



Adirondack

F U N D S

The Adirondack Small Cap Fund

SEMI-ANNUAL REPORT

September 30, 2011

(Unaudited)

THE ADIRONDACK SMALL CAP FUND

MANAGERS COMMENTARY

SEPTEMBER 30, 2011 (UNAUDITED)

Dear Fellow Shareholder:

The Adirondack Small Cap Fund's NAV at September 30 was \$12.99, down 20.7% from fiscal year end at March 31. During the same period, our benchmark, the Russell 2000® Value Index (RUJ), was down 23.6%. Since inception in April 2005, the Fund has posted annualized returns of 6.0% versus 0.8% for the RUJ. While we are pleased that we outperformed our benchmark, we recognize this brings little comfort to our investors in a difficult market.

The third quarter of 2011 saw concern over debt, debt and more debt – both within the U.S. and in Europe. The world's financial markets are clearly anxious as the high wire act of reducing the size of the public sector without impeding economic growth is difficult to watch. A financial pundit on CNBC recently commented, "The U.S. remains the best house in a tough neighborhood." Well said.

The Fund's better performance versus the index over the past six months can be attributed to the following factors: (1) the Fund continues to be underweight in Financials and Consumer Discretionary, while being overweight in lower beta sectors Staples and Healthcare, and (2) the crisis in Europe and the potential for slower growth in China has steered us towards increasing the prominence of less cyclical names in the portfolio.

Focusing on out-of-favor companies and industries is a core tenant of our investment philosophy. We remain vigilant about the relative risk/reward of all the Fund's holdings. Constantly, we ask ourselves the question of "What do we see that the market is missing?" The Fund's strong performance in 2009 and 2010 is primarily due to the tough choices made during the market meltdown in 2008. The opportunities we see today are similar to those we saw then.

Presently, the markets are highly correlated with investors showing little tolerance for the natural bumps in the road that come with investing in smaller companies. Great companies that posted less than stellar quarterly earnings are tossed in the same rubbish heap as poorly managed ones. History has repeatedly shown that skittish markets like these represent a tremendous opportunity for investors with patience and conviction. Despite the market's recent decline and volatility, we maintain a high degree of conviction in our portfolio companies. In general, our positions continue to generate ample cash flow, which provide investment yields well in excess of those offered in other asset classes.

THE ADIRONDACK SMALL CAP FUND

MANAGERS COMMENTARY (CONTINUED)
SEPTEMBER 30, 2011 (UNAUDITED)

By way of example, take Coca Cola Bottling Co. Consolidated (COKE), a top holding of the Fund; it's not the real thing (The Coca Cola Company), but a close relative. COKE performs the mundane task of bottling and distributing beverage products throughout the Southeastern region of the U.S. Over the past nine years it paid down debt by approximately \$300 million dollars (35% of Outstanding) while paying roughly \$90 million dollars in dividends from its remarkably consistent cash flows. During this time, COKE's revenues have steadily grown while generating returns on equity north of 20%. COKE's free cash flow (FCF) yield is more than 10%, which compares quite favorably to large-cap investment alternatives like The Coca Cola Company (6%) or long-term U.S. treasuries (2-3%). Nonetheless, during this time the market has failed to notice, as evidenced by COKE's considerable underperformance relative to the RUJ. We suspect limited research coverage (one analyst) has afforded us this opportunity. We think COKE could either increase the dividend or make highly accretive share buybacks over the next several years without straining finances. Furthermore, there's the realistic possibility that its largest shareholder (The Coca Cola Company) steps up and purchases COKE like it did recently with the largest bottler in North America (Coca Cola Enterprises). For these reasons, we believe COKE offers excellent risk/reward in this very challenging market.

In closing, we are pleased to report that, effective August 1, 2011, the Fund's Board of Trustees approved a reduction in the Fund's expense cap from 1.49% to 1.48% for the next twelve months. We hope to make this lower expense ratio permanent as the fund grows and economies of scale are realized. As always, we are grateful that you have chosen to invest alongside us in the Adirondack Small Cap Fund.

Regards,



Matt Reiner, CFA
Portfolio Manager
mreiner@adironackfunds.com



Greg Roeder, CFA
Portfolio Manager
groeder@adironackfunds.com

THE ADIRONDACK SMALL CAP FUND

MANAGERS COMMENTARY (CONTINUED)
SEPTEMBER 30, 2011 (UNAUDITED)

Performance Table

	<u>YTD</u>	<u>1yr</u>	<u>3yr*</u>	<u>5yr*</u>	<u>Since Inception*</u>
The Adirondack Small Cap Fund	(15.5%)	(1.0%)	10.5%	3.7%	6.0%
Russell 2000® Value Index	(18.5%)	(6.0%)	(2.8%)	(3.1%)	0.8%
Peer Group**	(18.3%)	(5.9%)	0.5%	(1.5%)	NA

Past performance is not an indication of future returns. This fund may not be appropriate for all investors, and determining whether it may be appropriate for you can only be accomplished by individual consideration of your goals and risk profile. The information above is believed to be true, but we cannot guarantee its accuracy. Please consider the investment objectives, risks, charges and expenses of The Adirondack Small Cap Fund before investing. For a prospectus containing details on risks, fees and expenses, please visit www.adirondackfunds.com or call 1-888-686-2729. Read it carefully before you invest.

