1772 Board Members

B. Danforth Ely
Vice-President

The late John R. Livesey
Secretary/Treasurer

Dr. Robert Reynolds
Trustee

J. David Schardien
Trustee Emeritus

Preserving American Historical Treasures
Happily, 2011 was a good year for 1772 as we awarded some excellent grants in our areas of focus of which there are five, but next year we’ll be down to three. These are revolving funds, small, local farms within 100 miles of Boston or New York and historic preservation grants in New Jersey, Connecticut and Rhode Island.

We’ve been involved in revolving funds for well over five years now, as we believe they provide a good way to optimize the limited preservation funds available in any given area. Savannah is a good example of what these funds can do for an area. In 1959, when the local revolving fund got started, tourism was only $100,000 a year, and historic homes sold for $60,000. Today, tourism is over $1 billion, and only the shipping industry is bigger. Historic homes now sell for $2 to $3 million, so imagine what that does for the city’s tax revenues! Suffice it to say that revolving funds can make an enormous contribution to an area if they are properly utilized, so we continue to encourage their expansion.

As for small, local organic farms, we are hoping to restore part of the culture that existed a hundred years ago in this country where all food was locally grown, and everyone knew the farmer. Moreover, food was all organic and much healthier in those days, and 1772 is striving to get us back from whence we came. In this regard, one of our grant recipients encourages farmers’ markets to accept food stamps. This group then matches whatever the purchaser spends on food stamps, which encourages the consumption of better quality locally grown food. Farmers’ markets are proliferating which is enormously helpful to the local farmers, so this whole movement is gaining momentum.

On the financial side, 2011 was a decent year, but there are a lot of global uncertainties lingering out there, and the United States is burdened with an excessive load of debt which it is trying to address with a cheaper currency. Unfortunately, this spawns inflation which is now manifesting itself with high gasoline prices, and the cost of groceries. The government says inflation is under 2%. But based on the way it used to measure inflation before 1983 it’s now running around 10%, and it’s bound to go much higher in the fullness of time which will present us with some challenges.

In the last 12 months the foundation has lost the service of two of its longtime trustees, J. David Schardien and John R. Livesey. David Schardien had been a trustee for ten years, and retired at the end of 2010. David had been a long time associate of our benefactor, Stewart B. Kean, and helped Mr. Kean with the formation of the foundation in 1984. He served Mr. Kean as Secretary/Treasurer in the early years of the foundation, and his counsel and insights will be sorely missed. In honor of David’s long service the Board named him Trustee Emeritus.

John “Jack” R. Livesey died on February 7, 2012 after a long battle with leukemia. Jack came on the Board in 1998, and he had known Stewart Kean for many years going back to the days when they were students together at the Brooks School in North Andover, Massachusetts. Jack was the foundation’s Secretary/Treasurer at the time of his death and his vigilance and dedication will be missed by all of us.

G. Stanton Geary
President
## 1772 Foundation Fiscal 2011 - Historic Preservation Grants

<table>
<thead>
<tr>
<th>Applicant</th>
<th>State</th>
<th>Project</th>
<th>Grant Award</th>
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<tr>
<td>Denver Urban Gardens</td>
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<td>Feed Denver</td>
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<td>Food Hub Development</td>
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In addition to historic preservation grants, $200,000 in director-recommended grants were approved and distributed to other non-profit organizations:

- BGCN Life Camp, Inc.
- Brooks School
- Children’s Specialized Hospital
- Community Food Bank
- Connecticut Audubon Society
- Connecticut Landmarks
- Danforth Memorial Library
- East Coast Greenway
- Eastern Connecticut Conservation District
- Far Hills Country Day School
- Franklin Stage
- Friends of Dinosaur Ridge
- Friends of the Pomfret Public Library
- Fuerza Unida
- Green Valley Institute
- Hartford Area YMCA
- Healing a Woman’s Soul
- Hilton-Winn Farm
- Historic Weeksville
- Jackson Hole Historical Society and Museum
- Joshua’s Conservation and Historic Trust
- Lustgarten Foundation
- MARCH; Rutgers University
- Michigan Land Use Institute
- Morristown Memorial Hospital
- Mt. Hope Farm
- New Jersey Conservation Foundation New
- New Philadelphia Association
- Passaic County Historical Society
- Pomfret Historical Society
- Putney School
- Rectory School
- Sandy Spring Museum
- Shelburne Farms
- Springfield Fire Department
- St. Benedict’s Prep School
- St. Mary’s Episcopal Church
- St. Patrick’s High School
- St. Paul’s Church North Andover
- St. Paul’s Church of the Good Shepherd
- St. Theresa’s School
- The Hole in the Wall Gang Fund
- The Plaid House
- Town of Springfield, NY
- Upper Raritan Watershed Association
- Vanguard Charitable Endowment

Historic preservation grants ranged from $2,400 to $100,000. The average grant was $25,849.

The top ten grants by amount represent $629,000 or 23% of the total amount granted in 2011.

New Jersey received the most funds: $514,000 for 22 projects, followed by Connecticut with $481,500 for 24 projects.
“In philanthropy, accountability for delivering results is not imposed by the external pressure of customers, competitors, or marketplace dynamics. Most foundations are established in perpetuity; unlike businesses, they literally cannot fail. The only requirements they must satisfy are to give away a minimum amount of money each year (five percent of assets) and to maintain a “reasonable” cost structure. Any further accountability is entirely self-imposed.” Tom Tierney, author of the article “Higher-Impact Philanthropy,” which appeared in the February 2007 issue of Philanthropy magazine.

Tierney’s point that the level of excellence in our grantmaking is self-imposed became our central planning theme in 2009 and 2010. To the credit of the 1772 Trustees, a creative and progressive group, they were fully willing to impose much more than the minimally required accountability on our work; they were willing to impose excellence. Getting to excellence required real commitment, humility and a willingness to expose the Foundation’s inner workings to our colleagues and to encourage them to speak clearly to us about what is truly needed in the field. I am proud of our Board for dismissing the easy, comfortable path for the more difficult, messy and challenging path that leads to excellence.

