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Form **990-EZ**  
 Department of the Treasury  
 Internal Revenue Service

**Short Form**  
**Return of Organization Exempt From Income Tax**  
 Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code  
 (except black lung benefit trust or private foundation)  
 Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$500,000 and total assets less than \$1,250,000 at the end of the year may use this form.  
 The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No 1545-1150  
**2009**  
**Open to Public Inspection**

**A For the 2009 calendar year, or tax year beginning 01-01-2009, and ending 12-31-2009**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	<b>C</b> Name of organization PACB FOUNDATION <hr/> Number and street (or P O box, if mail is not delivered to street address) Room/suite 2405 N FRONT ST <hr/> City or town, state or country, and ZIP + 4 HARRISBURG, PA 17110	<b>D</b> Employer identification number 25-1728621 <hr/> <b>E</b> Telephone number (717) 231-7447 <hr/> <b>F</b> Group Exemption Number
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**Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).** Accounting method:  Cash  Accrual Other (specify) \_\_\_\_\_

**I Website:** www.pacb.org/foundation  
**H** Check  if the organization is **not** required to attach Schedule B (Form 990, 990-EZ, or 990-PF)

**J Tax-Exempt status** (check only one)  501(c)(3) (insert no)  4947(a)(1) or  527  
**K** Check  if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally **not** more than \$25,000. A Form 990-EZ or Form 990 return is not required, but if the organization chooses to file a return, be sure to file a complete return.  
**L** Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts, if \$500,000 or more, file Form 990 instead of Form 990-EZ **\$** 31,157

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See the instructions for Part I)

	Description		Amount
Revenue	<b>1</b> Contributions, gifts, grants, and similar amounts received	<b>1</b>	1,500
	<b>2</b> Program service revenue including government fees and contracts	<b>2</b>	
	<b>3</b> Membership dues and assessments	<b>3</b>	
	<b>4</b> Investment income	<b>4</b>	
	<b>5a</b> Gross amount from sale of assets other than inventory	<b>5a</b>	
	<b>b</b> Less cost or other basis and sales expenses	<b>5b</b>	
	<b>c</b> Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	<b>5c</b>	
	<b>6</b> Special events and activities (complete applicable parts of Schedule G) If any amount is from gaming, check here <input type="checkbox"/>		
	<b>a</b> Gross revenue (not including \$ of contributions reported on line 1)	<b>6a</b>	1,660
	<b>b</b> Less direct expenses other than fundraising expenses	<b>6b</b>	580
<b>c</b> Net income or (loss) from special events and activities (Subtract line 6b from line 6a)	<b>6c</b>	1,080	
7a	Gross sales of inventory, less returns and allowances	<b>7a</b>	
	<b>b</b> Less cost of goods sold	<b>7b</b>	
	<b>c</b> Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	<b>7c</b>	
<b>8</b> Other revenue (describe _____)	<b>8</b>	27,997	
<b>9 Total revenue.</b> Add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8	<b>9</b>	30,577	
Expenses	<b>10</b> Grants and similar amounts paid (attach schedule)	<b>10</b>	15,500
	<b>11</b> Benefits paid to or for members	<b>11</b>	
	<b>12</b> Salaries, other compensation, and employee benefits	<b>12</b>	
	<b>13</b> Professional fees and other payments to independent contractors	<b>13</b>	
	<b>14</b> Occupancy, rent, utilities, and maintenance	<b>14</b>	
	<b>15</b> Printing, publications, postage, and shipping	<b>15</b>	
	<b>16</b> Other expenses (describe _____)	<b>16</b>	168
<b>17 Total expenses.</b> Add lines 10 through 16	<b>17</b>	15,668	
Net Assets	<b>18</b> Excess or (deficit) for the year (Subtract line 17 from line 9)	<b>18</b>	14,909
	<b>19</b> Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	<b>19</b>	593,505
	<b>20</b> Other changes in net assets or fund balances (attach explanation)	<b>20</b>	
	<b>21</b> Net assets or fund balances at end of year Combine lines 18 through 20	<b>21</b>	608,414

**Part II Balance Sheets**—If total assets on line 25, column (B) are \$1,250,000 or more, file Form 990 instead of Form 990-EZ

















(See the instructions for Part II)

		(A) Beginning of year		(B) End of year
<b>22</b> Cash, savings, and investments		593,505	<b>22</b>	608,414
<b>23</b> Land and buildings			<b>23</b>	
<b>24</b> Other assets (describe _____)			<b>24</b>	
<b>25 Total assets</b>		593,505	<b>25</b>	608,414
<b>26 Total liabilities</b> (describe _____)		0	<b>26</b>	0
<b>27 Net assets or fund balances</b> (line 27 of column (B) must agree with line 21)		593,505	<b>27</b>	608,414