* Annualized. Fund commenced operations on April 6, 2005

** Data obtained from Wall Street Journal. Peer data from inception is not available.

THE ADIRONDACK SMALL CAP FUND

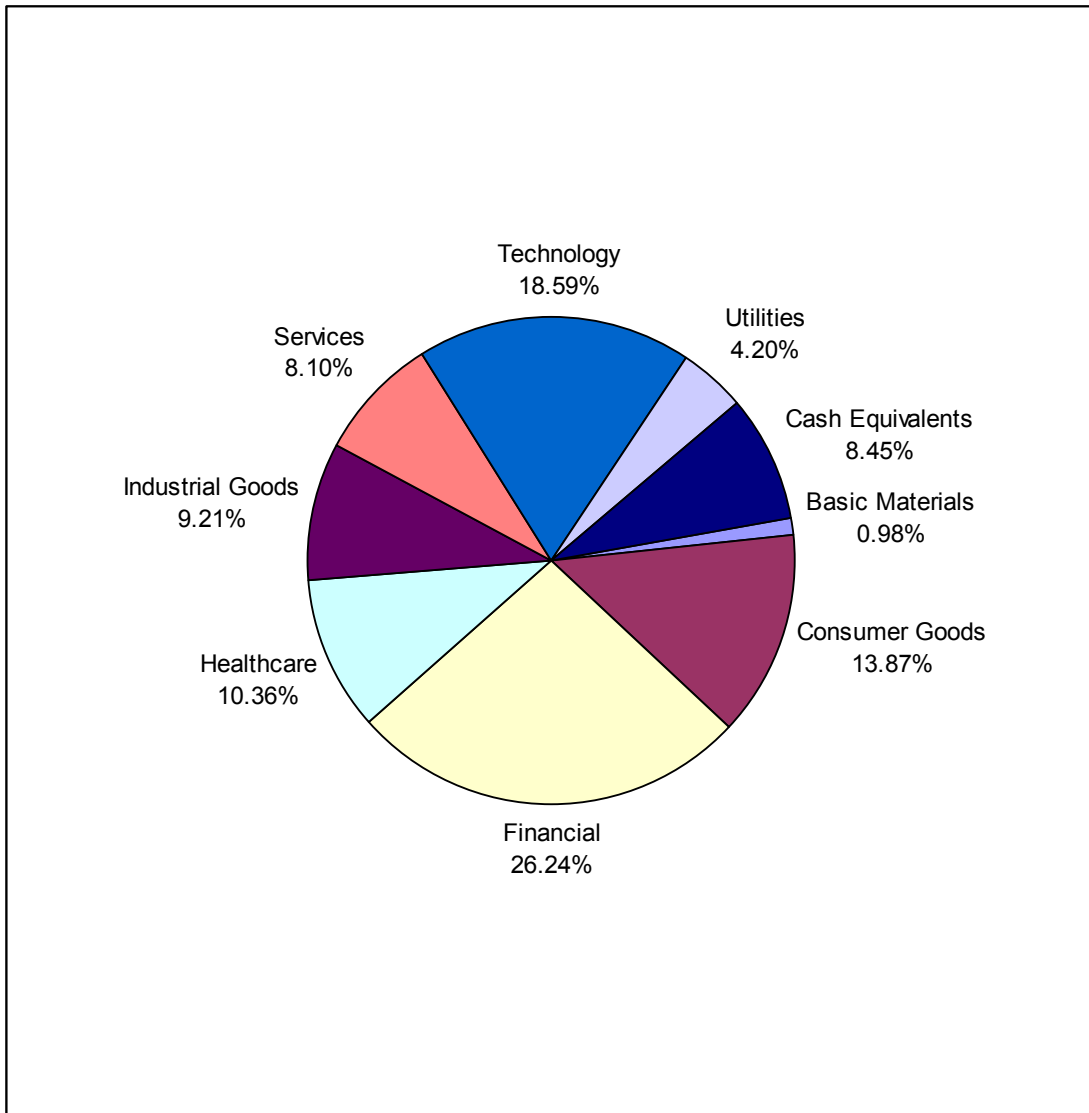
TOP TEN HOLDINGS, as a Percentage of the Fund's Net Assets
SEPTEMBER 30, 2011 (UNAUDITED)

1.	Knight Capital Group	2.98%
2.	Cal-Maine Foods, Inc.	2.33%
3.	Smart Balance, Inc.	2.22%
4.	Owens & Minor, Inc.	2.13%
5.	Tellabs, Inc.	2.12%
6.	Unisource Energy Corp.	2.09%
7.	Trinity Biotech Plc.	2.01%
8.	CTS Corp.	1.99%
9.	GFI Group, Inc.	1.99%
10.	Assured Guaranty Ltd.	1.98%

THE ADIRONDACK SMALL CAP FUND

GRAPHICAL ILLUSTRATION
SEPTEMBER 30, 2011 (UNAUDITED)

The following chart gives a visual breakdown of the Fund by the industry sectors the underlying securities represent as a percentage of net assets.



THE ADIRONDACK SMALL CAP FUND

SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2011 (UNAUDITED)

<u>Shares</u>		<u>Value</u>
COMMON STOCKS - 88.43%		
Accident & Health Insurance - 1.28%		
153,900	CNO Financial Group, Inc.*	\$ 832,599
Agriculture Production - Crops - 2.14%		
38,500	Dole Food Company, Inc.*	385,000
43,474	Fresh Del Monte Produce, Inc. (Cayman Islands)	<u>1,008,597</u>
		1,393,597
Agriculture Production - Livestock & Animal Specialties - 2.33%		
48,178	Cal-Maine Foods, Inc.	1,514,235
Ball & Roller Bearings - 1.03%		
133,264	NN, Inc.*	672,983
Biotechnology Research & Products - 2.01%		
142,529	Trinity Biotech Plc. (Ireland)	1,305,566
Bottled & Canned Soft Drinks Carbonated Waters - 1.78%		
20,859	Coca-Cola Bottling Co.	1,156,840
Business Services, NEC - 1.38%		
28,346	Keynote Systems, Inc.	598,951
95,442	Spark Network, Inc.*	<u>300,642</u>
		899,593
Calculating & Accounting Machines (No Electronic Computers) - 1.50%		
57,891	NCR Corp.*	977,779
Cogeneration Services & Small Power Producers - 0.99%		
42,500	Covanta Holding Corp.	645,575
Commercial Banks - 1.79%		
102,643	First Merit Corp.	1,166,024
Commercial Physical & Biological Research - 1.22%		
281,353	Albany Molecular Research, Inc.*	793,415

* Non-income producing securities during the period.