For us, and for all foundations, the question becomes how do we measure, and maximize, our impact? It is a question with which even the largest foundations in the world are grappling, and that’s a good sign. Measuring social impact is tricky business. Unlike a corporation measuring quarterly financial profit, measuring the impact of non-profit funding is imprecise. Results may play out over a longer period of time; they may be impacted by government funding or lack thereof, and definitive data is often non-existent.

But, there is real value in soldiering forth amid the vagaries. While it may take an uneven path, attempts at impact measurement do yield results enough to adjust and refine and, ultimately, maximize impact.

Susan Wolf Ditkoff and Susan J. Colby’s November 2009 Harvard Business Review article “Galvanizing Philanthropy” greatly influenced our approach. Ditkoff and Colby called the process of developing a “philanthropic strategy” as “getting clear, getting real and getting better.” With the full understanding of the difficulties in measuring impact in the social sector, they still support a disciplined approach to systematically improving philanthropic impact by asking for clear answers to the following questions: In what ways do we define success in this field? What will it take to make change happen? How can we improve our impact over time?

We used Ditkoff and Colby’s three-question approach in developing a strategic plan, by interviewing board members and thought leaders, then examining the results and refining the plan and asking the three questions a second, third and fourth time, when necessary. After many iterations of the plan, we were very clear about what we were trying to make happen with our grant funding. 2011 was the first year of a three-year implementation of the strategic plan that resulted from this work.

With appreciation for the help of Tierney, Ditkoff and Colby, we first narrowed our funding to three major fields: Revolving Funds for Historic Preservation, Farmland Protection and Matching Grants for Historic Preservation in RI, CT and NJ. Within each, we established tight guidelines and clear objectives, which will be critically reviewed and refined each year.

Revolving Funds for Historic Preservation, long a key area of interest for the Foundation, provides the best example of our early progress in higher impact granting. We know from prior granting in this field that non-profit preservation groups using for-profit real estate techniques can make a huge preservation impact by recycling funds to save multiple buildings. We often joke that they are the “special ops” of historic preservation. Revolving fund groups win historic preservation battles that others thought were lost by using highly leveraged, entrepreneurial techniques to rescue endangered buildings. In cities around the country, these dynamic groups have saved whole neighborhoods and even entire cities through their bold efforts. We are proud to support many of the most impactful practitioners in the country in their efforts: Clark Schoettle in Providence, Kim Trent in Knoxville, Myrick Howard in North Carolina, Kathy Kottaridis in Boston, and Josh Rogers in Macon.

In what ways do we define success in the revolving fund field? Our research interviews indicated that it is defined as “effectively rebuilding neighborhoods and adaptively re-using endangered historic properties.” Our goal for 2011 and beyond is to grow the nationwide revolving fund movement, creating an army of preservation leaders, fully armed with the real estate skills needed to save as many historic buildings and neighborhoods as possible.

What will it take to make change happen? In 2011, we provided ongoing support for existing funds ($701,800 to fifteen revolving funds around the country), a website for revolving fund practitioners to share innovative techniques, case studies, sample documents (www.historyflips.org) and funded a nationwide convening of fund directors (at the National Trust for Historic Preservation conference in Buffalo.)

How can we improve our impact over time? At our meeting in October to assess progress, we realized we could increase our impact by providing funding for accredited real estate development training with the National Development Council and the National Trust for Historic Preservation to improve the skills of new and emerging revolving fund directors. We initiated this effort and plans for training are well underway as I write this letter. We have also arranged for key fund managers to meet with us each January to help evaluate applications and to discuss the needs of the field so that we are regularly “in the flow” of critical information about revolving funds.

Even with some encouraging early success, we expect that our attempts to maximize impact will be an ongoing, iterative process. We
will be reviewing, analyzing and refining our efforts on a continual basis. The plan will change over time and we will make mistakes, but we embrace the challenge with all of its difficulties and murkiness because we want to do more than meet the minimum requirements.

It is with true gratitude that I thank the many people who agreed to help us in this effort. First, thanks to the many experts who freely offered thoughtful advice and the benefit of their years of field experience. I also would like to thank the partners with whom we collaborate to carry out this work: The National Trust for Historic Preservation, the Land Trust Alliance, the New Jersey Trust for Historic Preservation, the Connecticut Trust for Historic Preservation, and Preserve Rhode Island.

Finally, I would like to thank the 1772 Foundation Board of Trustees. I am very proud to work for this group – its members are not content to take the easy way out. The trustees’ deep concern for making the most of Stewart Kean’s foundation was evident throughout this process and they dedicated countless hours and the needed resources to do this the right way. As we begin to assess the early results of this new strategic plan, it is clear that our impact is strengthening and we are just at the beginning of 1772’s commitment to impose excellence.

Mary Anthony
Executive Director
Connecticut Landmarks
11,000
Amos Bull House

Friends of the Farm at Hilltop, Inc.
14,000
Hilltop Dairy Barn

Mark Twain House and Museum
14,700
Roof and porch restoration

Historical Society of Easton
14,250
Bradley-Hubbell Barn

New London County Historical Society
7,000
Shaw Mansion

Historical Society of Glastonbury
5,558
Welles-Shipman-Ward House

Sharon Historical Society
10,500
Gay-Hoyt House

Litchfield Historical Society
10,000
Noyes Memorial Building

Shelton Historical Society
2,400
Brownson House

Connecticut Trust for Historic Preservation
24,000
Revolving Fund Feasibility Study

Denison Society, Inc.
8,650
Denison Homestead Museum

Farmington Historical Society
4,100
Gridley-Case Cottages
2011 was the first year of a granting partnership between The 1772 Foundation and the Connecticut Trust for Historic Preservation. Founded by special act of the Connecticut General Assembly in 1975, the Connecticut Trust is a statewide preservation organization that offers extensive field service to communities across the state. The Trust's Circuit Riders have an in-depth understanding of the needs of Connecticut's heritage organizations. Using their expertise, the Trust was able to select twenty grant requests totaling $195,000 for The 1772 Foundation Board of Directors' approval.