**Part V Other Information** (Note the statement requirements in the instructions for Part V.)

**Yes No**

<p><b>33</b> Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity . . . . .</p>	<p><b>33</b></p>		<p>No</p>
<p><b>34</b> Were any changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the changes  . . . . .</p>	<p><b>34</b></p>	<p>Yes</p>	
<p><b>35</b> If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but <b>not</b> reported on Form 990-T, attach a statement explaining why the organization did not report the income on Form 990-T . . . . .</p>			
<p><b>a</b> Did the organization have unrelated business gross income of \$1,000 or more or was it subject to section 6033 (e) notice, reporting, and proxy tax requirements? . . . . .</p>	<p><b>35a</b></p>		<p>No</p>
<p><b>b</b> If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year? . . . . .</p>	<p><b>35b</b></p>		
<p><b>36</b> Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N . . . . .</p>	<p><b>36</b></p>		<p>No</p>
<p><b>37a</b> Enter amount of political expenditures, direct or indirect, as described in the instructions  <b>37a</b> <u>0</u></p>			
<p><b>b</b> Did the organization file <b>Form 1120-POL</b> for this year? . . . . .</p>	<p><b>37b</b></p>		
<p><b>38a</b> Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee <b>or</b> were any such loans made in a prior year and still outstanding at the end of the period covered by this return? . . . . .</p>	<p><b>38a</b></p>		<p>No</p>
<p><b>b</b> If "Yes," complete Schedule L, Part II and enter the total amount involved . . . . .</p>	<p><b>38b</b></p>		
<p><b>39</b> <i>Section 501(c)(7) organizations.</i> Enter</p>			
<p><b>a</b> Initiation fees and capital contributions included on line 9 . . . . .</p>	<p><b>39a</b></p>		
<p><b>b</b> Gross receipts, included on line 9, for public use of club facilities . . . . .</p>	<p><b>39b</b></p>		
<p><b>40a</b> <i>Section 501(c)(3) organizations.</i> Enter amount of tax imposed on the organization during the year under section 4911  <u>0</u>, section 4912  <u>0</u>, section 4955  <u>0</u></p>			
<p><b>b</b> <i>Section 501(c)(3) and 501(c)(4) organizations.</i> Did the organization engage in any section 4958 excess benefit transaction during the year or is it aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I . . . . .</p>	<p><b>40b</b></p>		<p>No</p>
<p><b>c</b> <i>Section 501(c)(3) and 501(c)(4) organizations</i> Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 . . . . .  <u>0</u></p>			
<p><b>d</b> <i>Section 501(c)(3) and 501(c)(4) organizations</i> Enter amount of tax on line 40c reimbursed by the organization . . . . .  <u>0</u></p>			
<p><b>e</b> <i>All organizations.</i> At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T . . . . .</p>	<p><b>40e</b></p>		<p>No</p>
<p><b>41</b> List the states with which a copy of this return is filed  _____</p>			
<p><b>42a</b> The organization's books are in care of  <u>Shirley Regan</u> Telephone no  <u>(717) 231-7447</u>                  2405 N FRONT ST                  Located at  <u>harrisburg, PA</u> ZIP + 4  <u>17110</u></p>			
<p><b>b</b> At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?</p>	<p><b>42b</b></p>	<p><b>Yes No</b></p>	<p>No</p>
<p>If "Yes," enter the name of the foreign country  _____                  See the instructions for exceptions and filing requirements for <b>Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.</b></p>			
<p><b>c</b> At any time during the calendar year, did the organization maintain an office outside of the U S ?</p>	<p><b>42c</b></p>		<p>No</p>
<p>If "Yes," enter the name of the foreign country  _____</p>			
<p><b>43</b> Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of <b>Form 1041</b>—Check here  <input checked="" type="checkbox"/>                  and enter the amount of tax-exempt interest received or accrued during the tax year . . . . .  <b>43</b> <u>        </u></p>	<p><b>43</b></p>		
<p><b>44</b> Did the organization maintain any donor advised funds? If "Yes", Form 990 must be completed instead of Form 990-EZ.</p>	<p><b>44</b></p>	<p><b>Yes No</b></p>	<p>No</p>
<p><b>45</b> Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)? If "Yes", Form 990 must be completed instead of Form 990-EZ.</p>	<p><b>45</b></p>		<p>No</p>

**Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only.**

All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 46-49b and complete the tables for lines 50 and 51.

	Yes	No
<b>46</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		No
<b>47</b> Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II		No
<b>48</b> Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		No
<b>49a</b> Did the organization make any transfers to an exempt non-charitable related organization?		No
<b>49b</b> If "Yes," was the related organization a section 527 organization?		

**50** Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				

**50(f)** Total number of other employees paid over \$100,000 . . . . .

**51** Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
NONE		

**51(d)** Total number of other independent contractors each receiving over \$100,000 . . . . .

**Please Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of officer: \*\*\*\*\* Date: 2010-07-30

Type or print name and title: frank a pinto president/ceo

**Paid Preparer's Use Only**

Preparer's signature: Jane L McCurdy Date: \_\_\_\_\_ Check if self-employed:

Firm's name (or yours if self-employed), address, and ZIP + 4: MCKONLY & ASBURY LLP  
415 FALLOWFIELD ROAD  
CAMP HILL, PA 17011

Preparer's identifying number (See instructions): \_\_\_\_\_  
EIN: \_\_\_\_\_  
Phone no: (717) 761-7910

May the IRS discuss this return with the preparer shown above? See instructions  Yes  No

**SCHEDULE A**  
(Form 990 or 990EZ)

**Public Charity Status and Public Support**

OMB No 1545-0047

**2009**

**Open to Public Inspection**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Department of the Treasury  
Internal Revenue Service

Name of the organization  
PACB FOUNDATION

Employer identification number

25-1728621

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box )

- 1  A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2  A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E )
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
  
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II )
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 8  A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 9  An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10  An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h  
 a  Type I      b  Type II      c  Type III - Functionally integrated      d  Type III - Other
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f  If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?  
 (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?  
 (ii) a family member of a person described in (i) above?  
 (iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
<b>Total</b>									

**Part II Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**  
 (Complete only if you checked the box on line 5, 7, or 8 of Part I.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	5,000	6,726	6,351	7,401	1,500	26,978
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add lines 1 through 3	5,000	6,726	6,351	7,401	1,500	26,978
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
<b>6 Public Support.</b> Subtract line 5 from line 4						26,978

**Section B. Total Support**

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
<b>7</b> Amounts from line 4	5,000	11,720	6,351	7,401	1,500	26,978
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	13,125	11,720	21,752	18,451	27,919	92,967
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on	16,832	29,925	18,990	6,983	1,080	73,810
<b>10</b> Other income (Explain in Part IV ) Do not include gain or loss from the sale of capital assets	145	168	13	186	78	590
<b>11 Total support</b> (Add lines 7 through 10)						194,345

**12** Gross receipts from related activities, etc (See instructions )

<b>12</b>	
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**13 First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**
**Section C. Computation of Public Support Percentage**

<b>14</b> Public Support Percentage for 2009 (line 6 column (f) divided by line 11 column (f))	<b>14</b>	13 880 %
<b>15</b> Public Support Percentage for 2008 Schedule A, Part II, line 14	<b>15</b>	21 810 %