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

THE ADIRONDACK SMALL CAP FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2011 (UNAUDITED)

<u>Shares</u>	<u>Value</u>
Computer Communications Equipment - 0.99%	
240,000 Steel Excel, Inc.*	643,200
Computer Peripheral Equipment, NEC - 1.22%	
184,000 Brocade Communications Systems, Inc.*	794,880
Computer Processing & Data Preparation - 0.36%	
190,788 Ipass, Inc.*	234,669
Computer Programming, Data Processing, Etc. - 0.46%	
353,182 Autobyte, Inc.*	299,640
Computer Programming Services - 1.22%	
68,000 Compuware Corp.*	520,880
32,598 Realnetworks, Inc.	<u>274,801</u>
	795,681
Construction Special Trade Contractors - 0.85%	
65,200 Matrix Service Co.*	554,852
Container & Package-Metal & Glass - 0.50%	
10,601 Crown Holdings, Inc.*	324,497
Electric Services - 4.19%	
291,077 GenOn Energy, Inc.*	809,194
33,966 PNM Resources, Inc.	558,061
37,700 UniSource Energy Corp.	<u>1,360,593</u>
	2,727,848
Electric Lighting & Wiring Equipment - 1.89%	
196,768 LSI Industries, Inc.	1,225,865
Electronic Components & Accessories - 3.19%	
159,141 CTS Corp.	1,293,816
273,280 Pulse Electronics Corp.	<u>781,581</u>
	2,075,397
Fabricated Plate Work (Boiler Shops) - 0.77%	
21,389 Global Power Equipment Group, Inc.*	497,722

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THE ADIRONDACK SMALL CAP FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2011 (UNAUDITED)

<u>Shares</u>	<u>Value</u>
Financial Services - 1.55%	
49,900 Broadridge Financial Solutions, Inc.	1,004,986
Fire, Marine & Casualty Insurance - 4.32%	
34,560 Endurance Specialty Holdings Ltd. (Bermuda)	1,180,224
34,500 Montpelier Re Holdings Ltd. (Bermuda)	609,960
77,903 Selective Insurance Group, Inc.	<u>1,016,634</u>
	2,806,818
Food & Kindred Products - 3.42%	
47,500 Sara Lee Corp.	776,625
245,149 Smart Balance, Inc.*	<u>1,446,379</u>
	2,223,004
Gold And Silver Ores - 0.98%	
29,800 Coeur D'Alene Mines Corp.*	638,912
Home Health Care - 1.22%	
1,202,772 Hooper Holmes, Inc.*	793,830
Leisure Time - 1.57%	
197,212 Callaway Golf Corp.	1,019,586
Life Insurance - 4.43%	
209,200 Genworth Financial, Inc. Class A*	1,200,808
488,606 Phoenix Companies, Inc.	596,099
131,831 Presidential Life Corp.	<u>1,083,651</u>
	2,880,558
Medical & Dental Instruments & Supply - 4.87%	
171,902 Cryolife, Inc.*	771,840
48,751 Owens & Minor, Inc.	1,388,428
87,893 Vascular Solutions, Inc.*	<u>1,006,375</u>
	3,166,643
Miscellaneous Electrical Machinery, Equipment, & Supplies - 0.94%	
152,895 Exide Technologies*	611,580
Operative Builders - 0.41%	
15,900 MDC Holdings, Inc.	269,346

* Non-income producing securities during the period.

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THE ADIRONDACK SMALL CAP FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2011 (UNAUDITED)

<u>Shares</u>	<u>Value</u>
Paper Mills - 0.78%	
33,825 AbitibiBowater, Inc.*	507,375
Pharmaceutical Preparations - 1.82%	
20,500 Endo Pharmaceuticals Holdings, Inc.*	573,795
67,545 Prestige Brands Holdings, Inc.*	611,282
	1,185,077
Plastics Products, NEC - 1.34%	
85,908 Myers Industries, Inc.	871,966
Prepackaged Software - 0.77%	
86,476 Saba Software, Inc.*	498,102
Printed Circuit Boards - 2.87%	
40,710 Benchmark Electronics, Inc.*	529,637
128,977 DDI Corp.	933,794
60,700 Sanmina-Sci Corp.*	405,476
	1,868,907
Production Technology Equipment - 0.93%	
51,096 Electro Scientific Industries, Inc.*	607,531
Publishing-Newspapers - 1.67%	
366,007 Journal Communications, Inc. Class A*	1,087,041
Radio & TV Broadcasting & Communications Equipment - 0.67%	
56,807 Seachange International, Inc.*	437,414
Refuse Systems - 0.89%	
109,627 Casella Waste Systems, Inc. Class A*	576,638
Retail-Grocery Stores - 1.32%	
144,587 Winn Dixie Stores, Inc.*	855,955
Retail Stores, NEC - 1.91%	
78,333 Christopher & Banks Corp.	276,516
24,500 IAC/Interactive Corp.*	968,975
	1,245,491

* Non-income producing securities during the period.

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

THE ADIRONDACK SMALL CAP FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2011 (UNAUDITED)

<u>Shares</u>		<u>Value</u>
Savings Institution, Federally Chartered - 1.50%		
126,638	Brookline Bancorp, Inc.	976,379
Security Brokers, Dealers, & Flotation Companies - 6.37%		
337,030	Cowen Group, Inc. Class A*	913,351
321,503	GFI Group, Inc.	1,292,442
159,600	Knight Capital Group, Inc. Class A*	<u>1,940,736</u>
		4,146,529
Semiconductors & Related Devices - 0.71%		
91,670	AXT, Inc.*	461,100
Services-Misc Health & Allied Services - 0.81%		
29,600	Wright Medical Group, Inc.*	529,248
Services-Motion Picture & Video Tape Production - 0.34%		
66,011	Gaiam, Inc. Class A*	223,777
Services-Motion Picture Theaters - 0.17%		
9,499	Regal Entertainment Group Class A	111,518
Services-Personal Services - 0.07%		
7,705	CPI Corp.	47,771
Surety Insurance - 2.88%		
116,900	Assured Guaranty Ltd. (Bermuda)	1,284,731
66,066	Old Republic International, Corp.	<u>589,309</u>
		1,874,040
Telephone & Telegraph Apparatus - 2.12%		
321,245	Tellabs, Inc.	1,378,141
Title Insurance - 1.20%		
88,322	Stewart Information Services, Corp.*	780,767
Water, Sewer, Pipeline, & Power Line Construction - 0.49%		
18,145	MYR Group, Inc.*	<u>320,078</u>
TOTAL FOR COMMON STOCKS (Cost \$62,901,603) - 88.43%		<u><u>57,538,565</u></u>

* Non-income producing securities during the period.