The demand for funds greatly exceeded all expectations: sixty-nine organizations wrote letters of inquiry requesting a combined total of $658,000. Working with other Trust staff, the Circuit Riders invited thirty-one organizations to make full applications and, from that excellent pool, proposed twenty grants for funding. Grants of up to $15,000 were given for window repairs, exterior painting, roof and chimney repairs, foundation repairs and fire protection systems.

The huge demand for The 1772 Foundation's small grants for "bricks and mortar" work on historic structures and museums demonstrates that the funds will have an impact on Connecticut's heritage community for years to come. The 1772 Foundation clearly is addressing the ongoing maintenance and protection of our historic places.
Sherman Library Association
9,000
Roof repair

Southbury Historical Society
14,000
Ludorf Barn

Stanton-Davis Foundation
14,840
Stanton-Davis Homestead

Sullivan Farm
20,000
On-site Farm Stand, Apprentices

Wallingford Historic Preservation Trust, Inc.
10,000
Johnson Mansion Outhouse

Wholesome Wave Foundation
50,000
Fruit and Veggies Prescription Program

Woodstock Historical Society
6,750
Palmer Memorial Hall

National Trust for Historic Preservation
30,000
2011 Conference Funding

National Trust for Historic Preservation
30,000
National Revolving Fund Study

Historic Macon Foundation
30,000
Revolving Fund Capacity Building

Seed Savers Exchange
42,500
Historic Apple Orchard Regeneration

Preservation Resource Center of New Orleans
30,000
Revolving Fund
Revolving Funds Save Neighborhoods, Not Just Houses

By Josh Rogers

One of the most obvious advantages to the revolving fund model is that preservation organizations can use one grant to save many buildings. Some funds even operate in perpetuity, saving historic buildings generation after generation. One less publicized use of revolving funds is to improve the economic and social conditions that underpin historic neighborhoods.

Since the early 1990s, Historic Macon Foundation has augmented its revolving fund’s impact by concentrating projects within a small geographic area. This neighborhood revitalization model not only saves individual historic buildings, but also has two other positive outcomes. Firstly, the neighborhood revitalization model produces more benefits for our partners who are not inherently interested in preservation. Secondly, neighborhood revitalization creates a sustainable future for a historic neighborhood, ensuring that historic buildings in the area will always be loved and maintained.

In neighborhood revitalization, we use our revolving fund to purchase several properties in the same block and rehabilitate them. The project then moves block by block until the entire neighborhood is revitalized. For our partners in Macon, this means safer neighborhoods around our major employers: The Medical Center of Central Georgia and Mercer University. Safe, attractive neighborhoods help these partners attract and retain talented students and employees. Safe neighborhoods also have fewer police calls and fires in vacant buildings, saving the City money. Even better for the City, neighborhood revitalization raises not only the property values for the individual historic buildings that we save, but also all the other nearby properties. Higher property values result in more tax revenues for the City without any other expenses. Our programs also benefit from increasing values. Although we may initiate a project in an area where values are very depressed, concentrating in one area tends to raise the comparable sales values. For instance, in our current project area of Beall’s Hill, values have risen twenty-seven percent over the past three years of our work, helping our projects come closer to breaking even (and thus extending the longevity of our revolving funds). Raising values also attracts private developers to partner with us to increase the pace of revitalization. Eventually, these improvements become self-perpetuating, as increasing residential density attracts business (retail follows rooftops) and improved aesthetics encourage more residents to walk and bike. Suddenly, you have a neighborhood again.

Historic Macon Foundation complements the traditional “buy-rehabilitate-sell” model for revolving funds with other tools to help current residents. Low-interest façade loans, tax credit consulting, facilitating bargain sales, acquiring and marketing options, and even building compatible new houses are all tools used in neighborhood revitalization to augment our impact.

Traditional preservation easements and deed covenants ensure the properties touched by our funds are perpetually maintained and occupied by owners. Over the long term, these neighborhoods have invested neighbors who preserve homes. Neighborhood revitalization makes a revolving fund work harder. Our goal is to save endangered historic buildings once, then set them onto a path for perpetual care. The old adage about real estate rings true, and we can create locations worth loving as much as the architectural treasures they contain.
### Massachusetts

<table>
<thead>
<tr>
<th>Organization</th>
<th>Total</th>
<th>Project Description</th>
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<tbody>
<tr>
<td>Chefs Collaborative</td>
<td>30,000</td>
<td>10K Heritage Breeds/Seeds</td>
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<tr>
<td>Community Servings</td>
<td>15,000</td>
<td>Farmers’ Abundance Initiative</td>
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<tr>
<td>Drinking Gourd Project</td>
<td>10,000</td>
<td>Robbins House Interpretive Center</td>
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<td>Friends of Mt. Auburn Cemetery</td>
<td>17,500</td>
<td>African American Heritage Trail Project</td>
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<td>Historic Boston, Inc.</td>
<td>75,000</td>
<td>Revolving Fund</td>
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<td>Historic New England</td>
<td>10,000</td>
<td>Project CHICK at Casey Farm</td>
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<td>Museum of African American History</td>
<td>25,000</td>
<td>Abiel Smith School House</td>
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<tr>
<td>National Trust for Historic Preservation - Northeast Office</td>
<td>70,000</td>
<td>African American History Initiative</td>
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<td>New Bedford Historical Society</td>
<td>25,000</td>
<td>Nathan and Mary Johnson House</td>
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<tr>
<td>North Bennet Street School</td>
<td>75,000</td>
<td>Anna Clapp Harris House</td>
</tr>
<tr>
<td>Pocumtuck Valley Memorial Association - Historic Deerfield</td>
<td>15,000</td>
<td>African Americans in Rural New England</td>
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In 2011, The 1772 Foundation partnered with three states in the Northeast to help restore a diverse collection of historic sites. The New Jersey Historic Trust served as a partner organization, reviewing applications and recommending final candidates to the Foundation’s Board of Trustees. The Historic Trust is a non-profit entity, affiliated with state government, charged with administering the planning and capital grant program for New Jersey’s historic sites. The Trust’s expertise provided the hands-on, eyes on the ground overview that ensured the organizations had access to technical assistance and the capability to implement quality projects.