**16a 33 1/3% support test—2009.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

**b 33 1/3% support test—2008.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

**17a 10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

**b 10%-facts-and-circumstances test—2008.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

**18 Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

**Part III Support Schedule for Organizations Described in IRC 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
<b>c</b> Add lines 7a and 7b						
<b>8 Public Support</b> (Subtract line 7c from line 6 )						

**Section B. Total Support**

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13 Total support</b> (Add lines 9, 10c, 11 and 12 )						

**14 First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**

**Section C. Computation of Public Support Percentage**

<b>15</b> Public Support Percentage for 2009 (line 8 column (f) divided by line 13 column (f))	<b>15</b>	
<b>16</b> Public support percentage from 2008 Schedule A, Part III, line 15	<b>16</b>	

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2009</b> (line 10c column (f) divided by line 13 column (f))	<b>17</b>	
<b>18</b> Investment income percentage from <b>2008</b> Schedule A, Part III, line 17	<b>18</b>	

**19a 33 1/3% support tests—2009.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

**b 33 1/3% support tests—2008.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

**20 Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

**Part IV** **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. See instructions

**Facts And Circumstances Test**

The Foundation solicits contributions primarily from members of the Pennsylvania Association of Community Bankers ("Association"), a Section 501(c)(6) organization with approximately 130 member banks and over 90 non-bank members. The Foundation's support derives principally from contributions by members and income generated from an endowment provided by members. The Foundation provides financial assistance principally for the higher education expenses of employees and dependents of employees of Association member banks. The Foundation's Board of Trustees comprises individuals associated with Association member institutions, and they generally do not represent the private interests of Foundation donors. As individuals generally in key positions with Association member institutions - mainly community banks throughout Pennsylvania having strong ties, relationships and commitments with, and to, neighborhoods, businesses, organizations and individuals in the communities in which they operate - members of the Foundation's Board of Trustees are typically active in various civic and philanthropic organizations and endeavors, and are leaders in their communities. The Foundation's activities appeal broadly to persons interested in advancing educational opportunities for students desiring to pursue a post-secondary education. The Foundation provides financial assistance on an ongoing basis to aspiring and enrolled college students drawn from a broad spectrum of backgrounds, regions and experiences.

**Additional Data****Software ID:****Software Version:****EIN:** 25-1728621**Name:** PACB FOUNDATION**Form 990EZ, Part IV - List of Officers, Directors, Trustees, and Key Employees**

<b>(A) Name and address</b>	<b>(B) Title and average hours per week devoted to position</b>	<b>(C) Compensation (If not paid, enter -0-.)</b>	<b>(D) Contributions to employee benefit plans &amp; deferred compensation</b>	<b>(E) Expense account and other allowances</b>
Richard A Kunsch 2405 N FRONT ST HARRISBURG, PA 171105319	vice chairman 0 25	0	0	0
frank S Morrison 2405 N FRONT ST HARRISBURG, PA 171105319	secretary 0 25	0	0	0
David R Hunsicker 2405 N FRONT ST HARRISBURG, PA 171105319	chairman 0 25	0	0	0
FRANK A PINTO 2405 N FRONT ST HARRISBURG, PA 171105319	PRESIDENT 0 25	0	0	0
brent l peters 2405 N FRONT ST hARRISBURG, PA 171105319	chairman elect 0 25	0	0	0
martin r brown 2405 N FRONT ST hARRISBURG, PA 171105319	treasurer 0 25	0	0	0

**TY 2009 Other Expenses Schedule**

**Name:** PACB FOUNDATION

**EIN:** 25-1728621

Description	Amount
Miscellaneous office expense	168

## TY 2009 Other Revenues Schedule

**Name:** PACB FOUNDATION

**EIN:** 25-1728621

Description	Amount
Interest Income	27,919
miscellaneous income	78

**TY 2009 Transfers Personal Benefits  
Contracts Declaration**

**Name:** PACB FOUNDATION

**EIN:** 25-1728621

**Declaration:** The organization did not, during the year, receive any funds, directly, or indirectly, to pay premiums on a personal benefit contract. The organization, did not, during the year, pay any premiums, directly, or indirectly, on a personal benefit contract.

**TRUST INDENTURE**

**FOR THE**

**PACB FOUNDATION**

THIS INDENTURE OF TRUST, originally effective the 1st day of January, 1994, and effective as amended this 7<sup>th</sup> day of December, 2009, by the Pennsylvania Association of Community Bankers, a state-wide, non-profit corporation organized under the laws of the Commonwealth of Pennsylvania, with offices situate at 2405 North Front Street, Harrisburg, Dauphin County, Pennsylvania (hereinafter, the "Association"), for the creation, and establishment of a foundation, to be called and known as the PACB Foundation, for the charitable and educational purposes and in accordance with the provisions hereinafter set forth.

**ARTICLE I: CREATION**

1.1. The Association does hereby create the PACB Foundation (hereinafter, the "Foundation"), to serve and be administered for the charitable, educational and historical purposes of:

- (a) providing educational financial assistance to deserving and desirous eligible persons as provided in Article IV hereof;
- (b) providing educational services to individuals employed in the financial services industry and to the general public about the financial services industry;
- (c) the development and operation of educational and historical exhibits and museums; and
- (d) any other charitable or educational purpose which would so qualify the Foundation as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, as currently promulgated, or any comparable successor provisions thereto.

1.2. The Foundation shall be established upon its first acquiring funds or assets by whatsoever means or from whatsoever source.

1.3. Until the Foundation first acquires any funds or assets, the Association, as the settlor of the Foundation hereunder, may modify or revoke this Indenture in whole or in part. Upon the Foundation acquiring funds or assets from whatsoever source, this Indenture and the Foundation shall not be subject to revocation or any amendment or modification whatsoever, except that the Association may amend this Indenture so as to conform to or comply with the requirements or provisions of the Internal Revenue Code of 1986, as amended (hereinafter, the "Code"), or subsequent federal tax laws, or any other applicable laws.