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

THE ADIRONDACK SMALL CAP FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2011 (UNAUDITED)

<u>Shares</u>		<u>Value</u>
CORPORATE BONDS - 2.95%		
33,100	Delphi Financial Group 7.376% 05/01/2067	796,717
40,611	Phoenix Companies Quibs 7.45% 11/15/2032	775,670
16,358	Pulte Homes, Inc. 7.375% 06/01/2046	<u>344,990</u>
TOTAL FOR CORPORATE BONDS (Cost \$1,685,587) - 2.95%		<u>1,917,377</u>
SHORT-TERM INVESTMENTS - 8.44%		
5,489,551	Huntington U.S. Treasury Money Market IV 0.01% **	<u>5,489,551</u>
TOTAL SHORT-TERM INVESTMENTS (Cost \$5,489,551) - 8.44%		<u>5,489,551</u>
TOTAL INVESTMENTS (Cost \$70,076,741) - 99.82%		<u>64,945,493</u>
OTHER ASSETS IN EXCESS OF LIABILITIES - 0.18%		<u>118,306</u>
NET ASSETS - 100.00%		<u>\$65,063,799</u>

* Non-income producing securities during the period.

** Variable rate security; the money market rate shown represents the yield at September 30, 2011.

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

THE ADIRONDACK SMALL CAP FUND

STATEMENT OF ASSETS AND LIABILITIES SEPTEMBER 30, 2011 (UNAUDITED)

Assets:	
Investments in Securities, at Value (Cost \$70,076,741)	\$ 64,945,493
Cash	145,273
Receivables:	
Securities Sold	346,376
Dividends and Interest	56,588
Shareholder Subscriptions	90,526
Prepaid Expenses	<u>36,477</u>
Total Assets	<u>65,620,733</u>
Liabilities:	
Securities Purchased	403,079
Shareholder Redemptions	70,430
Due to Advisor	68,116
Accrued Expenses	<u>15,309</u>
Total Liabilities	<u>556,934</u>
Net Assets	<u>\$ 65,063,799</u>
Net Assets Consist of:	
Paid In Capital	\$ 68,909,593
Accumulated Undistributed Net Investment Income	110,739
Accumulated Undistributed Realized Gain on Investments	1,174,715
Unrealized Depreciation in Value of Investments	<u>(5,131,248)</u>
Net Assets, for 5,009,229 Shares Outstanding	<u>\$ 65,063,799</u>
Net Asset Value Per Share	<u>\$ 12.99</u>
Minimum Redemption Price Per Share (\$12.99 x 0.99) (Note 4) *	<u>\$ 12.86</u>

* The Fund will deduct a 1.00% redemption fee on shares purchased and redeemed within 30 days.
The accompanying notes are an integral part of these financial statements.

THE ADIRONDACK SMALL CAP FUND

STATEMENTS OF OPERATIONS

For the six months ending September 30, 2011 (UNAUDITED)

Investment Income:

Dividends	\$	541,454
Interest		<u>66,264</u>
Total Investment Income		<u>607,718</u>

Expenses:

Advisory Fees (Note 3)		417,880
Transfer Agent Fees		22,999
Legal Fees		4,057
Custodian Fees		9,527
Auditing Fees		10,530
Trustee Fees		3,049
Chief Compliance Officer Fees		3,049
Insurance Fees		3,469
Registration Fees		12,391
Printing & Mailing Fees		3,261
Miscellaneous Fees		<u>6,238</u>
Total Expenses		496,450

Net Investment Income 111,268

Realized and Unrealized Gain (Loss) on Investments:

Realized Loss on Investments		(397,724)
Net Change in Unrealized Depreciation on Investments		<u>(15,696,780)</u>
Realized and Unrealized Loss on Investments		<u>(16,094,504)</u>

Net Decrease in Net Assets Resulting from Operations \$ (15,983,236)

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

THE ADIRONDACK SMALL CAP FUND

STATEMENTS OF CHANGES IN NET ASSETS SEPTEMBER 30, 2011 (UNAUDITED)

	(Unaudited) Six Months Ended <u>9/30/2011</u>	Year Ended <u>3/31/2011</u>
Increase (Decrease) in Net Assets From Operations:		
Net Investment Income	\$ 111,268	\$(103,139)
Net Realized Loss on Investments	(397,724)	2,217,202
Unrealized Depreciation Investments	<u>(15,696,780)</u>	<u>7,635,872</u>
Net Decrease in Net Assets Resulting from Operations	<u>(15,983,236)</u>	<u>9,749,935</u>
Distributions to Shareholders: (Note 6)		
Net Investment Income	-	-
Realized Gains	<u>-</u>	<u>-</u>
Total Dividends and Distributions Paid to Shareholders	<u>-</u>	<u>-</u>
Capital Share Transactions (Note 4)	<u>22,657,922</u>	<u>30,388,914</u>
Total Increase in Net Assets	6,674,686	40,138,849
Net Assets:		
Beginning of Period	<u>58,389,113</u>	<u>18,250,264</u>
End of Period (Including Undistributed Net Investment Income of \$110,739 and \$0, respectively)	<u>\$65,063,799</u>	<u>\$58,389,113</u>

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

THE ADIRONDACK SMALL CAP FUND

FINANCIAL HIGHLIGHTS

Selected date for a share outstanding throughout the period:

