

GIFT ACCEPTANCE POLICY

I. GENERAL GUIDELINES

The Adirondack Trust Company Community Fund (the “Community Fund”) welcomes commitments and gifts of financial support from any interested person or business entities, trusts and corporate entities. The Community Fund’s staff is pleased to meet with prospective donors and their advisors to explore their interests and the purposes of the Community Fund. The Community Fund will advise all donors to seek their own tax and legal counsel and will in no event render tax, legal or financial advice.

II. CURRENT GIFT OPTIONS

A. Cash

1. Any amount that satisfies the Community Fund’s Policies and Procedures is welcome.
2. Any donor or Fund Advisor has the option to restrict some or all of his/her/its grant recommendation to a specific program, project or use of a qualifying charitable organization, but only with the express understanding that the Community Fund may distribute the funds as it deems appropriate.
3. The donor will be credited with the full amount of his/her/its cash gift.

B. Marketable Securities

1. Any amount that satisfies the Community Fund’s Policies and Procedures is welcome.
2. Any donor or Fund Advisor has the option to restrict some or all of his/her/its grant recommendation to a specific program, project or use of a qualifying charitable organization, but only with the express understanding that the Community Fund may distribute the funds as it deems appropriate.
3. The donor will be credited with the fair market value of the stock, determined by taking the mean of the highest and lowest selling price on the date of the gift.
4. If an endorsed stock certificate, or an unendorsed stock certificate with a stock power, is mailed to the Community Fund or the Community Fund’s agent, the gift date is the date of mailing. If it is hand delivered to the Community Fund, the date of the gift is the date of delivery. If the donor delivers his/her/its stock certificate to his/her/its bank or broker, or to the issuing Community Fund, for transfer into the Community Fund’s name, the date of the gift is the date on which the transfer is made on the Community Fund’s books.

5. If donor is an officer or director of the issuing Community Fund, the staff should inquire as to whether any Securities and Exchange Commission (SEC) Rule 144 restrictions apply which limit the Community Fund's ability to sell the donated securities.

C. Closely-Held Stock

1. Any amount that satisfies the Community Fund's Policies and Procedures is welcome, provided the stock may be readily sold or is likely to be redeemed.
2. Any donor or Fund Advisor has the option to restrict some or all of his/her/its grant recommendation to a specific program, project or use of a qualifying charitable organization, but only with the express understanding that the Community Fund may distribute the funds as it deems appropriate.
3. The donor will be credited with the appraised fair market value of the stock, or an estimated value if an appraisal is not available.
4. A qualified appraisal is required for all gifts of closely-held stock valued in excess of \$10,000. Such gifts must be reported on Section B of Form 8283 which is filed with the donor's federal income tax return.
5. If a Form 8283 is required, a Form 8282 will be filed by the Community Fund if the stock is sold within two years of receipt.

D. Insurance

1. The assignment of an existing life insurance policy, whose value satisfies the Community Fund's Policies and Procedures is welcome, as is naming the Community Fund as the irrevocable beneficiary of the policy or purchasing a policy in the name of the Community Fund.
2. The donor or Fund Advisor has the option to restrict some or all of his/her/its grant recommendation to a specific program, project or use of a qualifying charitable organization, but only with the express understanding that the Community Fund may distribute the funds as it deems appropriate. This grant recommendation shall be made in a separate letter of understanding between the Community Fund and the donor.
3. For income tax purposes, the donor's deduction is limited to the lesser of the donor's cost basis in the policy (i.e., the gross amount of premiums paid, less dividends and any outstanding loans on the policy) and the policy's value.
4. Fully paid or functionally equivalent life insurance policies which are assigned to the Community Fund will be credited at the net cash surrender value of the policy as irrevocable gifts.

5. The assignment of a policy which is not paid up ordinarily will be credited at the net cash value of the policy; subsequent premium payments will be added to the value credited.
6. Donors must obtain an appraisal for gifts of insurance valued in excess of \$5,000 and Section B of Form 8283 must be completed and filed with their federal income tax returns.
7. If a Form 8283 is required, a Form 8282 will be filed by the Community Fund if the insurance is surrendered for its cash value within two years of receipt.