“We were pleasantly surprised by the response. This small grant program has filled a critical gap in helping to sustain New Jersey’s treasured past. Typically, these small projects could not compete within the existing capital program that the Historic Trust administers, thus we were able to help far more sites than expected this year,” said Dorothy Guzzo, Executive Director. “The matching requirement leverages scarce dollars and helps to bolster local economies, something that is very important in these tough times.”

Successful recipients represented a broad geographical balance within the state and reflected historical significance ranging from the eighteenth through the twentieth century.
The mission of the New Jersey Historic Trust is to advance historic preservation in New Jersey for the benefit of future generations through education, stewardship and financial investment programs that save our heritage and strengthen our communities.
Red Tomato
30,000
Food Hub Market Building

Regional Environmental Council of Central Massachusetts
30,000
Food Justice

Trustees of Reservations - Appleton Farms
40,000
Summer Kitchen and Service Learning

WHALE
40,000
Revolving Fund Capacity Building

MAINE
Committee to Restore the Abyssinian Meeting House
25,000
Meeting House

Friends of the Maine State Museum
35,000
Malaga Island: Maine’s Forgotten Legacy

NEW HAMPSHIRE
New Hampshire Preservation Alliance
40,000
Revolving Fund

NEW JERSEY
American Livestock Breeds Conservancy
50,000
Sustainable Heritage Breeds

City Green
50,000
Urban Farming/Food Access

NORTH CAROLINA
Preservation North Carolina
50,000
Revolving Fund

American Livestock Breeds Conservancy
50,000
Sustainable Heritage Breeds
Cumberland County Historical Society
10,000
1650 Swedish Granary Preservation Plan

Hamilton Partnership for Paterson
100,000
Great Falls National Park

Hunterdon Land Trust
15,000
Agricultural Education

Franklin Historical Society
15,000
Edison School House/Hungarian Church

Historic Cold Spring Village
4,108
Exterior restoration on multiple buildings

Hunterdon Land Trust
15,000
Case/Dvoor Farmhouse

Friends of Hinchliffe Stadium
40,000
Hinchliffe Stadium

Historical and Educational Lodge-Hall Preservatory
$10,000
Richardson Avenue School

Hunterdon Land Trust
15,000
Agricultural Education

Greater Newark Conservancy
50,000
Urban Farming/Food Access

Hunterdon County Historical Society
15,000
Doric House

Lawnside Historical Society
15,000
Peter Mott House
The Providence Revolving Fund (PRF) identified 153 Ontario Street when it became abandoned, about a year before it was foreclosed. The house is one of the largest properties in the North Elmwood Historic District, which is a transitional neighborhood where the PRF has operated its loan program for many years. The future of this prominent house was critically important to the continued revitalization of the neighborhood and the PRF, with the support of the surrounding neighbors, was able to secure the political and financial support to purchase the building and develop it as a four-unit owner occupied mansion.

Designed by Providence architect E. I. Nickerson, the house was constructed in 1890 for George Wilkinson, the general superintendent of the Gorham Manufacturing Company. It was, and is, of architectural and historic significance and important to the stabilization and further revitalization of this transitional neighborhood. It is described in Providence: A Citywide Survey of Historic Resources as “A lavish, rambling, 2-story, cross-gable-and-hip-roof, “Olde English” building, with wall faces in brick, shingle, stucco and half-timbering, both in historical and architectural terms, this is one of the key buildings in Elmwood.” The house also was featured in an 1893 issue of American Architect and Building News (the predecessor of Architectural Digest).

The property consists of four residential units with a detached five-car garage. It is located in the South Elmwood Local and National Register Districts, which is a low-income census tract. The house was foreclosed on in 2008 and vacated in the spring of 2009. The building was identified by the PRF, the neighborhood, the City of Providence Planning Department and Rhode Island Housing as a foreclosed property of very high priority for redevelopment and reuse. The property was acquired for $178,000 by the Rhode Island Housing Development Corporation (RIHDC) on September 18, 2009, using the Neighborhood Stabilization Programs (NSP) Land Bank. RIHDC held the property in its land bank until the PRF had assembled all of its sources of project funding, keeping the property maintained and secure for nearly a year.

On August 25, 2010, the PRF acquired the property from RIHDC for $1 and began construction several weeks later. The house was uninhabitable after foreclosure. The plumbing pipes had burst in some locations. Interior plaster was failing on most of the ceilings. The wiring was mixed, with knob and tube throughout. The interior doors were missing or broken.

The PRF renovated the interior and exterior of the house in accordance with building code and historic preservation guidelines. It has received project approval from the Providence Historic District Commission and the Rhode Island Historical Preservation & Heritage Commission. The $650,000 renovation was funded using a combination of Federal, State, City and private funding; including $350,000 of revolving fund equity, and HUD funding through HOME, Lead Hazard Reduction and Neighborhood Stabilization Programs.

The property was marketed by a local real estate agent, who also lived across the street. She was able to communicate the strengths and weaknesses of the neighborhood. She was successful at finding
a sculptor who wanted to make this house his home and had an interest in renting the affordable apartments to other artists. It was a perfect marriage for this picturesque house.