	(Unaudited) Six Months		Years Ended			
	Ended		3/31/		3/31/	
	<u>9/30/ 2011</u>	<u>3/31/ 2011</u>	<u>3/31/ 2010</u>	<u>3/31/ 2009</u>	<u>3/31/ 2008</u>	<u>3/31/ 2007</u>
Net Asset Value, at Beginning of Year	\$ 16.38	\$ 12.77	\$ 6.33	\$ 11.01	\$ 13.75	\$ 12.35
Income From Investment Operations:						
Net Investment Income (Loss) *	0.03	(0.04)	(0.02)	0.02	(0.08)	(0.02)
Net Gain (Loss) on Securities (Realized and Unrealized)	<u>(3.42)</u>	<u>3.65</u>	<u>6.47</u>	<u>(4.50)</u>	<u>(1.65)</u>	<u>1.47</u>
Total from Investment Operations	<u>(3.39)</u>	<u>3.61</u>	<u>6.45</u>	<u>(4.48)</u>	<u>(1.73)</u>	<u>1.45</u>
Distributions:						
Net Investment Income	-	-	(0.01)	-	-	-
Realized Gains	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.20)</u>	<u>(1.01)</u>	<u>(0.05)</u>
Total from Distributions	<u>-</u>	<u>-</u>	<u>(0.01)</u>	<u>(0.20)</u>	<u>(1.01)</u>	<u>(0.05)</u>
Proceeds from Redemption Fees †	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Asset Value, at End of Year	<u>\$ 12.99</u>	<u>\$ 16.38</u>	<u>\$ 12.77</u>	<u>\$ 6.33</u>	<u>\$ 11.01</u>	<u>\$ 13.75</u>
Total Return **	(20.70)%	28.27%	101.91%	(40.86)%	(13.08)%	11.78%
Ratios/Supplemental Data:						
Net Assets at End of Year (Thousands)	\$ 65,064	\$58,389	\$ 18,250	\$ 5,773	\$ 8,798	\$ 9,706
Ratio of Expenses to Average Net Assets						
Before Waivers	1.49%***	1.64%	1.84%	2.17%	1.99%	2.04%
After Waivers	1.49%***	1.49%	1.54%	1.70%	1.70%	1.70%
Ratio of Net Investment Income (Loss) to Average Net Assets						
Before Waivers	0.33%***	(0.47)%	(0.49)%	(0.27)%	(0.90)%	(0.52)%
After Waivers	0.33%***	(0.31)%	(0.19)%	0.21%	(0.62)%	(0.18)%
Portfolio Turnover	18.63%	22.95%	61.01%	72.01%	87.74%	76.83%

* Per share net investment income (loss) has been determined on the basis of average shares outstanding during the period.

** Assumes reinvestment of dividends. Not annualized for periods of less than one year.

*** Annualized

† Amount less than \$0.005 per share.

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

THE ADIRONDACK SMALL CAP FUND

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011 (UNAUDITED)

Note 1. Organization

The Adirondack Small Cap Fund (the “Fund”), is a diversified series of Adirondack Funds (the “Trust”), an open-end investment company that was organized as an Ohio business trust on December 8, 2004. The Trust is permitted to issue an unlimited number of shares of beneficial interest of separate series. The Fund is the only series currently authorized by the Board of Trustees. The Fund commenced investment operations April 6, 2005. The Fund’s investment objective is long-term capital appreciation. The Fund’s principal investment strategy is to invest in a diversified portfolio of equity securities of small capitalization companies that the Fund’s investment adviser, Adirondack Research & Management, Inc. (the “Advisor”), believes are undervalued.

Note 2. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies followed by the Fund in the preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America.

Security Valuations: Equity securities generally are valued on the basis of prices furnished by a pricing service when the Advisor believes such prices accurately reflect the fair market value of such securities. Securities that are traded on any stock exchange or on the NASDAQ over-the-counter market are generally valued by a pricing service at the last quoted sale price. Lacking a last sale price, an equity security is generally valued by a pricing service at its last bid price. When market quotations are not readily available from a pricing service, when the Advisor determines that the market quotation or the price provided by the pricing service does not accurately reflect the current market value, when restricted or illiquid securities are being valued, or when an event occurs after the close of trading (but prior to the time the NAV is calculated) that materially affects fair value, such securities are fair valued as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Board of Trustees of the Trust.

Fixed income securities generally are valued on the basis of prices furnished by a pricing service when the Advisor believes such prices accurately reflect the fair market value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. Short term investments in

THE ADIRONDACK SMALL CAP FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2011 (UNAUDITED)

fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation, which the Board has determined will represent fair value.

In accordance with the Trust's good faith pricing guidelines, the Advisor is required to consider all appropriate factors relevant to the value of securities for which it has determined other pricing sources are not available or reliable as described above. No single standard exists for determining fair value controls, since fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of an issue of securities being valued by the Advisor would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. Methods which are in accord with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods.

The Board of Trustees annually reviews and approves the use of the pricing services. The Board will initially approve and annually reapprove use of a pricing service if it is satisfied that use of the pricing service will result in the accurate valuation of Fund securities.

Foreign currency: Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

THE ADIRONDACK SMALL CAP FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2011 (UNAUDITED)

Financial futures contracts: The Fund may invest in financial futures contracts solely for the purpose of hedging its existing portfolio securities, or securities that the Fund intends to purchase, against fluctuations in fair value caused by changes in prevailing securities markets or interest rates. Upon entering into a financial futures contract, the Fund is required to pledge to the broker an amount of cash, U.S. government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Subsequent payments, known as “variation margin,” are made or received by the Fund each day, depending on the daily fluctuations in the fair value of the underlying security. The Fund recognizes a gain or loss equal to the change in daily variation margin. Should market conditions move unexpectedly, the Fund may not achieve the anticipated benefits of the financial futures contracts and may realize a loss. The use of futures transactions involves the risk of imperfect correlation in movements in the price of futures contracts, interest rates, and the underlying hedged assets. The Fund did not invest in any financial futures contracts during the six months ended September 30, 2011.

Federal Income Taxes: The Fund’s policy is to continue to comply with the requirements of the Internal Revenue Code that are applicable to regulated investment companies and to distribute all its taxable income to its shareholders. Therefore, no federal income tax provision is required.

In addition, Generally Accepted Accounting Principles (“GAAP”) requires management of the Fund to analyze all open tax years, fiscal years 2008-2011, as defined by IRS statute of limitations for all major industries, including federal tax authorities and certain state tax authorities. As of and during the period ended March 31, 2011, the Fund did not have a liability for any unrecognized tax benefits. The Fund has no examination in progress and is not aware of any tax positions for which it is reasonably possible that the total tax amounts of unrecognized tax benefits will significantly change in the next twelve months.

Distributions to Shareholders: The Fund intends to distribute to its shareholders substantially all of its net realized capital gains and net investment income, if any, at year-end. Distributions will be recorded on ex-dividend date.