E. Tangible Personal Property

1. Gifts of tangible personal property, such as artwork, books and antiques, are welcome, provided that their value satisfy the Community Fund's Policies and Procedures, and they may be used, or readily sold, by the Community Fund.
2. If a gift of appreciated tangible personal property relates to the Community Fund's exempt purposes and will be used by the Community Fund, the donor can deduct the full fair market value of the property. If the gift is for an unrelated use, or for a related use but is sold immediately, the donor's deduction is limited to his or her cost basis.
3. A donor may request that a gift of tangible personal property be used by the Community Fund for its exempt purposes. If the Community Fund accepts the gift, it will provide the donor with a written acknowledgment that the property will not be put to an unrelated use.
4. Gifts of tangible personal property will be credited and recognized at the current appraised value of the property at the time it is transferred to the Community Fund. If the property has not been appraised, an estimated value will be used.
5. If the gift is valued in excess of \$5,000, donors will be required to complete Section B of Form 8283 and to file it with their federal income tax returns.
6. If a Form 8283 is required, a Form 8282 will be filed by the Community Fund if the property is sold within two years of receipt.

F. Real Estate

1. Real property gifts will be accepted in the discretion of the Community Fund after a review of all relevant factors, including, but not limited to, the resale potential of the property and any environmental concerns or hazards.
2. Because of the complexities and issues involved with real property gifts, they must be carefully considered and, therefore, the Community Fund has adopted a separate,

detailed set of procedures to be followed. A copy of the Community Fund's Real Property Gift Procedures is set forth as Appendix A.

3. Outright gifts of unencumbered real property are preferred, but bargain sales of such property may be acceptable if in the best interest of the Community Fund.
4. Appraisals are required for all gifts of real property valued in excess of \$5,000. The donor must complete Section B of Form 8283 and file it with his or her federal income tax return.
5. If a Form 8283 is required, a Form 8282 will be filed by the Community Fund if the real property is sold within two years of receipt.
6. Gifts of real property will be credited and recognized at the appraised value of the property at the time it is transferred to the Community Fund, less the amount of any outstanding encumbrances on the property.

G. Retirement Benefits

1. The Community Fund may be designated as the beneficiary under a donor's Keogh (HR-10) plan, 401(k) plan, 403(b) annuity, 457 plan or individual retirement account (IRA).
2. Generally, the benefits of such plans will be paid out over the life expectancy of the participant (the donor) or over the life expectancies of the participant and a designated individual beneficiary (such as the donor's spouse). Theoretically, there is nothing left upon the death of the participant and any designated individual beneficiary. However, because life does not necessarily correspond with actuarial tables, it is possible that there will be some residue left at the death of the participant and any designated individual beneficiary. It is for this possible residue that the Community Fund may be named as beneficiary.
3. Although the Community Fund is appreciative of such gifts, donors will not be credited with any value because of the uncertainties involved.

Appendix A
Real Property Gift Procedures

I. Procedures for the initial processing of potential gifts.

The Community Fund will have overall responsibility for handling inquiries, negotiating with donors, assembling the realty documentation, presenting the gift to the Trustee for acceptance, and marketing.

II. Authority to negotiate.

The Trustee will have the authority to negotiate with donors, retain appraisers, surveyors, realtors and other technical consultants, and to execute agreements on behalf of the Community Fund. Assuming such activities follow approved procedures and assuming such agreements follow the form approved by the Community Fund's legal counsel, this authority to act will not require review of further approval by the Advisory Committee.

III. Evaluation of potential gifts.

A. Property and report form: Upon initial inquiry, potential donors will be asked to complete a property inquiry form and return it to the Community Fund with appropriate maps and documentation.

B. Liens and encumbrances: Property which is subject to liens, unpaid mortgages, deeds of trust, judgment liens, unpaid taxes or assessments, mechanic's liens or other encumbrances, will be evaluated as "bargain sales." (A bargain sale is an arrangement whereby a donor offers property to the Community Fund at a price significantly below its market value.)

Properties subject to encumbrances will be considered for acceptance only if evaluation convincingly demonstrates that the property can be sold at a price which exceeds the aggregate amount of the encumbrances and any costs associated with satisfying them.