**Objectives of the Rehabilitation of 153 Ontario Street**

- It involves the acquisition and renovation of a foreclosed and abandoned house for owner-occupancy.
- It is located in a PRF target area in the South Elmwood National Register District.
- Its restoration will positively contribute to the stability and architectural integrity of the surrounding neighborhood.
- The rehab produced a mixed-income property, with one unit having no income restrictions, two for individuals or families at or below 50% American median income (AMI) and one unit for an individual or family at or below 80% AMI.

**Sales Information**

This four-family property was sold to an owner-occupant for $380,000. Due to the large scale of the property and its associated high maintenance costs, the owner-occupant was not required to meet income restrictions. The three rental units are income-restricted; two one-bedroom units will be restricted to individuals or families at or below 50% AMI (in 2010, $25,250 for a single person or $28,850 for two people) and one two-bedroom unit will be restricted to individuals or families at or below 80% AMI (in 2010, $40,400 for a single person or $46,200 for two people).

As part of the $380,000 sales price, there is a City of Providence LEAD fund mortgage on the property for $30,000, which must be assumed by the buyer. Half of the loan ($15,000) will be forgiven at a rate of 20% per year for five years and the remaining half is due in full upon subsequent sale of the property at a rate of zero percent interest.

**Property Restrictions & Affordability Requirements**

**Rental Restrictions**

The rental period of affordability is 30 years. Two units will be rented out at 50% AMI (one at $521 per month, one at $530), and one using 80% AMI ($775 per month), including the utility allowance. Low HOME rents will be charged for the 50% units, and high HOME rent will be charged for the 80% unit.

Tenants' incomes will be certified annually by the City of Providence with the PRF and homeowner acting as coordinators. If a tenant’s income should exceed 50% AMI or 80% AMI during their period of residency in the house, maximum rent cannot exceed 30% of the tenant’s gross income (example: $30,000 gross annual income x 30% = $9,000, divided by 12 months = $750 rent per month maximum).

Rental units must be lead-safe certified annually.

**Owners Restrictions**

The initial buyer and all subsequent owners (for a period of thirty years) must maintain the residence as owner-occupants and adhere to the rental restrictions on the property as outlined above.

A Perpetual Historic Easement was placed on the property and held by the PRF. The easement will protect against any modifications to the exterior of the property as well as the grounds. The PRF also will have a right of first refusal on all transfers of ownership.
**Meadowlands Museum**
15,000
Museum roof

**Merchants and Drovers Tavern Museum Association**
15,000
Chimney restoration/repair

**New Jersey Community Development Corporation**
100,000
Rogers Locomotive Storage Building

**Perkins Center for the Arts**
15,000
Exterior painting

**Red Mill Museum Village, Inc.**
15,000
Wheel House

**Ritz Theatre Company, Inc.**
15,000
Window restoration

**The 1759 Vought House**
13,000
Roof stabilization

**Upper Saddle River Historical Society**
5,680
Hopper-Goetschius House Museum

**Westfield Historical Society**
15,000
Reeve History and Cultural Resource Center

**Wholesome Wave Foundation**
75,000
Double Value Coupon Program

**NEW YORK**

**Just Food - New York City**
30,000
Community Workshops/City Farms

**New York Harbor Foundation**
25,000
Oyster Restoration and Research
**Preservation League of New York State**
41,300
Revolving Fund, Second Year Salary

**Fair Food**
20,000
Heritage Breeds and Seed Promotion at Farmers’ Markets

**Bristol Art Museum**
5,000
Linden Carriage House

**St. Augustine’s Project**
8,000
Slave Galleries

**Fruit Tree Planting Foundation**
20,000
Reservation Preservation/Native American Orchard

**Farm Fresh RI**
40,000
Healthy Food Hub

**Weeksville Heritage Center**
52,500
Hunterfly Row Houses

**Heritage Conservancy**
20,000
Feasibility Study for Regional Heritage Livestock Business

**Friends of Hearthside**
12,000
Roof replacement, restoration

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**Pennsylvania**

**Common Market**
45,000
Food Hub Growth

**Block Island Historical Society**
15,000
Woonsocket House Museum

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**Rhode Island**

**Handicraft Club, Inc.**
12,500
Truman Beckwith House
With its mission to protect Rhode Island’s historic structures and unique places, Preserve Rhode Island was thrilled to collaborate with The 1772 Foundation to distribute almost $200,000 in preservation grants to some of the state’s most significant historic properties. These grants helped to restore places that enrich peoples’ lives, whether as historic sites open to the public, community development corporation or housing and social services non-profit.

Preserve Rhode Island’s involvement increased its visibility in communities statewide and helped it build new relationships. During site visits, Preserve Rhode Island engaged with applicants about their missions and projects and provided guidance for writing successful applications. With over $241,000 in grant requests from twenty-one organizations, Preserve Rhode Island assessed building significance, immediacy of need, capacity to complete the project, and demonstrated commitment to the historic resource via master plan, historic structure report, or other planning document. After review and numerous site visits, Preserve Rhode Island recommended $195,000 in funding to fifteen organizations for approval by The 1772 Foundation’s Board. The organizations’ historic resources were varied and included an armory, 19th century homes, industrial buildings and a carriage house.
Armory Hall, Warren

Historic Warren Armory, Inc.
Armory Hall, Warren
Security System and Masonry Repairs
$10,000

Mosaico Community Development Corporation
Building #1 – Bristol Industrial Park, Bristol
Roof Replacement
$15,000

Nature Conservancy
Brewster Camp, South Kingstown
Chimney Repointing
$9,800

Pettaquamscutt Historical Society
Old Washington County Jail, Kingston
Masonry and Window Repairs
$15,000

Block Island Historical Society
Woonsocket House, Block Island
Sill Repairs
$15,000

Bristol Art Museum
Linden Place Carriage House, Bristol
Roof Repair
$5,000

Friends of Hearthside
Hearthside House, Lincoln
Roof Repair
$12,000

Handicraft Club
Truman Beckwith House, Providence
Roof Balustrade Restoration
$12,500