Other: The Fund follows industry practice and records security transactions on the trade date. The specific identification method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Discounts and premiums are amortized over the useful lives of the

THE ADIRONDACK SMALL CAP FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2011 (UNAUDITED)

respective securities. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from these estimates.

Subsequent Events: Management has evaluated the impact of all subsequent events on the Fund through the issuance of these financial statements and has noted no such events requiring disclosure.

Note 3. Investment Management Agreement

The Fund has a management agreement (the "Agreement") with the Advisor to furnish investment advisory and management services to the Fund. Gregory A. Roeder, Louis Morizio and Matthew Reiner, each a Trustee and/or an officer of the Fund, are the shareholders of the Advisor. Stephen Gonick is also a shareholder of the Advisor. Under the Agreement, the Advisor earns a monthly fee from the Fund at the annual rate of 1.25% of the Fund's average daily net assets. Effective August 1, 2009, the Advisor agreed to waive fees or reimburse the Fund should the total operating expenses of the Fund exceed 1.49% until July 31, 2011. Effective August 1, 2011 the Advisor contractually agreed to waive fees or reimburse the Fund should the total operating expenses of the Fund exceed 1.48% until July 31, 2012. The Advisor's obligation to waive fees or reimburse expenses excludes brokerage fees and commissions, borrowing costs (such as (a) interest and (b) dividend expenses on securities sold short), taxes, extraordinary expenses, and costs of acquired funds. Any waiver or reimbursement by the Advisor is subject to repayment by the Fund within three fiscal years following the fiscal year in which the waived and/or reimbursed expenses occurred, if the Fund is able to make repayment without exceeding its current expense limitations and the repayment is approved by the Board of Trustees. For the six months ended September 30, 2011, the Advisor earned advisory fees of \$417,880. The Fund owed the Advisor \$68,116 as of September 30, 2011.

THE ADIRONDACK SMALL CAP FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2011 (UNAUDITED)

As of March 31, 2011, the following is subject to repayment by the Fund to the Advisor:

<u>Fiscal Year Ended</u>	<u>Recoverable Through</u>	<u>Fund</u>
March 31, 2009	March 31, 2012	\$36,059
March 31, 2010	March 31, 2013	\$33,033
March 31, 2011	March 31, 2014	\$52,056

Note 4. Capital Share Transactions

The Fund is authorized to issue an unlimited number of shares of separate series. The total paid-in capital was \$68,909,593 as of September 30, 2011. Transactions in capital for the six months ended September 30, 2011 and year ended March 31, 2011, were as follows:

	<u>September 30, 2011</u>		<u>March 31, 2011</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares sold	2,263,885	\$34,999,110	2,728,692	\$38,736,233
Shares reinvested	-	-	-	-
Shares redeemed	<u>(818,351)</u>	<u>(12,341,188)</u>	<u>(593,762)</u>	<u>(8,347,319)</u>
Net increase	<u>1,445,534</u>	<u>\$22,657,922</u>	<u>2,134,930</u>	<u>\$30,388,914</u>

Shareholders will be subject to a Redemption Fee on redemptions and exchanges equal to 1.00% of the net asset value of the Fund shares redeemed within 30 days after their purchase. For the six months ended September 30, 2011, \$529 redemption fees were collected by the Fund from shareholder transactions and included in paid-in-capital. Proceeds from redemption fees were less than \$0.005 per share.

Note 5. Investment Transactions

For the six months ended September 30, 2011, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$34,342,853 and \$11,292,842, respectively.

THE ADIRONDACK SMALL CAP FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2011 (UNAUDITED)

Note 6. Tax Matters

As of September 30, 2011, the tax basis components of unrealized appreciation (depreciation) and cost of investment securities were as follows:

Federal tax cost of investments, including short-term investments *	<u>\$70,189,161</u>
Gross tax appreciation of investments	\$ 4,746,160
Gross tax depreciation of investments	<u>\$(9,989,827)</u>
Net tax depreciation of investments	<u>\$(5,243,667)</u>

The Fund's tax basis capital gains and losses and undistributed ordinary income are determined only at the end of each fiscal year. For tax purposes, at March 31, 2011, the following represents the tax basis capital gains and losses and undistributed ordinary income:

Undistributed ordinary income	\$ 0
Capital loss carry-forward +	\$ 0
Accumulated realized gains	<u>\$1,691,985</u>

* The difference between the book cost and tax cost of investments represents disallowed wash sales for tax purposes.

+ The capital loss carry-forwards will be used to offset any capital gains realized by the Fund in future years through the expiration dates. The Fund will not make distributions from capital gains while a capital loss carry-forward remains.

The Regulated Investment Company Modernization Act of 2010 generally allows capital losses incurred in a taxable year beginning after December 22, 2010 (post-enactment year) to be carried forward for an unlimited period to the extent not utilized. However, any capital loss carry-forward generated in a post-enactment year must be carried forward to offset subsequent year net capital gains before any capital loss carry-forward from a pre-enactment year can be used. This may increase the risk that a capital loss generated in a pre-enactment year will expire unutilized.

Income and long-term capital gain distributions are determined in accordance with Federal income tax regulations, which may differ from accounting principles generally accepted in the United States.

THE ADIRONDACK SMALL CAP FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2011 (UNAUDITED)

For the six months ended September 30, 2011, there were no distributions paid by the Fund.

The tax character of distributions paid during the years ended March 31, 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Ordinary Income	\$ --	\$15,882
Long-term Gain	\$ --	\$ --

Permanent book and tax differences relating to shareholder distributions may result in reclassifications to paid in capital and may affect the per-share allocation between net investment income and realized and unrealized gain/loss. Undistributed net investment income and accumulated undistributed net realized gain/loss on investment transactions may include temporary book and tax differences which reverse in subsequent periods. Any taxable income or gain remaining at fiscal year-end is distributed in the following year.

Note 7. Control and Ownership

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the Fund, under section 2 (a) (9) of the Investment Company Act of 1940, as amended. As of September 30, 2011, Charles Schwab & Co. for the benefit of its customers owned over 45.37% of the Fund. The Schwab account is an omnibus account for the benefit of individual investors. As of September 30, 2011, National Financial Service Corp., for the benefit of its customers, owned 33.86% of the Fund.