C. Field evaluation: If initial information indicates that an offer is serious and if the property seems potentially profitable, a member of the Community Fund staff or an authorized representative will visit the property. A representative may be a local realtor or chapter person as the program director may deem appropriate.

The purpose of the visit will be:

1. To identify any potential problems not evident from initially supplied information.
2. To identify any environmental conditions (such as rare or endangered plants or animals or threatened habitat) that would argue against the Community Fund's sale of property.

3. To identify any potential environmental problems (such as the presence of toxic chemicals or other pollution). The Field Checklist (attached hereto) will serve as the basis for this analysis. (If any indications of possible pollution exist, the Community Fund will decide either to forego the gift or retain consultants to undertake more detailed analysis.)

D. Market evaluation: Whenever practicable, arrangements will be made to have a realtor analyze the property to evaluate the existence of a market for such property.

E. Expense budget: The Community Fund will prepare a budget outlining all the projected expenses associated with the acceptance of all proposed trade lands.

IV. Authority to accept trade lands.

Upon completion of the evaluation, the Trustee shall have the authority to accept or refuse a trade land.

V. Procedure for accepting trade lands.

A. Prior to agreeing to accept the gift of any trade land, the Community Fund will obtain title certification. At the time of acceptance, the Community Fund will obtain title insurance in an amount equal to the appraised value of the property. When deemed appropriate, the Community Fund may accept written indemnification by the donor in lieu of title insurance.

B. Prior to, or upon transfer of title to the Community Fund, the donor and the Community Fund will sign an agreement (approved by legal counsel) stating the terms of the gift, which shall specify that there are no restrictions on the Community Fund's right to use or convey the property.

C. The Community Fund will have an appraisal prepared by a professional real estate appraiser (appraisers should be MAI certified) for the purpose of determining the market value of the property. When deemed appropriate, the Community Fund may accept a statement by a realtor in lieu of a formal appraisal.

D. The Community Fund will not normally seek exemption from real estate taxes for realty gifts.

VI. Responsibility of the donor.

A. The donor will be responsible for complying with all applicable legal requirements.

B. The donor will be responsible for obtaining his/her own appraisal for the purpose of establishing the value of the gift for federal income tax purposes.

C. Donors will be encouraged to discuss contemplated bequests of real property before finalizing their wills. Property that is bequeathed to the Community Fund will be evaluated like all other trade land gifts.

VII. *What the Community Fund will not do.*

A. Except in extraordinary circumstances, the Community Fund will not pay for legal assistance, appraisals or other services on behalf of the donor.

In the event that the Community Fund does contemplate making such payments in connection with a proposed conveyance, the property shall be evaluated as though it were subject to liens and encumbrances.

B. The Community Fund will not establish or corroborate the value of any property for the purpose of substantiating the donor's income tax charitable deduction.

VIII. *Marketing trade lands.*

A. After accepting a trade land, arrangements will be made to sell the property through a qualified real estate professional.

B. Local zoning ordinances, land-use plans and community attitudes will be considered in marketing trade lands.

C. While it is anticipated that in most circumstances that sale price will equal or exceed the appraised value of the property, the terms of the sale will take into account current market conditions, availability of financing and other factors.

IX. *Internal procedures regarding Trade Lands.*

A. All files pertaining to trade lands will be maintained by the Community Fund that will distribute an up-to-date master list of all trade properties owned by the Community Fund to the members of the Advisory Committee for review on a quarterly basis.

B. Deeds to trade properties will be filed with the Community Fund.

C. All bills due in connection with trade properties will be forwarded to the Community Fund.

D. The Community Fund will obtain all necessary insurance coverage for trade properties in the Community Fund's inventory.

E. Upon acceptance, each trade property will be assigned a number. All expenses attributable to accepting, maintaining and selling each property will be charged against the sale proceeds.

Sale proceeds will first amortize all costs of acquisition, holding and marketing (including travel, legal fees, title insurance, taxes, appraisal fees, etc.).

Unamortized costs will be allocated against the total proceeds realized from trade lands at the end of each fiscal year.