Preservation Society of Newport County
Kingscote, Newport
Roof Repair/Replacement
$15,000

Preserve Rhode Island
Governor Henry Lippitt House Museum, Providence
Façade Brownstone Step Restoration
$15,000

Rhode Island Historical Society
John Brown House, Providence
Fire Detection and Alarm System
$15,000

Rhode Island Lighthouse Foundation
Fort Hamilton Barracks Building
Arched Window Masonry Restoration
$15,000

Seamen’s Institute of Newport
Clean & Seal Masonry and Window Restoration
$12,700

Westerly Armory
Masonry Repair & Sealing
$15,000

Westerly Land Trust
Industrial Trust Building
Window Restoration, Chimney Repointing, Roof and Dome Repairs
$13,000

Kingscote, Newport

Linden Place Carriage House, Bristol

Armory Hall, Warren
The Preservation Trust of Vermont started its Historic Places Revolving Fund in 2011 with a grant of $65,000 from The 1772 Foundation. The Fund’s goal is to acquire options on endangered properties, buying time to find new owners with the capacity to rehabilitate and reuse these historically significant buildings. Our main focus is on properties in downtowns and village centers, although we have the flexibility to get involved with threatened buildings anywhere in the state.

A part-time director began work in June, 2011 and we have worked on approximately a dozen buildings including a vacant neighborhood school, a 1790’s house built by Vermont’s first governor, a downtown commercial building that was once a hotel, an abandoned farmhouse in the middle of commercial sprawl, and what was once a village store that a local community group wanted to purchase. The real value of the Revolving Fund is its availability as a resource if an option seems to be the best approach. In some cases, the expertise of the staff helped find a solution without needing to acquire an option.

Little did the Preservation Trust of Vermont know when it started the Fund that, in late August of 2011, the worst flooding Vermont had experienced in 85 years would ravage the state in the aftermath of Tropical Storm Irene. Because the Fund was up and running, we were able to immediately put it to use in two of the hardest hit communities in the state.

In Wilmington, the Parmalee-Howe building was damaged by the flood and the owner was not prepared to take on a major rehabilitation project. The Fund acquired an option to allow a local group to form a new non-profit, which then raised the money to purchase the property. In Brandon, the Neshobe River swept through the 1885 Watershed Tavern building on Main Street. Local and state officials wanted to demolish the property, but the Revolving Fund acquired an option and is working on making rehabilitation possible.

Without the Revolving Fund and The1772 Foundation’s assistance, these challenging properties easily could have been lost forever. The Preservation Trust of Vermont always has been an advocate for threatened buildings but, with the addition of the Revolving Fund, it now has a valuable new tool that can be used to take the additional step of getting site control while developing a plan to bring the buildings back into economic use.
Historic Warren Armory  
10,000  
Fire detection, window restoration

Preserve Rhode Island  
35,000  
Revolving Fund, Phase I

Rose Island Lighthouse Foundation  
15,000  
Fort Hamilton Barracks

Mosaico Corporation  
15,000  
Bristol Industrial Park Building

Preserve Rhode Island  
15,000  
Governor Henry Lippitt House

Seamen’s Institute of Newport, Rhode Island  
12,700  
Seal masonry and restore windows

Pettaquamscutt Historical Society  
15,000  
Old Washington County Jail

Providence Revolving Fund  
50,000  
Revolving Fund Recapitalization

Southside Community Land Trust  
25,000  
Growing the Next Generation of Urban Farmers

Preservation Society of Newport County  
15,000  
Kingscote

Rhode Island Historical Society  
15,000  
John Brown House

The Nature Conservancy  
9,800  
Anna Brewster Artist Camp
Westerly Armory
15,000
Seal masonry

Westerly Land Trust
13,000
Industrial Trust Building

South Carolina Coastal Conservation League
20,000
Food Hub

Preservation Trust of Vermont
65,000
Revolving Fund Capacity Building

Palmetto Trust for Historic Preservation
50,000
Revolving Fund Recapitalization

Historic Windsor
20,000
Stephen Jacobs House

Northern Grain Growers Association
15,000
Heirloom Grain Propagation

Local Food Hub - Charlottesville
40,000
Food Hub Development

VERMONT

SOUTH CAROLINA

VIRGINIA
The Arrow and the Song

I shot an arrow into the air,
It fell to earth, I knew not where;
For, so swiftly it flew, the sight
Could not follow it in its flight.

I breathed a song into the air,
It fell to earth, I knew not where;
For who has sight so keen and strong,
That it can follow the flight of song?

Long, long afterward, in an oak
I found the arrow, still unbroke;
And the song, from beginning to end,
I found again in the heart of a friend.

— Henry Wadsworth Longfellow
Independent Auditors’ Report

To the Board of Trustees of
The 1772 Foundation, Inc.

We have audited the accompanying statements of financial position of The 1772 Foundation, Inc., (a New Jersey non-profit corporation), as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The 1772 Foundation, Inc. as of December 31, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

LESHNER, FRANCHINO & COMPANY, LLP

Morristown, New Jersey
May 29, 2012

2011 audited financial statements will be posted on the web as soon as they are available.
# THE 1772 FOUNDATION, INC.
## STATEMENTS OF FINANCIAL POSITION

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 7,310,318</td>
</tr>
<tr>
<td>Investments at fair value</td>
<td>63,267,412</td>
</tr>
<tr>
<td>Prepaid expenses and other receivables</td>
<td>64,220</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>70,641,950</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>3,803</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 70,645,753</td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and other accrued liabilities</td>
<td>$ 56,588</td>
<td>$ 48,406</td>
</tr>
<tr>
<td>Grants payable</td>
<td>---</td>
<td>308,000</td>
</tr>
<tr>
<td>Current and deferred excise taxes payable</td>
<td>---</td>
<td>1,100</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>56,588</td>
<td>357,506</td>
</tr>
<tr>
<td><strong>Net assets - unrestricted</strong></td>
<td>70,589,165</td>
<td>73,942,039</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$ 70,645,753</td>
<td>$ 74,299,545</td>
</tr>
</tbody>
</table>