Note 8. New Accounting Pronouncement

In May 2011 the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2011-04 “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. Generally Accepted Accounting Principles (“GAAP”) and International Financial Reporting Standards (“IFRS”). ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 will require reporting entities to disclose additional information for fair value measurements categorized within Level 3 of the fair value hierarchy. In addition, ASU 2011-04 will require reporting entities to make disclosures about amounts and reasons for all transfers in and out of Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2011. Management is currently evaluating the implications of ASU No. 2011-04 and its impact on the financial statements.

THE ADIRONDACK SMALL CAP FUND

EXPENSE ILLUSTRATION

SEPTEMBER 30, 2011 (UNAUDITED)

Expense Example

As a shareholder of The Adirondack Small Cap Fund, you incur ongoing costs which typically consist of: (1) management fees, custody fees, transfer agent fees, and other Fund expenses and (2) potential redemption fees for redemption of shares within 30 days of purchase. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period, April 1, 2011 through September 30, 2011.

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in this Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect the 1.00% redemption fee imposed on redemptions within 30 days of purchase. Therefore, the second line of the table is useful in comparing your ongoing costs only, and will not help you determine the relative total costs of owning different funds. If the transactional costs were included where applicable, your costs may be higher.

THE ADIRONDACK SMALL CAP FUND

EXPENSE ILLUSTRATION (CONTINUED)
SEPTEMBER 30, 2011 (UNAUDITED)

	Beginning Account Value	Ending Account Value	Expenses Paid During the Period *
	<u>April 1, 2011</u>	<u>September 30, 2011</u>	<u>April 1, 2011 to September 30, 2011</u>
Actual	\$1,000.00	\$793.04	\$6.70
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,017.60	\$7.54

* Expenses are equal to the Fund's annualized expense ratio of 1.48%, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half year period).

THE ADIRONDACK SMALL CAP FUND

TRUSTEES AND OFFICERS
SEPTEMBER 30, 2011 (UNAUDITED)

The following table provides information regarding each Trustee who is not an “interested person” of the Trust, as defined in the 1940 Act.

Name, Address and Year of Birth	Position & Length of Time Served with the Trust	<u>Number of Portfolios Overseen</u>	Principal Occupations and Directorships During Past 5 Years
Kevin Gallagher 2390 Western Avenue, Guilderland, NY 12084 Year of Birth: 1964	Trustee since March 2005	1	Owner and Managing Partner of Panurgy NY Metro, LLC (information technology services firm) since 2004.
Wade Coton 2390 Western Avenue, Guilderland, NY 12084 Year of Birth: 1968	Trustee since March 2005	1	Home Builder and Developer, Richard H. List, Inc. from 1995 to 2007; Home Builder and Developer, LDM Management Group Inc. since January 2007.
Norman Joseph Plourde 2390 Western Avenue, Guilderland, NY 12084 Year of Birth: 1963	Trustee since March 2005	1	Principal and General Manager of Operations, Ideal Wood Products since 2006.

THE ADIRONDACK SMALL CAP FUND

TRUSTEES AND OFFICERS (CONTINUED)
 SEPTEMBER 30, 2011 (UNAUDITED)

The following table provides information regarding each Trustee who is an “interested person” of the Trust, as defined in the 1940 Act, and each officer of the Trust.

Each Trustee serves as a trustee until the termination of the Trust unless the Trustee dies, resigns, retires or is removed.

Name, Address and Year of Birth	Position & Length of Time Served with the Trust	<u>Number of Portfolios Overseen</u>	Principal Occupations and Directorships During Past 5 Years
Gregory A. Roeder 2390 Western Avenue, Guilderland, NY 12084 Year of Birth: 1963	President since March 2005	N/A	President and Portfolio Manager, Adirondack Research & Management, Inc. from 2004 to present.
Jarrold H. Becker 617 Comstock Rd., Suite 2 Berlin, VT 05602 Year of Birth: 1977	Secretary since 2011; Chief Compliance Officer since 2010	1	Business Manager, Northern Vermont Resource Conservation and Development Council, Inc. (non-profit) since April 2005
Louis Morizio 2390 Western Avenue, Guilderland, NY 12084 Year of Birth: 1959	Trustee since March 2005	1	President, National Fiduciary Partners, LLC (investment advisory firm) from June 2011 to current; Vice President, 1st Albany Mortgage, from April 2010 to present; Vice President, Berkshire Bank, from January 2008 to December 2009; President, Center for Financial Planning (investment advisory firm) from December 1994 to January 2008.
Matthew P. Reiner 2390 Western Avenue, Guilderland, NY 12084 Year of Birth: 1965	Treasurer and Principal Financial Officer since March 2005	N/A	Portfolio Manager & CFO, Adirondack Research & Management, Inc. from February 2005 to present.

The Fund’s Statement of Additional Information contains additional information about the Trustees and Officers and is available, without charge by calling (888) 686-2729.

THE ADIRONDACK SMALL CAP FUND

ADDITIONAL INFORMATION SEPTEMBER 30, 2011 (UNAUDITED)

Portfolio Holdings – The Fund files a complete schedule of investments with the SEC for the first and third quarter of each fiscal year on Form N-Q. The Fund's first and third fiscal quarters end on June 30 and December 31. The Form N-Q filing must be made within 60 days of the end of the quarter. The Fund's Forms N-Q are available on the SEC's website at www.sec.gov, or they may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (call 1-800-732-0330 for information on the operation of the Public Reference Room). You may also obtain copies by calling the Fund at 1-888-686-2729, free of charge.

Proxy Voting - A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted proxies during the most recent 12-month period ended June 30, are available without charge upon request by (1) calling the Fund at (888) 686-2729 and (2) from Fund documents filed with the Securities and Exchange Commission ("SEC") on the SEC's website at www.sec.gov. A review of how the Fund voted on company proxies can be obtained at our transfer agent's website, www.mutualss.com.

Additional Information - The Fund's Statement of Additional Information ("SAI") includes additional information about the trustees and is available, without charge, upon request. You may call toll-free (888) 686-2729 to request a copy of the SAI or to make shareholder inquiries.