## ARTICLE II: GOVERNMENT

2.1. The governing body of the Foundation shall be a Board of Trustees consisting of five (5) members (hereinafter, the "Board"), which shall administer the Foundation and its funds, assets and affairs under and as provided in this Indenture for the charitable purposes herein set forth.

2.2. The Trustees shall be members of the Association appointed by the Chairman of the Association for a term of five (5) years.

The initial five (5) "at-large" Trustees of the Board shall be appointed by the current Chairman of the Association for a term of years, which shall be determined by lot, one Trustee being appointed for a one (1) year term, one Trustee being appointed for a two (2) year term, one Trustee being appointed for a three (3) year, one Trustee being appointed for a four (4) year term, and one Trustee being appointed for a five (5) year

term. Thereafter, one Trustee shall be appointed by the then current Association Chairman each year for a term of five (5) years.

To signify the Board's acceptance of this Indenture and the duties of the members thereof hereunder, this Indenture has been accepted and joined in by the initial members of the Board.

2.3. Any member of the Board may be removed from the Board by the affirmative vote of not less than eighty percent (80%) of the active members present at any regular or special meeting of the Association duly called for that purpose and at which a quorum of such membership is present, for said Board member's (a) conduct detrimental to the purposes of the Foundation, (b) lack of sympathy with the Foundation's objectives, (c) failure or refusal to render reasonable assistance in performing the duties of the Board hereunder or in carrying out the purposes of the Foundation, or (d) absence at three (3) consecutive meetings of the Board each called by written notice thereof given to all Board members not less than five (5) days before the date of the meeting. Any member of the Board proposed to be removed from his office under this paragraph shall be given written notice thereof at least five (5) days before the meeting of the Association members at which they are to vote upon such removal, and shall be entitled to appear and be heard at such meeting. Upon the removal of a Board member pursuant to this paragraph, the Chairman of the Association shall appoint the removed Board member's successor, who shall serve on the Board for the removed member's unexpired term.

2.4. Any member of the Board may resign from the Board upon giving at least fifteen (15) days' advance written notice thereof to the Chairman of the Association. Upon such notice being received by the Association's Chairman, he shall appoint a

successor to the resigning Board member, who shall serve on the Board for the resigning member's unexpired term

2.5 The Foundation shall have an Executive Director, who shall serve at the discretion of the Board and for so long as it may determine. Unless otherwise determined by the Board, the President of the Association shall serve as the Foundation's Executive Director. The Foundation's Executive Director shall be responsible for the day-to-day administration of the Foundation's affairs, and for such other matters as from time to time may be prescribed by the Board, in addition to the other duties imposed upon said Executive Director by the provisions of this Indenture

2.6 The Trustees of the Board shall elect annually a Chairman, Chairman-Elect, Vice Chairman, Secretary, Treasurer, and such Vice Presidents and Assistant Vice Presidents as deemed necessary from time to time by the Board, to serve until their successors are duly elected and qualified

2.7 The Foundation's principal offices shall be maintained at the offices of the Association, or at such other place as the Board from time to time may determine.

2.8 Except as otherwise provided by this Indenture or required by applicable law, the Board shall act by affirmative vote of at least a majority of the members of the Board at any given time. No act shall be done by or vote taken of the Board unless a quorum consisting of a majority of the members of the Board be present or acting. The Board shall meet once each calendar year, and at such additional times as may be called by a quorum of the Board or the Foundation's Executive Director, at the Foundation's offices or at such other place as a quorum of the Board shall determine. In lieu of a face-to-face meeting of the Board members, the Board may transact business of the Foundation by

means of telephone or similar communications equipment by which at least a quorum of the Board members can hear one another, or by way of a written consent setting forth the business transacted or action taken and signed by at least a quorum of the Board members.

2.9. No member of the Board shall receive any compensation or remuneration for his services rendered in such capacity. However, the Association may reimburse each member of the Board, as well as the Foundation's Executive Director, for his reasonable out-of-pocket expenses and costs actually incurred in serving in such capacity hereunder.

2.10. From time to time, the Board may create a Selection Committee (hereinafter, the "Committee"), which shall have the responsibility to select the persons to or for whom educational financial assistance will be provided by the Foundation hereunder. Such Committee shall consist of not less than three (3) persons appointed by the Board for a time period of not less than twelve (12) months, who shall have background and experience in the field of education so as to be knowledgeable in the proper evaluation of the potential applicants for the Foundation's educational financial assistance. At no time may the Committee consist of any person who was or is a former or present member, director, trustee, officer or employee of or for the Foundation, the Association, or any former or present member of the Association, or who is a person eligible to receive educational financial assistance from the Foundation hereunder, or who is a spouse, brother or sister, ancestor, step-child, or lineal descendant of any of the foregoing persons.

2.11. The Committee shall meet at such times and places as may be necessary or convenient to transact its business and perform its duties hereunder. All decisions made

and actions taken by the Committee shall be by affirmative vote of at least a majority of the Committee's members at any given time. From time to time the Committee may appoint and authorize one of its members to sign documents on behalf of the Committee, and thereafter may revoke such authorization and appoint another Committee member to so sign; should the Committee do so, the Committee shall notify the Board thereof by a writing signed by at least a majority of the Committee members. The Committee member so authorized shall expressly certify in each document signed by him that the action taken by the Committee as reflected in such document was approved by a majority of the Committee members at the time.

2.12. Neither the Executive Director of the Foundation nor any member of the Board or Committee shall be required to furnish any bond or other surety in any jurisdiction for the faithful performance of their respective duties hereunder, unless otherwise required by law or by the Association.

### ARTICLE III: ADMINISTRATION

3.1. The Board may accept and receive contributions, donations, gifts, loans, and other transfers of funds, assets or property from persons and/or other legal entities, including without limitation the Association, or such other sources as may be transferred to the Board or Foundation at any time and in any manner, including without limitation by gift or by Will, and shall hold the same in trust strictly in accordance with the provisions of this Indenture.

