

ANNUAL REPORT / 2011

Ontario Street • Providence, Rhode Island





1772 Board Members



B. Danforth Ely Vice-President



The late John R. Livesey Secretary/Treasurer

NOF



Dr. Robert Raynolds *Trustee*



J. David Schardien Trustee Emeritus

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THE PRESIDENT'S LETTER

THE 1772 FOUNDATION

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 preser-

vation 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, Massa-

chusetts. 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 P. Stanton Seary

1772 Board Members



Dr. Nancy Davis Trustee



Dr. Gretchen Sorin Trustee



Mary Anthony Executive Director

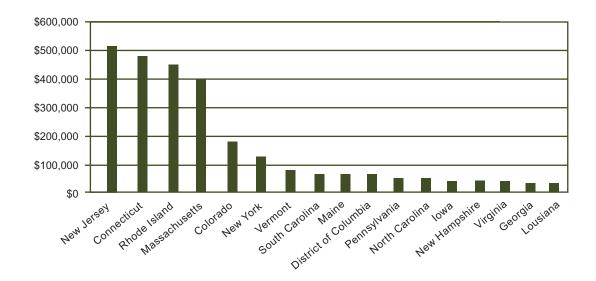
1772 Foundation Fiscal 2011 - Historic Preservation Grants

Applicant	State	Project	Grant Award
Denver Urban Gardens	co	10.000	DeLaney Community Farm
Feed Denver	СО	15,000	Mobile Farm Market
Growing Gardens - Boulder	СО	10,000	The Orchard
Slow Food Denver	СО	5,000	Seed to Table Youth Farmers' Markets and Garden to Cafeteria Program
Southwest Conservation Corps	СО	15,000	Traditional Farming Corps
Barnum Museum	CT	10,000	Repairs/restoration
Bristol Historical Society Museum	CT	14,000	1890 Building
Burlington Historical Society	CT	14,250	Elton Tavern
Community Farm of Simsbury	CT	25,000	Foodshare and Education Programs
Connecticut Landmarks	CT	11,000	Amos Bull House
Connecticut Trust for Historic Preservation	CT	24,000	Revolving Fund Feasibility Study
Denison Society, Inc.	CT	8,650	Denison Homestead Museum
Farmington Historical Society	CT	4,100	Gridley-Case Cottages
Friends of the Farm at Hilltop, Inc.	CT	14,000	Hilltop Dairy Barn
Historical Society of Easton	CT	14,250	Bradley-Hubbell Barn
Historical Society of Glastonbury	CT	5,558	Welles-Shipman-Ward House
Litchfield Historical Society	CT	10,000	Noyes Memorial Building
Mark Twain House and Museum	CT	14,700	Roof and porch restoration
New London County Historical Society	CT	7,000	Shaw Mansion
Sharon Historical Society	CT	10,500	Gay-Hoyt House
Shelton Historical Society	CT	2,400	Brownson House
Sherman Library Association	CT	9,000	Roof repair
Southbury Historical Society:	CT	14,000	Ludorf Barn
Stanton-Davis Foundation	CT	14,840	Stanton-Davis Homestead
Sullivan Farm	CT	20,000	On-site Farm Stand, Apprentices
Wallingford Historic Preservation Trust, Inc.	CT	10,000	Johnson Mansion Outhouse
Wholesome Wave Foundation	CT	50,000	Fruit and Veggies Prescription Program
Woodstock Historical Society	CT	6,750	Palmer Memorial Hall
National Trust for Historic Preservation	DC	66,500	2011 Conference Funding
National Trust for Historic Preservation	DC	30,000	National Revolving Fund Study
Historic Macon Foundation	GA	30,000	Revolving Fund Capacity Building
Seed Savers Exchange Preservation Resource Center of New Orleans	IA LA	42,500	Historic Apple Orchard Regeneration
Chefs Collaborative	MA	30,000	Revolving Fund Farm to Chef Heritage Breeds/Seeds
	MA	30,000 15,000	Farmers' Abundance Initiative
Community Servings Drinking Gourd Project	MA	10,000	Robbins House Interpretive Center
Friends of Mt. Auburn Cemetery	MA	17,500	African American Heritage Trail Project
Historic Boston, Inc.	MA	75,000	Revolving Fund
Historic New England	MA	10,000	Project CHICK at Casey Farm
Museum of African American History	MA	25,000	Abiel Smith School House
National Trust for Historic Preservation -		20,000	
Northeast Office	MA	70,000	African American History Initiative
New Bedford Historical Society	MA	25,000	Nathan and Mary Johnson House
North Bennet Street School	MA	75,000	Anna Clapp Harris House
Pocumtuck Valley Memorial Association -		,	1 1
Historic Deerfield	MA	15,000	African Americans in Rural New England
Red Tomato	MA	30,000	Food Hub Market Building
Regional Environmental Council of			
Central Massachusetts	MA	30,000	Food Justice
Trustees of Reservations - Appleton Farms	MA	40,000	Summer Kitchen and Service Learning
WHALE	MA	40,000	Revolving Fund Capacity Building
Committee to Restore the Abyssinian Meeting House	ME	25,000	Meeting House
Friends of the Maine State Museum	ME	35,000	Malaga Island: Maine's Forgotten Legacy
Island Institute	ME	50,000	Working Waterfront Preservation Network
American Livestock Breeds Conservancy	NC	50,000	Sustainable Heritage Breeds
Preservation North Carolina	NC	50,000	Revolving Fund
New Hampshire Preservation Alliance	NH	40,000	Revolving Fund
Barnegat Bay Decoy and Baymen's Museum	NJ	14,992	Tuckerton Seaport Captain's House
City Green	NJ	50,000	Urban Farming/Food Access

