audit the accompanying statement of net assets available for benefits of **ADIRONDACK BANK 401(k) THRIFT PLAN** (the "Plan") as of December 31, 2010 and the related statement of changes in net assets available for benefits for the year then ended, and the supplemental schedule of assets (held at end of year) as of and for the year ended December 31, 2010. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Nationwide Financial Services, Inc., the custodian of the Plan, except for comparing the information to the related information included in the financial statements. We have been informed by the Plan Administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the custodian for the year ended December 31, 2010 stating that the information provided to the Plan Administrator by the custodian is complete and accurate.

Because of the significance of the information in the Plan's 2010 financial statements that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole as of or for the year ended December 31, 2010. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

443 North Franklin Street • Syracuse, NY 13204-1441 • (315) 471-9171 • Fax (315) 471-8555
1120 Corporate Drive • Auburn, NY 13021-1634 • (315) 253-6273 • Fax (315) 253-0890
4350 Middle Settlement Road • New Hartford, NY 13413-5328 • (315) 732-2991 • Fax (315) 732-0282
http://www.dbbllc.com

The 2009 financial statements of the Adirondack Bank 401(k) Thrift Plan were audited by other independent accountants, whose report dated September 8, 2010, stated that, due to the significance of the information in the Plan's 2009 financial statements that they did not audit, they were unable to, and did not express an opinion on the financial statements and supplemental schedule taken as a whole as of and for the year ended December 31, 2009. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, Nationwide Financial Services, Inc. were audited by the independent accountants in accordance with auditing standards generally accepted in the United States of America. In the other independent accountants' opinion, the financial statements and supplemental schedule taken as a whole as of and for the year ended December 31, 2009 were in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Dermody, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, NY

October 7, 2011

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2010 and 2009

	2010	2009
ASSETS		
Investments, at Fair Value:		
Pooled Separate Accounts	$ 5,169,924	$ 4,145,981
Receivables:		
Participant	16,966	17,743
Employer	16,043	14,613
Other	785	467
Notes Receivable from Participants	61,693	29,141
Total Receivables	95,487	61,964
NET ASSETS AVAILABLE FOR BENEFITS	$ 5,265,411	$ 4,207,945

See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Years Ended December 31, 2010 and 2009

	2010	2009
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Net Investment Income:		
Net Appreciation in Fair Value of Investments - Pooled Separate Accounts	$ 481,191	$ 744,605
Interest on Participant Loans	1,333	1,444
Net Investment Income	482,524	746,049
Contributions:		
Employer Contributions	392,196	358,090
Participant Contributions	474,948	456,612
Rollover Contributions	213,926	121,289
Total Contributions	1,081,070	935,991
Total Additions	1,563,594	1,682,040
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits Paid to Participants	502,528	84,044
Administrative Expenses	3,600	2,699
Total Deductions	506,128	86,743
NET INCREASE	1,057,466	1,595,297
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year	4,207,945	2,612,648
End of Year	$ 5,265,411	$ 4,207,945

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – DESCRIPTION OF THE PLAN

The following description of Adirondack Bank 401(k) Thrift Plan provides only general information. Participants should refer to the Summary Plan Description or Plan Document for a more complete description of the Plan's provisions

General

Adirondack Bank 401(k) Thrift Plan (the Plan) is a defined contribution 401(k) profit sharing plan covering eligible employees of Adirondack Bank and Adirondack Financial Services, Inc. (the Company). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year participants may contribute up to a maximum percentage allowable not-to-exceed the limits of Code Sections 401(k), 401(g), 404, and 415. The Company contributes a profit sharing contribution based upon the number of years the participant has been employed. In 2009, the Plan was amended to add a safe harbor provision of 3% employer contribution of the participant compensation.

Participant Accounts

Each participant's account is credited with the participant’s contribution, the employer’s safe harbor contributions, employer profit sharing contributions and Plan earnings. Allocations of Plan earnings are based upon performance of the investment funds chosen by the individual participant. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions and rollovers, plus actual earnings thereon. Vesting in the Company's matching and profit sharing contributions plus earnings thereon is based on years of continuous service. Participants become vested in employer contributions gradually over a five-year period.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – DESCRIPTION OF THE PLAN – Continued

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates as determined by the Plan Administrator. Principal and interest are paid ratably through weekly payroll deductions.

Payment of Benefits

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Forfeitures

Forfeitures of employer contributions will be used to reduce future employer contributions. In 2010 and 2009, employer contributions were reduced by $3,965 and $2,699, respectively, from forfeited nonvested accounts. At December 31, 2010 and 2009, there were $66 and $2,218, respectively, in forfeitures available.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting

Use of Estimates

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 changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments held by the Plan are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for further discussions of fair value measurements.

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Benefits are recorded when paid.

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December 31, 2010 and 2009

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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In September 2010, the FASB issued new guidance for reporting loans to participants by defined contribution plans. The new guidance requires that participant loans be classified as notes receivable from participants, which are segregated from Plan investments, and measured at their unpaid principal balances plus any accrued but unpaid interest. Previously, loans were measured at fair value and classified as investments. This guidance is effective for fiscal years ending after December 15, 2010 and is required to be applied retrospectively. The adoption of this guidance did not have a material effect on the Plan's statements of changes in net assets available for benefits. Participant loans have been reclassified to notes receivable from participants in the statements of net assets available for plan benefits as of December 31, 2009.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

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NOTE 4 – INVESTMENTS

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December 31, 2010 and 2009

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- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active (i.e. markets in which there are few transactions for the asset or liability (i.e. interest rates, yield curves volatilities).