3.2. Title to all assets, funds, investments and other property of the Foundation shall be vested in the Foundation and held in its name or the name of the Board, or if the

Board authorizes, in the name of its nominee, in trust nevertheless for the charitable purposes herein set forth.

3.3. When and as necessary or appropriate, the Board may establish procedures, policies and guidelines, not inconsistent with the provisions hereof, for the administration of the Foundation and its funds, assets and affairs; provided, that the Board shall not do so with respect to the selection of eligible persons for the Foundation's educational financial assistance unless recommended or approved by the Committee.

3.4. Any instrument or other document required to be executed by the Foundation shall be valid if executed in the name of the Foundation by a majority of the members of the Board at any given time, unless the instrument or document involved is or reflects action requiring the unanimous consent or vote of all Board members, in which case such instrument or document shall be valid only if executed in the Foundation's name by all members of the Board at the time. The Board may, however, by the unanimous vote of its members, authorize the Executive Director to execute any such instrument or document in the Foundation's name.

3.5. Notwithstanding any other provision of this Indenture or of law, no act or omission shall be taken that may or will affect the charitable purposes of the Foundation or its existence under this Indenture, or in contravention of or in a manner inconsistent with this Indenture, except upon the unanimous vote of all members of the Board. The foregoing provisions shall not be deemed or construed to be authorization by or consent of the Association as settlor hereunder to take or commit any such action or omission; rather, it is intended that all extraordinary acts or omissions which may affect the

continued existence or activities of the Foundation, for example, its dissolution, will be only taken, if at all, upon and with the unanimous vote of all members of the Board.

3.6. No person shall be required to see to the application or disposition of any funds, assets or other property of the Foundation paid or delivered by such person to the Foundation, or to inquire into any action, decision or authority of the Board or the Executive Director of the Foundation.

3.7. Neither the Executive Director of the Foundation nor any member of the Board or Committee shall be liable or answerable for any loss incurred from investments or re-investments of the Foundation's assets that are made in a good faith attempt to comply with the provisions of this Indenture, or for the acts or omissions of any other members of the Board, or of any members of the Committee, or any accountant, legal counsel, custodian or other agent selected with due care. The Foundation's Executive Director and each member of the Board and Committee shall be fully protected in acting upon any instrument, certificate, document or other paper believed to be genuine and signed and presented by the proper person or persons, and shall not be required to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained.

3.8. The Executive Director of the Foundation shall promptly prepare at the end of each fiscal year of the Foundation and present to the Board an accurate written report of the Foundation's financial condition, including a balance sheet, an income and loss statement, a schedule listing all student beneficiaries of the Foundation for the current fiscal year and the educational financial assistance provided to each of them, and a

cumulative schedule of all student beneficiaries of the Foundation and the total amounts received by each, and if applicable the amount repaid in the current fiscal year and the total amount repaid by each such student.

3.9. The Executive Director of the Foundation from time to time shall secure, maintain, prepare and furnish all such records, reports and information as may be required by the Board or Committee, the provisions of this Indenture, or by law, or as the Executive Director of the Foundation may deem appropriate, all of which shall be retained by the Foundation for such period of time as the Board or Committee may deem necessary or appropriate, but in no event for a time period less than that required by any applicable law, rule or regulation.

#### ARTICLE IV: SCHOLARSHIPS

4.1. One of the charitable purposes of the Foundation is to provide educational financial assistance to or for those eligible persons selected by the Committee who desire and are qualified to pursue further or higher education in such courses of study and at such educational institutions as they may desire and choose, including college (such as a four-year undergraduate college or a two-year junior college, or a two-year community college). However, it is the intent of the Association as the settlor hereof that the educational financial assistance provided by the Foundation shall be for those students who are enrolled on a "full-time" basis (as "full-time" is defined by their college) or if applicable such of said further or higher education in a course of study, curriculum or other educational pursuit having a time duration of at least one (1) year.

4.2. Educational financial assistance from the Foundation shall be awarded to provide funds to eligible persons selected by the Committee for their costs of tuition,

room, board and/or housing, books and related supplies and equipment, and similar costs and expenses incurred while actively attending an educational institution. Educational financial assistance provided by the Foundation shall be (i) for an academic year, on a year-by-year basis; (ii) when the educational institution's normal academic time period is shorter than the usual academic year, then for such shorter time period, on a period-by-period basis; or (iii) for a period of up to four academic years, as established by the Board prior to the selection of grant recipients in any year. Educational financial assistance provided from the Foundation normally shall be in the form of outright scholarship grants that need not be repaid. However, the Board may determine to provide such educational financial assistance in the form of scholarship loans, if and when the Board, after consultation with the Committee, determines that such loans should be used in the future in order to avoid depletion of the Foundation's resources needed to provide continuing educational financial assistance on a scholarship loan basis to other deserving eligible persons. Should the Board so determine to extend educational financial assistance in the form of scholarship loans, rather than scholarship grants, such loans shall be awarded in the same manner as scholarship grants as herein provided, and shall be extended on the terms and conditions hereinafter set forth. If the Board determines, based upon considerations of the Foundation's available financial resources, to provide both scholarship loans and outright scholarship grants, the Board and Committee jointly shall adopt objective criteria and rules to be uniformly applied in determining when and to whom scholarship loans and scholarship grants shall be provided by the Foundation. In no case, however, shall any outright scholarship grant previously awarded by the Foundation be changed to a scholarship loan.