1772 Foundation Fiscal 2011 - Historic Preservation Grants

Applicant	State	Project	Grant Award
Cumberland County Historical Society	NJ	10,000	1650 Swedish Granary Preservation Plan
Franklin Historical Society	NJ	15,000	Edison School House/Hungarian Church
Friends of Hinchliffe Stadium	NJ	40,000	Hinchliffe Stadium
Greater Newark Conservancy	NJ	50,000	Urban Farming/Food Access
Hamilton Partnership for Paterson	NJ	100,000	Great Falls National Park
Historic Cold Spring Village	NJ	4,108	Exterior restoration on multiple buildings
Historical and Educational Lodge-Hall Preservatory	NJ	10,000	Richardson Avenue School
Hunterdon County Historical Society	NJ	15,000	Doric House
Hunterdon Land Trust	NJ	15,000	Agricultural Education
Hunterdon Land Trust	NJ	15,000	Case/Dvoor Farmhouse
Kean University	NJ	37,500	Incredible Edible School Garden
Lawnside Historical Society	NJ	15,000	Peter Mott House
Meadowlands Museum	NJ	15,000	Museum roof
Merchants and Drovers Tavern Museum Association	NJ	15,000	Chimney restoration/repair
New Jersey Community Development Corporation Perkins Center for the Arts	NJ	100,000	Rogers Locomotive Storage Building
	NJ	15,000	Exterior painting Wheel House
Red Mill Museum Village, Inc.	NJ	15,000	Window restoration
Ritz Theatre Company, Inc. The 1759 Vought House	NJ NJ	15,000 15,000	Roof stabilization
Upper Saddle River Historical Society	NJ	5,680	Hopper-Goetschius House Museum
Westfield Historical Society	NJ	15,000	Reeve History and Cultural Resource Center
Wholesome Wave Foundation	NJ	75,000	Double Value Coupon Program
Just Food - New York City	NY	30,000	Community Workshops/City Farms
New York Harbor Foundation	NY	25,000	Oyster Restoration and Research
Preservation League of New York State	NY	41,300	Revolving Fund, Second Year Salary
St. Augustine's Project	NY	8,000	Slave Galleries
Weeksville Heritage Center	NY	52,500	Hunterfly Row Houses
Common Market	PA	45,000	Food Hub Growth
Fair Food	PA	20,000	Heritage Breeds and Seed Promotion at Farmers' Markets
Fruit Tree Planting Foundation	PA	20,000	Reservation Preservation/Native American Orchard
Heritage Conservancy	PA	20,000	Feasibility Study for Regional Heritage Livestock Business
Block Island Historical Society	RI	15,000	Woonsocket House Museum
Bristol Art Museum	RI	5,000	Linden Carriage House
Farm Fresh RI	RI	40,000	Healthy Food Hub
Friends of Hearthside	RI	12,000	Roof replacement, restoration
Handicraft Club, Inc.	RI	12,500	Truman Beckwith House
Historic Warren Armory	RI	10,000	Fire detection, window restoration
Mosaico Corporation	RI	15,000	Bristol Industrial Park Building
Pettaquamscutt Historical Society	RI	15,000	Old Washington County Jail
Preservation Society of Newport County	RI	15,000	Kingscote
Preserve Rhode Island	RI	35,000	Revolving Fund, Phase I
Preserve Rhode Island	RI	15,000	Governor Henry Lippitt House
Providence Revolving Fund	RI	50,000	Revolving Fund Recapitalization
Rhode Island Historical Society	RI	15,000	John Brown House
Rose Island Lighthouse Foundation	RI	15,000	Fort Hamilton Barracks
Seamen's Institute of Newport, Rhode Island	RI	12,700	Seal masonry and restore windows
Southside Community Land Trust	RI	25,000	Growing the Next Generation of Urban Farmers
The Nature Conservancy	RI	9,800	Anna Brewster Artist Camp
Westerly Armory	RI	15,000	Seal masonry
Westerly Land Trust	RI	13,000	Industrial Trust Building
Palmetto Trust for Historic Preservation	SC	50,000	Revolving Fund Recapitalization
South Carolina Coastal Conservation League	SC	20,000	Food Hub
Historic Windsor	VT	20,000	Stephen Jacobs House
Northern Grain Growers Association	VT	15,000	Heirloom Grain Propagation
Preservation Trust of Vermont	VT	65,000	Revolving Fund Capacity Building
Local Food Hub - Charlottesville	VA	40,000	Food Hub Development