See the Auditor's Report and the accompanying Notes to Financial Statements.
# THE 1772 FOUNDATION, INC.
## STATEMENTS OF ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$</td>
<td>$ 1,000</td>
</tr>
<tr>
<td>Investment income</td>
<td>1,959,110</td>
<td>2,144,908</td>
</tr>
<tr>
<td>Realized gains (losses) on sale of investments</td>
<td>(678,295)</td>
<td>35,408</td>
</tr>
<tr>
<td><strong>Less: expenses directly related to investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment management and custodial fees</td>
<td>219,228</td>
<td>200,803</td>
</tr>
<tr>
<td>Federal excise tax</td>
<td>14,960</td>
<td>17,840</td>
</tr>
<tr>
<td><strong>Total expenses directly related to investments</strong></td>
<td>234,188</td>
<td>218,643</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>1,046,826</td>
<td>1,962,672</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grants and operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>2,787,900</td>
<td>2,893,000</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trustees’ fees</td>
<td>236,550</td>
<td>238,800</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>116,904</td>
<td>112,800</td>
</tr>
<tr>
<td>Travel, site visits and meetings</td>
<td>45,257</td>
<td>81,755</td>
</tr>
<tr>
<td>Professional fees</td>
<td>41,349</td>
<td>35,974</td>
</tr>
<tr>
<td>Historic preservation conference and fees</td>
<td>25,000</td>
<td>-</td>
</tr>
<tr>
<td>Outside service fees</td>
<td>17,950</td>
<td>2,836</td>
</tr>
<tr>
<td>Office supplies and expenses</td>
<td>14,702</td>
<td>13,512</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>8,652</td>
<td>8,598</td>
</tr>
<tr>
<td>Rent</td>
<td>7,840</td>
<td>6,720</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>6,734</td>
<td>6,820</td>
</tr>
<tr>
<td>Pension</td>
<td>6,582</td>
<td>6,360</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>4,773</td>
<td>4,673</td>
</tr>
<tr>
<td>Telephone</td>
<td>3,054</td>
<td>3,267</td>
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<tr>
<td>Utilities</td>
<td>2,426</td>
<td>3,383</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,834</td>
<td>1,711</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,684</td>
<td>2,059</td>
</tr>
<tr>
<td>Fellowship fees and expenses</td>
<td>597</td>
<td>39,616</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>541,888</td>
<td>570,685</td>
</tr>
<tr>
<td><strong>Total grants and operating expenses</strong></td>
<td>3,329,788</td>
<td>3,463,685</td>
</tr>
</tbody>
</table>

|                           |           |            |
| **Excess expenses over revenues before unrealized gains (losses) on investments** |   (2,283,161) | (1,501,013) |

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gains (losses) on investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(net of deferred excised taxes of $(1,100) in 2011 and $1,100 in 2010)</td>
<td>(1,069,713)</td>
<td>3,893,479</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (decrease) in net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3,352,874)</td>
<td>2,392,466</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted net assets at beginning of year</td>
<td>73,042,039</td>
<td>71,549,573</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted net assets at end of year</td>
<td>$ 70,589,165</td>
<td>$ 73,942,039</td>
</tr>
</tbody>
</table>

See the Auditor’s Report and the accompanying Notes to Financial Statements.
THE 1772 FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

<table>
<thead>
<tr>
<th></th>
<th>Years Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>(3,352,874)</td>
</tr>
<tr>
<td>Adjustments to reconcile increase (decrease) in net assets to net cash used for operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,884</td>
</tr>
<tr>
<td>Realized (gains) losses on sale of investments</td>
<td>678,295</td>
</tr>
<tr>
<td>Unrealized (gains) losses on investments</td>
<td>1,070,813</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other receivables</td>
<td>19,935</td>
</tr>
<tr>
<td>Accounts payable and other accrued liabilities</td>
<td>8,181</td>
</tr>
<tr>
<td>Federal current and deferred excise taxes payable</td>
<td>(1,100)</td>
</tr>
<tr>
<td>Grants payable</td>
<td>(308,000)</td>
</tr>
<tr>
<td><strong>Total adjustments</strong></td>
<td>1,469,808</td>
</tr>
<tr>
<td><strong>Net cash used for operating activities</strong></td>
<td>(1,883,065)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(1,013)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>26,111,295</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(19,062,052)</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>7,048,230</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>5,165,164</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of year</strong></td>
<td>2,145,154</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>7,310,318</td>
</tr>
<tr>
<td><strong>Supplemental information:</strong></td>
<td></td>
</tr>
<tr>
<td>Excise taxes paid</td>
<td>15,000</td>
</tr>
</tbody>
</table>

See the Auditor's Report and the accompanying Notes to Financial Statements.
NOTE 1 ORGANIZATION

The 1772 Foundation, Inc. (the Foundation) is a private non-operating foundation established by Stewart B. Kean in 1984 for the purpose of preserving and enhancing American historical organizations, especially for entities with particular interest in farming, industrial development, transportation or unusual historical buildings.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
Financial statement presentation has been prepared on the accrual basis of accounting, which includes recognition of income and expenses as earned or incurred.

Cash Equivalents
The Foundation considers all highly liquid investments with original maturities of three months or less at date of acquisition to be cash equivalents, which are considered Level 1 under ASC Topic 820, "Fair Value Measurements and Disclosures."

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts that are reported in the financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that the company may undertake in the future, actual results may be different from the estimates.