**4.3. A person will be eligible to receive educational financial assistance from the Foundation if at the time of his initial application for such financial assistance he:**

- (a) is either:**
  - (i) a full-time employee of a member of the Association;**
  - or**
  - (ii) a dependent child (including a step-child, or any other child who is considered a "dependent" for Federal Income Tax purposes, whether custodial or non-custodial) of a full-time employee or director of a member of the Association; and**
- (b) meets the minimum standards for admission to and is reasonably expected to enroll in and attend, or is enrolled in or attending an educational institution on a full-time basis as defined or determined by such educational institution, or if authorized by policies prescribed from time to time by the Board and uniformly applied, on a part-time basis; and**
- (c) meets such other Eligibility Criteria set from time to time by the Board and which are not in conflict with the terms of this Trust Indenture; in the event of any conflict in language between the terms of this Trust Indenture and the Eligibility Criteria set by the Board, the terms of the Trust Indenture shall prevail.**

**4.4. For purposes of this Article IV:**

- (a) The term "educational institution" shall mean an educational organization, as described in Section 170(b)(1)(A)(ii) of the Code.**

- (b) No person, corporation or other legal entity shall be considered a "member" of the Association unless and until he or it has been a member of the Association in good standing in accordance with the then prevailing rules and regulations of the Association for a prior time period consisting of not less than twelve (12), but not more than thirty-six (36) consecutive months, established by and determined in accordance with rules prescribed from time to time by the Board and uniformly applied; however, if educational financial assistance is awarded hereunder to a person who satisfies the eligibility requirements of paragraph 4.3 hereof, neither the subsequent termination of the member's status as a member of the Association nor any termination of employment (or director status) with a member of the Association shall result in the withdrawal, revocation or termination of any awarded scholarship or in the ineligibility of the recipient to qualify for additional financial assistance on the same basis as other recipients of financial assistance.
- (c) Notwithstanding any provision of this Indenture to the contrary, the Board may terminate financial assistance to any scholarship or loan recipient at any time prior to the end of the otherwise applicable period of such assistance on the basis of the recipient's academic performance, change in enrollment status or educational institution, and/or other non-employment related factors applied on

a uniform and consistent basis under non-discriminatory rules or guidelines established by the Board.

4.5. For the purpose of the Committee's selection of scholarship recipients hereunder for each academic year, the Board each year shall advise the Committee, in sufficient advance time for the Committee's selection of such recipients, of the total funds that the Foundation is able and willing to expend or apply for educational financial assistance for the forthcoming academic year.

4.6. Eligible persons applying for educational financial assistance from the Foundation shall submit such application and other information for each academic year as and when the Committee or Board may require. The Board shall verify the names and addresses of all such applicants, if not already available to the Board, so that the Board may verify that each applicant has satisfied the eligibility requirements of paragraph 4.3(a) hereof, and the Board shall advise the Committee thereof accordingly. The Committee shall review each such application and other information and shall assess the academic ability, potential and qualification of the applicants, based upon performance in tests designed to measure ability and aptitude for higher education, prior and current academic performance, recommendations by instructors, demonstrated motivation and initiative, relative financial need, and such other criteria as the Board may deem appropriate, including without limitation personal interviews with the applicants.

4.7. Based upon its review of scholarship applicants, the Committee shall select and recommend to the Board the eligible applicants to or for whom the Foundation's educational financial assistance is to be provided for the forthcoming academic year, or if applicable such shorter time period, consistent with and not exceeding the amount of the

funds that the Foundation is able and willing to expend for such purposes. The Committee shall furnish to the Board a written list setting forth the names of the selected applicants, in the order of the Committee's preferences and priority, and indicating for each such person the type of the Foundation's educational financial assistance recommended by the Committee (that is, whether a scholarship grant or a scholarship loan). The monetary amount of the educational financial assistance provided to each applicant selected by the Committee for any academic year, or if applicable such shorter time period, shall be equal to the amount of educational financial assistance awarded to every other selected applicant for the same academic year or shorter time period. The Board shall adopt such recommendations of the Committee unless the total amount of educational financial assistance so recommended by the Committee exceeds the funds that the Foundation is able and willing to expend for such purposes, in which event the Board may either (i) advise the Committee of that fact and request the Committee to modify the number, amounts and/or type of scholarships first recommended, as the Committee may determine consistent with the provisions of this paragraph, or (ii) reduce, in priority inverse to the preferences recommended by the Committee, the number of eligible applicants who will receive educational financial assistance, so that in either case the total amount of scholarships awarded for the forthcoming academic year do not exceed the Foundation's scholarship funds available for such year. In no case may the Board increase the number of persons to receive educational financial assistance from the Foundation, or change the amount or type of educational financial assistance awarded to any person, from that recommended by the Committee hereunder. All recipients of

scholarships awarded by the Foundation and types of such scholarships shall be announced by the Committee and/or by the Foundation in the name of the Foundation.

4.8. All educational financial assistance from the Foundation, whether in the form of scholarship grants or scholarship loans, shall be awarded on an objective and non-discriminatory basis in accordance with the provisions of this Article IV, and if not herein specifically provided, then in accordance with policies, procedures and guidelines established by the Committee, or when herein authorized, by the Board, or the Committee and Board jointly, consistent with the provisions of this Article IV and uniformly applied. The Foundation and its educational financial assistance shall be administered and provided without regard to race, religion, color, creed, sex, age or ancestry. No member of the Committee, nor his spouse, ancestors, lineal descendants or spouses of lineal descendants shall be eligible to receive or in fact receive any educational financial assistance from the Foundation.

4.9. If and when educational financial assistance is provided by the Foundation hereunder in the form of a scholarship loan, the recipient thereof shall be required to execute a promissory note for such loan amount payable to the Foundation's Board and setting forth the terms and conditions of such loan. Should more than one scholarship loan be made to any student (such as where a loan is made for the student's first academic year, and a second loan is made to the student for a subsequent academic year), such a promissory note shall be executed by the student for each such loan. The interest, if any, accruing upon a scholarship loan made by the Foundation hereunder, the time period over which and the manner in which the principal of such scholarship loan and any interest thereon is to be paid to the Foundation, and the other terms and conditions of such

scholarship loan shall be established in accordance with rules prescribed by the Board from time to time and uniformly applied. Each such scholarship loan may be prepaid by the student in whole or in part at any time or times without penalty or premium.