1772 Foundation 2011 Grant Statistics



GRANT DOLLARS BY STATE:

Total	\$2,740,000
Louisiana	\$30,000
Georgia	\$30,000
Virginia	\$40,000
New Hampshire	\$40,000
Iowa	\$42,500
North Carolina	\$50,000
Pennsylvania	\$55,000
District of Columbia	\$66,500
Maine	\$70,000
South Carolina	\$70,000
Vermont	\$80,000
New York	\$122,500
Colorado	\$182,500
Massachusetts	\$399,000
Rhode Island	\$466,500
Connecticut	\$481,500
New Jersey	\$514,000

In addition to historic preservation grants, \$200,000 in directorrecommended 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.

LETTER FROM THE EXECUTIVE DIRECTOR

THE 1772 FOUNDATION



"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 selfimposed 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 nonprofit 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 threeyear 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

Mary Anthony Executive Director

🚵 COLORADO

Denver Urban Gardens 10,000 DeLaney Community Farm



Feed Denver 15,000 Mobile Farm Market



Growing Gardens - Boulder 10,000 The Orchard



Southwest Conservation Corps 15,000 Traditional Farming Corps

CONNECTICUT

Barnum Museum 10,000 Repairs/restoration

Slow Food Denver

Seed to Table Youth Farmers' Markets and

Garden to Cafeteria Program

5.000



Bristol Historical Society Museum 14,000 1890 Building



Burlington Historical Society 14,250 Elton Tavern



Community Farm of Simsbury 25,000 Foodshare and Education Programs



Connecticut Landmarks 11,000 Amos Bull 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



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



Historical Society of Easton 14,250 Bradley-Hubbell Barn



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



Litchfield Historical Society 10,000 Noyes Memorial Building



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



New London County Historical Society 7,000 Shaw Mansion



Sharon Historical Society 10,500 Gay-Hoyt House



Shelton Historical Society 2,400 Brownson House



CONNECTICUT TRUST FOR HISTORIC PRESERVATION

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 indepth 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



Mystic, Denison Homestead (1717), masonry repairs, \$15,000

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.