Investments
Investments are reported at fair value with realized and unrealized gains and losses included as a component of the change in net assets. The estimated fair value of investments is based upon quoted market prices except for alternative investments for which quoted market prices are not available. Alternative investments include private equity interests, commingled funds, and other investments. The estimated value of certain alternative investments, such as private equity interests, is based on valuations provided by the general partner. Alternative investments make up approximate 11.5% of total investments. Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the statement of activities in the period that such fluctuations occur. There have been no changes to the valuation policy during the years ended December 31, 2011 or 2010.

Investment sales and purchases are recorded on a trade-date basis. Dividend income is recorded based on the ex-dividend date, and interest income is recorded as earned on the accrual basis.

Grant Expenditures
Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to future contingencies. Conditional grants are recognized as a grant expense and as a grant payable in the period in which the grantee meets the terms and conditions.
NOTE 2  SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment
Property and equipment are recorded at cost for assets purchased or fair value for assets contributed and depreciated over their estimated useful lives using the straight-line method of depreciation.

Total depreciation expense charged to operations amounted to $1,684 and $2,224 for the years ended December 31, 2011 and 2010, respectively.

Fair Value of Financial Instruments
The Foundation utilizes valuation techniques established under ASC Topic, 820, which maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Tax-Exempt Status
The Foundation is exempt from federal income taxes under Section 501(c)(3) and is classified as a private foundation under section 509(a) of the Internal Revenue Code. The Foundation is subject to federal excise taxes as well as federal and state unrelated business income tax. In addition, some investments in foreign countries are subject to foreign income tax.

NOTE 3  SUBSEQUENT EVENTS
The Foundation evaluated subsequent events from December 31, 2011 through May 29, 2102, the date the financial statements were available to be issued.
THE 1772 FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CONCENTRATIONS

The Foundation places its cash investments with high-credit-quality financial institutions and limits the amount of credit exposure to any one financial institution. At times such amounts may be in excess of FDIC insurance limits.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities could occur in the near term and that, such changes could materially affect the value of investments.

NOTE 5 INVESTMENTS

Following is a summary of the fair market value of investments:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2011</th>
<th>December 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stocks</td>
<td>$12,628,209</td>
<td>$11,768,969</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>40,997,626</td>
<td>48,438,812</td>
</tr>
<tr>
<td>U.S. Treasury obligations</td>
<td>---</td>
<td>4,520,741</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>2,037,500</td>
<td>5,599,373</td>
</tr>
<tr>
<td>Private investments</td>
<td>7,599,845</td>
<td>1,733,570</td>
</tr>
<tr>
<td>Mortgage-backed securities</td>
<td>4,232</td>
<td>4,288</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$63,267,412</strong></td>
<td><strong>$72,065,763</strong></td>
</tr>
</tbody>
</table>

At December 31, 2011 and 2010 marketable security investments valued at $55,867,567 and $70,332,193, respectively, were recorded using quoted market prices under Level 1 Inputs and other alternative investments valued at $7,599,845 and $1,733,570, respectively, were recorded using general partner valuations under Level 2 Inputs as described in Note 2.

NOTE 6 FEDERAL EXCISE TAXES AND REQUIRED DISTRIBUTIONS

The Foundation is subject to federal excise taxes imposed on private foundations at 2%, or at 1% if certain conditions are met. The excise tax is imposed on net investment income, as defined under federal law, which includes interest, dividends, and net realized gains on the sale of investments. The current portion of federal excise tax expense is $14,960 and $17,840 for the years ended December 31, 2011 and 2010, respectively.

The Foundation made provisions for deferred federal excise taxes which were recorded at the 1% excise tax rate in 2011. Deferred excise tax expense was $(1,100) and $1,100 for the year ended December 31, 2011 and 2010 respectively, and computed on the net unrealized gains on investments.
NOTE 6  FEDERAL EXCISE TAXES AND REQUIRED DISTRIBUTIONS (Continued)

At December 31, 2011 the Foundation’s investments reflect a net unrealized loss position and accordingly, there is no deferred tax liability in the accompanying financial statements.

The Foundation must distribute as required by the Internal Revenue Service, within one year after the end of each fiscal year, the minimum investment return defined as 5% of the non-charitable use assets. The Foundation was in compliance with the distribution requirements for the years December 31, 2011 and 2010.

NOTE 7  GRANTS PAYABLE

Grants payable represents unconditional grants that have been authorized by the Foundation’s Board of Trustees but remain unpaid as of the statement of financial position date. Such grants payable are recorded at their current face value which is not materially different from present values using a discount rate commensurate with the risks involved. Total approved grants payable amounted to $308,000 at December 31, 2010; there were no outstanding grants payable at December 31, 2011.

NOTE 8  RETIREMENT PLAN

The Foundation has a plan qualifying under Section 403 (b) of the Internal Revenue Code, which covers substantially all employees. Eligible employees can defer up to the maximum limits allowable under the Internal Revenue Code, for which the Company matches up to 6% of those employee deferrals. Total matching contributions made for the years ended December 31, 2011 and 2010 amounted to $6,582 and $6,360, respectively.

NOTE 9  COMMITMENTS

The Foundation leases office space located in Putnam, Connecticut under an operating lease agreement dated September 1, 2009 with a base rental of $600 per month for the first year and $630 per month for the second year which expired on August 31, 2011. Since August 31, 2011 the Foundation has continued to lease the office space on a month to month basis under the expired lease agreement terms. Total rent expense under this lease agreement amounted to $7,840 and $6,720 for the years ended December 31, 2011 and 2010, respectively.

No future minimum lease payments are required under the month to month lease agreement.
1772 FOUNDATION TRUSTEES
From left to right:
The late John R. Livesey, Mary Anthony, Executive Director,
J. David Schardien, Trustee Emeritus, Dr. Nancy Davis, Dr. Gretchen Sorin, B. Danforth Ely, Vice-President,
G. Stanton Geary, President, Dr. Robert Raynolds

1772 Board and Staff at Lincoln’s Cottage, Washington, DC

WWW.1772FOUNDATION.ORG