4.10. The funds or proceeds of educational financial assistance provided by the Foundation hereunder may be disbursed directly to the approved student, or to the educational institution at which he is enrolled to the extent of the tuition and other educational fees and costs payable thereto for the student's course of study. The Foundation may also disburse all funds of a scholarship grant or loan provided hereunder for an approved student to the educational institution at which he is enrolled if said institution agrees to apply such funds to the student's educational expenses and/or to pay portions thereof to the student so long as he is enrolled at said institution and his standing thereat is consistent with the purposes and conditions of the Foundation's scholarship loan or grant. In all cases, whether the funds of a grant or loan are disbursed by the Foundation to the approved student or to his educational institution, the Foundation shall secure acknowledgment by said student and/or educational institution of the receipt of such funds and that the same shall be applied to the student's educational expenses for which the Foundation awarded such financial assistance.

4.11. If it appears at any time that any funds or proceeds of educational financial assistance disbursed by the Foundation are not being used in furtherance of the educational purposes for which provided, the Board shall investigate such diversion of scholarship funds, and pending the investigation shall withhold to the extent possible further disbursement of scholarship funds for the student involved. If from such investigation the Board determines that such diversion in fact has occurred, the Board

shall take reasonable and appropriate steps to recover the disbursed scholarship funds or to assure their proper application to payment of the educational expenses for which the educational financial assistance was provided, and shall withhold further disbursement of scholarship funds for the student involved until the Foundation is adequately assured that future diversion of the student's scholarship funds will not occur. Should it appear that funds or proceeds of educational financial assistance disbursed by the Foundation for the same student again have been diverted to a use other than the educational purposes for which such assistance was provided, the Board shall proceed in the same manner as hereinbefore set forth; if the Board from its investigation thereof determines that another diversion of scholarship funds in fact has occurred, the Board shall withhold further disbursement of scholarship funds for the student until the disbursed scholarship funds are in fact recovered or properly applied to payment of the educational expenses for which the educational financial assistance was provided.

4.12. The Foundation shall maintain adequate records pertaining to all persons who have applied for educational financial assistance from the Foundation, and students to whom such financial assistance has been awarded, including but not limited to the identification of and applications submitted by all such applicants, information obtained to evaluate their potential and qualifications, and the amounts, purposes and uses of educational financial assistance provided by the Foundation. In addition, for each person to whom educational financial assistance is provided by the Foundation, the Board shall cause the Foundation to receive at least once each year, and upon completion of the student's education, a written report on an interim or final basis (as the case may be) verified by the educational institution attended by the student of his courses taken and

grades received, or the progress of the paper, project or other work accomplished by the student for which such financial assistance was provided, in each academic period, together with such other reports or information as the Board or Committee from time to time may deem necessary to monitor and supervise the educational progress or academic achievement for which the financial assistance was provided.

4.13. The Foundation shall maintain adequate records reflecting the use and application of the funds provided by it as educational financial assistance hereunder, and of and such funds that have been diverted to uses other than the educational purposes for which provided, including without limitation in the latter case of misapplication, the information secured by and the conclusions drawn from the Foundation's investigations conducted thereupon, the actions taken by the Foundation with respect to the involved student and his scholarship fund from the Foundation, and the result or disposition thereof.

#### ARTICLE V: TERM

5.1. This Indenture of Trust and the Foundation hereby created shall exist and continue in perpetuity. The Board shall take all steps as may be necessary to avoid invalidation, in whole or in part, of the Foundation or the trust hereunder over the Foundation's assets and property by reason of application of the Rule against Perpetuities either at common-law or existing by statute.

5.2. If for any reason and at any time the Foundation shall be dissolved or terminated, all assets and property of the Foundation, including its undistributed income, remaining after payment (or the provision of payment) of all liabilities of the Foundation, shall be disposed of exclusively for charitable and educational purposes that are the same

as or similar to the charitable and educational purposes of the Foundation hereunder, in such manner, or to such organization or organizations that at the time is or are organized and operated exclusively for such same or similar charitable and educational purposes and qualify as tax-exempt under Section 501(c)(3) of the Code, or corresponding provisions of any subsequent federal tax laws, as the Board determines will best accomplish the charitable and educational purposes of the Foundation as set forth in this Indenture, or if the Board shall fail to make such determination, or any remaining assets or property of the Foundation are not so disposed of, then as so determined by the Court of Common Pleas (or other court of competent jurisdiction) in and for the county and state in which the principal offices of the Foundation are then located.

#### ARTICLE VI: MISCELLANEOUS

6.1. The Foundation is and shall be organized, established and administered solely for the charitable purposes herein set forth, as an organization described in Section 501(c)(3) of the Code, or corresponding provisions of any subsequent federal tax laws, and the Board, Committee and Executive Director of the Foundation shall at all times administer the Foundation and act in accordance with the requirements thereof. Notwithstanding any other provision hereof, no power or authority shall be exercised by the Committee, Board or its Executive Director for or on behalf of the Foundation in any manner or for any purpose that may not be exercised by an organization that is tax exempt and described in Section 501(c)(3) of the Code, or by an organization the donations to which are deductible from the donor's income under the provisions of the Code, or in either case the corresponding provisions of any subsequent federal tax laws. Neither the Foundation nor any persons on its behalf or in its name shall in any manner

all investments and re-investments made by or for the Foundation shall be legal and proper for trusts and foundations;

- (c) to sell for cash or on credit, convert, redeem, exchange for other securities or other property, or otherwise dispose of any securities or other property at any time held by the Foundation;
- (d) to alter, repair, improve, or erect buildings upon, demolish, manage, partition, convert, mortgage, lease, exchange, grant options to lease or to buy or exercise such options, and sell or dispose of real estate or other property, at public or private sale or otherwise, for cash or other consideration, or on credit, in such manner, to such persons, for such price and upon such other terms and conditions as the Board may deem advisable;
- (e) to fix and establish a fiscal, financial or accounting year for the Foundation, and to change the same as the Board may determine necessary or appropriate;
- (f) to pay all reasonable administrative and other expenses of the Foundation, and any taxes (and interest thereon) of whatsoever nature imposed by whatsoever jurisdiction upon the Foundation or with respect to its assets, property or income;
- (g) to settle, compromise and submit to arbitration any claims, mortgages, debts or damages due or owing to or from the Foundation, and to commence or defend suits or legal proceedings involving the Foundation and represent the Foundation in the same;