Hartford, Mark Twain house (1884), slate roof, \$15,000



Burlington, Brown Elton Tavern (1810), roof repair, \$15,000



Suffield, Hilltop Farm barn (1914), fire detection and suppression system. \$15,000

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



🙈 DISTRICT OF COLUMBIA

National Trust for Historic Preservation 66,500 2011 Conference Funding



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

NATIONAL TRUST FOR HISTORIC PRESERVATION[®]

🙈 GEORGIA

Historic Macon Foundation 30,000 Revolving Fund Capacity Building



iowa 🔬

Seed Savers Exchange 42,500 Historic Apple Orchard Regeneration



LOUISIANA

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 roof tops) and improved aesthetics encourage more residents to walk and bike. Suddenly, you have a neighborhood again.

Historic Macon Foundation complements the traditional "buyrehabilitate-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

Chefs Collaborative 30,000 Farm to Chef Heritage Breeds/Seeds



Community Servings 15,000 Farmers' Abundance Initiative



Drinking Gourd Project 10,000 Robbins House Interpretive Center



Friends of Mt. Auburn Cemetery 17,500 African American Heritage Trail Project



Historic Boston, Inc. 75,000 Revolving Fund



Historic New England 10,000 Project CHICK at Casey Farm



Museum of African American History 25,000 Abiel Smith School House



National Trust for Historic Preservation -Northeast Office 70,000 African American History Initiative



New Bedford Historical Society 25,000 Nathan and Mary Johnson House



North Bennet Street School 75,000 Anna Clapp Harris House



Pocumtuck Valley Memorial Association -Historic Deerfield 15,000 African Americans in Rural New England



The 1772 Foundation Partners with New Jersey Historic Trust

Small Grants Have Big Impact

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.



Swedish Granary

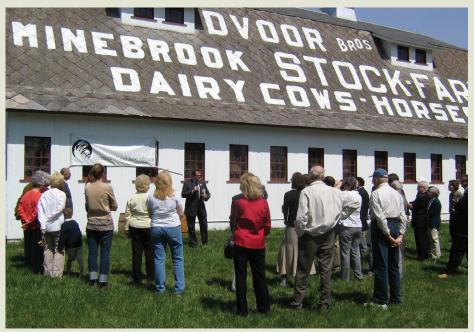
In the spring of 2011, from a pool of sixtyeight applicants who had submitted letters of inquiry, the Foundation invited twenty organizations to submit complete applications. Their funding requests totaled \$290,000. The maximum grant request was \$15,000, requiring a \$15,000 match. The matching grants were to fund specific work that included exterior painting and surface restoration; upgrades to security and fire detection systems; restoration of windows, porches and roofs; structural sill repair and replacement; and repair and repointing of foundations and chimneys. The Historic Trust recommended awards totaling \$195,000 to fifteen applicants.

In addition to meeting the program's specific criteria, the proposed work needed to be based on a sound preservation plan or historic structure report. Through consultation with site personnel, the Historic

Trust evaluated the critical need that would be met by the proposed project as well as the organization's ability to carry out the work within the proposed time frame. Also examined was the organization's ability to raise matching funds and administer the project.

"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.



Case/Dvoor Farm





Merchants and Drovers Tavern

Perkins House

GRANT AWARDS INCLUDED:

BARTLETT-ROCKHILL HOUSE Barnegat Bay Decoy & Baymen's Museum (Tuckerton Seaport) Tuckerton Ocean County Window restoration \$14,992

EDISON SCHOOL HOUSE, HUNGARIAN CHURCH Franklin Historical Society Franklin Borough Sussex County Roof repair \$15,000

MAHLON FISHER HOUSE Hunterdon County Historical Society

CASE/DVOOR FARM Hunterdon Land Trust Alliance

RICHARDSON AVENUE SCHOOL Historical and Educational Lodge-Hall Preservatory, Inc. Swedesboro Gloucester County Exterior painting \$10,000

MERCHANTS AND DROVERS TAVERN Merchants & Drovers Tavern Museum Assoc. Rahway Union County Chimney re-pointing \$15,000