- Level 3: These use unobservable inputs that are not corroborated by market data. These values are generally estimated based upon methodologies utilizing significant inputs that are generally less observable from objective sources.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

Pooled Separate Accounts: Valued at the net asset value, based on the fair values of the underlying investments.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 5 – FAIR VALUE MEASUREMNETS – Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the fair value of the Plan's assets recorded at fair value on a recurring basis as of December 31, 2010.

Assets at Fair Value as of December 31, 2010

	Level 1	Level 2	Level 3	Total
Pooled Separate Accounts:				
Money Market Fund	$ 113,417	$ 0	$ 0	$ 113,417
Growth Funds	0	1,214,209	0	1,214,209
Total Return Funds	0	827,083	0	827,083
Fixed Fund	0	0	711,463	711,463
Value Funds	0	608,368	0	608,368
Mid Cap Funds	0	536,122	0	536,122
Small Cap Funds	0	383,989	0	383,989
International Funds	0	390,588	0	390,588
Indexed Funds	0	204,213	0	204,213
Leveraged Funds	0	130,751	0	130,751
Other Funds	0	49,721	0	49,721
Total Assets at Fair Value	$ 113,417	$ 4,345,044	$ 711,463	$ 5,169,924

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 5 – FAIR VALUE MEASUREMNETS – Continued

The following table sets forth by level, within the fair value hierarchy, the fair value of the Plan's assets recorded at fair value on a recurring basis as of December 31, 2009.

Assets at Fair Value as of December 31, 2009

	Level 1	Level 2	Level 3	Total
Pooled Separate Accounts:				
Money Market Fund	$ 437,986	$ 0	$ 0	$ 437,986
Growth Funds	0	1,014,860	0	1,014,860
Total Return Funds	0	588,365	0	588,365
Fixed Fund	0	0	346,476	346,476
Value Funds	0	462,254	0	462,254
Mid Cap Funds	0	342,398	0	342,398
Small Cap Funds	0	248,389	0	248,389
International Funds	0	371,259	0	371,259
Indexed Funds	0	168,262	0	168,262
Leveraged Funds	0	165,514	0	165,514
Other Funds	0	218	0	218
Total Assets at Fair Value	$ 437,986	$ 3,361,519	$ 346,476	$ 4,145,981

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2010:

Level 3 Assets

	Unallocated Insurance Contract
Balance, Beginning of Year	$ 346,476
Contributions, Transfers and Loan Repayments	72,086
Exchanges	400,307
Gains	15,134
Withdrawals	(122,540)
Balance, End of Year	$ 711,463

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 6 – TAX STATUS

The Plan is an adoption of a prototype plan of its Plan Administrator, The Bay Ridge Group. The Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2008.

NOTE 7 – RELATED PARTY TRANSACTION

Certain Plan investments are shares of mutual funds managed by Nationwide Financial Services, Inc. Nationwide Financial Services, Inc. is the custodian as defined by the Plan and therefore, these transactions qualify as party-in-interest transactions. Transactions involving notes receivable from participants also qualify as party-in-interest transactions

SCHEDULE OF ASSETS HELD AT END OF YEAR

Year Ended December 31, 2010

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	**Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value**	** **Cost of Asset**	*** **Current Value**
*	AmFds EuroPacific Gr R3	Pooled Separate Accounts	$ 0	$ 408,594
*	Invsco MdCap Cor Eq A	Pooled Separate Accounts	0	56,669
*	Col MdCap Val Oppr A	Pooled Separate Accounts	0	58,623
*	AmFds AMCAP R3	Pooled Separate Accounts	0	187,809
*	AmFds Gr Df Am R3	Pooled Separate Accounts	0	805,615
*	Best of America (BOA) - Fixed	Pooled Separate Accounts - Unallocated Contract	0	711,463
*	FidAdv Levr Co. Stk A	Pooled Separate Accounts	0	130,751
*	NW Mny Mkt Inst	Money Market Account	0	113,417
*	Eagle Series Tr MidCap Gr A	Pooled Separate Accounts	0	6,616
*	Harbor Intl Inv	Pooled Separate Accounts	0	390,588
*	Harbor SmCap Gr Inv	Pooled Separate Accounts	0	312,372
*	JPM SmCap Eq A	Pooled Separate Accounts	0	25,561
*	MFS Val A	Pooled Separate Accounts	0	608,368
*	NW S&P 500 Index Svc	Pooled Separate Accounts	0	204,213
*	PIMCO Ttl Rtn A	Pooled Separate Accounts	0	827,083
*	Royce Penn Mut K	Pooled Separate Accounts	0	19,342
*	WFA Cmn Stk A	Pooled Separate Accounts	0	30,379
*	Invsco VK MdCap Gr A	Pooled Separate Accounts	0	226,405
*	OPP Mn StSmMdCap A	Pooled Separate Accounts	0	46,056
	Total Investments at Fair Value		0	5,169,924
*	Notes Receivable from Participants	(Rates ranging from 2.5% - 6.25%)	0	61,693
	Total Net Assets at Fair Value		$ 0	$ 5,231,617

* Party-in-Interest as defined by ERISA.

** In accordance with ERISA, the historical cost has been ommitted as the Plan's investments are participant directed.