- (h) to exercise any conversion privileges or subscription or other rights available in connection with any securities or other assets or property held by the Foundation; to consent to the organization, consolidation, merger or readjustment of the finances or the sale, mortgage, pledge or lease of the property of any corporation, company or association any of the securities of which are held by the Foundation, and to take any act relating thereto, including without limitation the exercise of options, the making of agreements or subscriptions, and the payment of expenses, assessments or subscriptions, which may be deemed necessary and advisable in connection therewith, and to hold and retain any securities or other properties which the Foundation may so acquire;
- (i) to vote personally, or by general or limited proxy, any shares of stock or other securities or exercise any other voting rights which may be held by the Foundation at any time, and to exercise personally, or by general or limited power of attorney, any rights appertaining to the same;
- (j) to hold part or all of the Foundation's assets, funds or other property uninvested;
- (k) to borrow or loan money in such amounts and upon such terms and conditions as shall be deemed advisable or proper to carry out the purposes of the Foundation hereunder, and to secure repayment of monies borrowed by the Foundation with any securities or other property held by the Foundation;

- (l) to employ or engage suitable accountants, counsel, custodians and other agents, and pay their reasonable expenses and compensation from the Foundation;
- (m) to register any securities held by the Foundation in its name or the name of the Board, or to the extent permitted by law in the name of a nominee or nominees, including the Executive Director in that express capacity, and to hold any securities unregistered or in bearer form;
- (n) to take all actions and do all things necessary, appropriate or convenient for the accomplishment or in furtherance of the purposes of the Foundation or the exercise of any of the foregoing powers, and to make, execute, acknowledge and deliver all instruments and documents therefor, including but not limited to contracts, agreements, deeds, bills of sale, transfers, assignments, leases, promissory notes, bonds or other evidence of indebtedness, mortgages, security agreements, releases, waivers, settlements, assurances and certificates.

6.3. Notwithstanding any other provisions of this Indenture, the Board and the Executive Director (i) shall distribute the Foundation's income for each taxable year at such time and in any such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code, or corresponding provisions of any subsequent federal tax laws, (ii) shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code, or corresponding provisions of any subsequent federal tax laws, (iii) shall not retain any excess business holdings as defined in Section 4943(c) of the Code, or corresponding provisions of any subsequent federal tax laws, (iv) shall not

make any investments in such manner as to incur tax liability under Section 4944 of the Code, or corresponding provisions of any subsequent federal tax laws, and (v) shall not make any taxable expenditures as defined in Section 4945(d) of the Code, or corresponding provisions of any subsequent federal tax laws.

6.4. Notwithstanding any other provisions hereof, no part of the net earnings of the Foundation shall inure to the benefit of or be receivable or received by the members of the Board or the Committee, or any other members, trustees, officers or private persons, except that the Foundation is and shall be authorized and empowered to pay from time to time reasonable compensation for services rendered, including but not limited to or for the members of the Committee and the Foundation's Executive Director, and to make payments and distributions in furtherance of its charitable and educational purposes herein set forth.

6.5. No educational financial assistance of the Foundation hereunder shall be used or applied, or attempted to be used or applied, to recruit employees of or for, or induce or require any person to accept or continue employment with, or pursue any particular courses of study, or otherwise take or refrain from taking any other action sought by or beneficial to the Association or any member thereof, or to such person's employer.

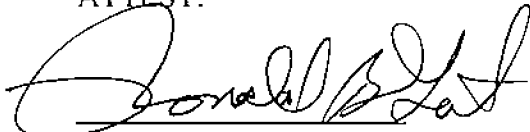
6.6. This Indenture has been executed and delivered within the Commonwealth of Pennsylvania, and shall be construed under and enforced in accordance with the laws of the Commonwealth of Pennsylvania. All questions pertaining to the administration of the Foundation shall be governed by the laws of the Commonwealth of Pennsylvania, unless such questions are governed by federal tax laws in which case such tax laws shall be applied. The captions of the several Articles herein contained are for convenience only

and shall not control, limit or affect the meaning or construction of the provisions hereof. Where used in this Indenture, unless the context otherwise clearly requires, the plural shall include the singular and vice-versa, the masculine shall include the feminine, and the neuter shall include all genders. References in this Indenture to the "Code" shall be deemed to include not only the provisions of the Internal Revenue Code of 1986, as amended, but also the rules and regulations promulgated thereunder. The use in this Indenture of the words "hereof", "herein", "hereunder", and other similar compounds of the word "here" shall be deemed to refer to this entire Indenture, and not to any particular Article, paragraph or provision of this Indenture, unless the context otherwise clearly requires.

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IN WITNESS WHEREOF, the Pennsylvania Association of Community Bankers, the settlor of the PACB Foundation created hereunder, has duly executed this Indenture on the day, month and year first above written, and the members of said Foundation's Board of Trustees have hereunto set their hands and seals on the same date, each such undersigned party intending to be legally bound hereby.

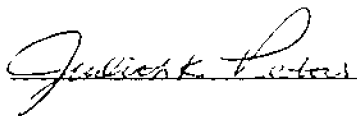
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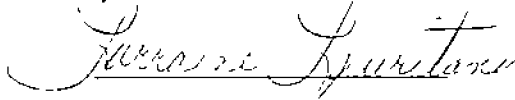
  
Ronald B. Geib, Secretary

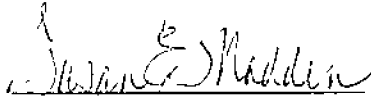
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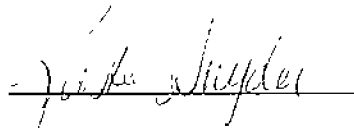
WITNESS.













PENNSYLVANIA ASSOCIATION  
OF COMMUNITY BANKERS

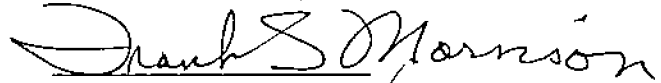
By   
William E. Ritenour, Chairman

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