Renewal of Management Agreement

On May 27, 2010, a Board meeting was held by the Board of Directors. During that meeting the Advisory Renewal Agreement was renewed for another year. Below is the basis in which the Advisory Renewal Agreement was renewed:

As to the nature, extent and quality of the services provided by the Advisor to the Fund, the Trustees considered that, under the terms of the Management Agreement, the Advisor would, subject to the supervision of the Board of Trustees of the Trust, provide or arrange to be provided to the Fund such investment advice as the Advisor in its discretion deems advisable and will furnish or arrange to be furnished a continuous investment program for the Fund consistent with the Fund's investment objective and policies. Mr. Reiner indicated that there were no material changes to the operations of the Advisor or in the Advisor's corporate structure; Steve Gonick was hired as Chief Marketing Director to help market the Fund and became a 5.00% owner of the Adviser in July 2009.

THE ADIRONDACK SMALL CAP FUND

ADDITIONAL INFORMATION (CONTINUED) SEPTEMBER 30, 2011 (UNAUDITED)

The Trustees also considered that Mr. Reiner will continue to serve as Chief Investment Officer for the Advisor and he and Mr. Roeder will be the individuals primarily responsible for day-to-day management of the Fund. The Trustees discussed the investment experience of Mr. Reiner and Mr. Roeder, as well as the quality of the investment and administrative services that the Fund has received from the Advisor. The Trustees also considered the financial capacity of the Advisor. The Trustees concluded that they were satisfied with the nature, extent and quality of the services provided to the Fund by the Advisor. Lou Morizio thought it should be mentioned that he has been in discussions with the other owners of Adirondack Research and Management, Inc. (ARMI) to possibly buy-out his ownership interest in ARMI. Mr. Reiner said that ARMI is looking to possibly do a capital raise effort and/or a buy-out. Lynee Hicks reminded the Trust that if there is a significant change in control of ARMI (an owner with over 25% of the company drops below 25% ownership of the company), the Management Agreement with ARMI would terminate and a proxy vote would have to be held for the Trust to rehire ARMI. The Trustees concluded that the Advisor had provided quality services to the Fund.

The Board reviewed the performance of the Fund during the period from April 6, 2005 (the inception date of the Fund) through the close of the Trust's fifth fiscal year on March 31, 2010. The Trustees reviewed the appropriateness of the peer groups and indexes. They concluded that a return of 101.9% for the 2009 fiscal year compared more favorably to Peer Group averages and to the returns of the relevant benchmark indices. The Trustees also noted that the 3 year and since inception performance compared favorably to both the peer group as well as the relevant indices. It was the consensus of the Board that they were pleased with the Fund's performance, particularly in light of the Fund's stated strategy. It was the consensus of the Board that the Advisor continues to add value.

The Adirondack Small Cap Fund's expense ratio remains capped at 1.49%. Without the expense cap the Fund's expense ratio would have been 1.84% during the period April 1, 2009 through March 31, 2010. The trustees agree that this expense ratio allows the fund to be competitive with other offerings in the marketplace.

Given that the advisor currently waives a portion of its fee under a fee cap arrangement, the Trustees focused on the funds capped expense ratio versus the expense ratio of its peer group. The funds in the Peer Group consisted of actively managed no-load small cap funds. According to the Morningstar database, the average expense ratio of open-end, actively managed, small-cap value funds with

THE ADIRONDACK SMALL CAP FUND

ADDITIONAL INFORMATION (CONTINUED) SEPTEMBER 30, 2011 (UNAUDITED)

less than \$75 million in assets is currently 1.48%. The average expense ratio for Funds with less than \$50 million in net assets is currently 1.77%. Based on this data, it was the consensus of the Trustees that the capped expense ratio of 1.49% was reasonable.

As to the costs of the services to be provided, economies of scale, future growth and the profits to be realized by the Advisor; the Trustees reviewed the Advisor's estimates of its profitability and its financial condition. The Adviser is currently subsidizing the current contract with the Fund due to the fact that Fund assets are not currently sufficient to cover the estimated costs. The minimum annual costs (before distribution costs) to run a fund similar to ADKSX would be north of \$500,000 which includes salaries and benefits for 3-5 employees, rent, telecommunications and computer equipment. Before distribution expenses, ARMI earned \$133,397 from this contract during FY 2010. The marketing plan continues to include an emphasis on marketing to fee-based financial planners to grow assets. Mr. Reiner indicated that the management team and Chief Marketing Director Steve Gonick are committed to raising more assets during the 2011 fiscal year and has been exploring a number of avenues to accomplish that goal. Mr. Reiner believes that the fund is likely to be upgraded to five stars by Morningstar in June which should help generate more interest from advisors and retail investors; the fund is currently in the top 10 percentile for the 1, 3 and 5 year periods ending in April 2010 amongst its small cap peer group according to Morningstar. Mr. Reiner indicated that solid performance, a five year track record and an expense ratio under 1.50% should help position the Fund for future growth. The Trustees considered that the assets of the fund had more than doubled since last July. The Trustees concurred that the Advisors asset raising plans were prudent. The Trustees noted that the Adviser has no affiliations with the Fund's transfer agent, fund accountant, custodian, distributor or any broker-dealers and therefore does not derive any benefits from the relationships these parties have with the Trust.

Upon motion duly made and seconded, the renewal of the Management Agreement with Adirondack Research and Management, Inc. was approved for one year by the unanimous vote of the Trustees, including the disinterested Trustees.

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Board of Trustees

Wade Coton
Kevin Gallagher
Louis Morizio
Norman Joseph Plourde

Investment Adviser

Adirondack Research and Management, Inc.
2390 Western Avenue
Guilderland, NY 12084

**Dividend Paying Agent,
Shareholders' Servicing Agent,
Transfer Agent**

Mutual Shareholder Services, LLC
8000 Town Centre Drive, Suite 400
Broadview Heights, OH 44147

Custodian

The Huntington National Bank, NA
41 South High Street
Columbus, OH 43216

Independent Registered Public Accounting Firm

Sanville & Company
1514 Old York Road
Abington, PA 19001

Legal Counsel

Thompson Hine LLP
312 Walnut Street, 14th Floor
Cincinnati, OH 45202

This report is provided for the general information of the shareholders of the Adirondack Small Cap Fund. This report is not intended for distribution to prospective investors in the Fund, unless preceded or accompanied by an effective prospectus.