PERKINS HOUSE Perkins Center for the Arts Moorestown **Burlington County** Exterior painting \$15,000

RED MILL WHEEL HOUSE The Red Mill Museum Village Clinton Hunterdon County Wheel House sill replacement \$15,000

HOPPER-GOETSCHIUS HOUSE Upper Saddle River Historical Society Upper Saddle River Borough Bergen County Preservation plan \$5,680

COLD SPRING VILLAGE Historic Cold Spring Village Lower Township Cape May County Roof/porch restoration Window restoration Sill repair \$4,108

Flemington Hunterdon County Roof/porch restoration \$15,000

> Raritan Township Hunterdon County Slate roof restoration Foundation waterproofing \$15,000

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.

SWEDISH GRANARY Cumberland County Historical Society Greenwich Cumberland County Preservation plan \$10,220

1759 VOUGHT HOUSE

1759 Vought House Inc.: A Revolutionary War Loyalist Homestead Clinton Township Hunterdon County Roof repairs \$15,000

YEREANCE-BERRY HOUSE Meadowlands Museum Rutherford Passaic County Roof repair \$15,000

RITZ THEATER Ritz Theatre Company, Inc. Haddon Township Camden County Window restoration \$15,000

WILLIAM EDGAR REEVE HOUSE Westfield Historical Society Westfield Union County Window restoration \$15,000

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



Island Institute 50,000 Working Waterfront Preservation Network



🙈 NORTH CAROLINA

American Livestock Breeds Conservancy 50,000 Sustainable Heritage Breeds



Preservation North Carolina 50,000 Revolving Fund



🙈 NEW HAMPSHIRE

New Hampshire Preservation Alliance 40,000 Revolving Fund



🚵 NEW JERSEY

Barnegat Bay Decoy and Baymen's Museum 14,992 Tuckerton Seaport Captain's House



City Green 50,000 Urban Farming/Food Access



Cumberland County Historical Society 10,000 1650 Swedish Granary Preservation Plan Hamilton Partnership for Paterson 100,000 Great Falls National Park

Historic Cold Spring Village

4,108



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



Friends of Hinchliffe Stadium 40,000 Hinchliffe Stadium



Greater Newark Conservancy 50,000 Urban Farming/Food Access





Exterior restoration on multiple buildings

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



Hunterdon County Historical Society 15,000 Doric House



Hunterdon Land Trust 15,000 Agricultural Education



Hunterdon Land Trust 15,000 Case/Dvoor Farmhouse



Kean University 37,500 Incredible Edible School Garden



Lawnside Historical Society 15,000 Peter Mott House





A Revolving Fund Success Story: 153 Ontario Street, Providence, RI

The Providence Revoling Fund (PRF) identified 153 Ontario Street when it became abandoned, about a year before it was foreclosed. The house is one 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



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

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 superintendant 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 fivecar garage. It is located in the South Elmwood Local and National 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 us-



ing 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 ten-



ant'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

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



Ritz Theatre Company, Inc. 15,000 Window restoration

The 1759 Vought House

Roof stabilization

15,000



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



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

Perkins Center for the Arts 15,000 Exterior painting





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



St. Augustine's Project 8,000 Slave Galleries



Weeksville Heritage Center 52,500 Hunterfly Row Houses





Common Market 45,000 Food Hub Growth



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



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



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



🙈 RHODE ISLAND

Block Island Historical Society 15,000 Woonsocket House Museum



Bristol Art Museum 5,000 Linden Carriage House



Farm Fresh RI 40,000 Healthy Food Hub



Friends of Hearthside 12,000 Roof replacement, restoration



Handicraft Club, Inc. 12,500 Truman Beckwith House





Rose Island Lighthouse, Newport

PRESERVE RHODE ISLAND

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.



Fort Hamilton Barracks Building

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.



Building #1 - Bristol Industrial Park, Bristol

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



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



Kingscote, Newport

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



Linden Place Carriage House, Bristol

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

PRESERVATION TRUST OF VERMONT Historic Places Revolving Fund

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.







Watershed Tavern, Brandon (post flood)

Watkins Avenue School, Rutland

Chittenden House, Jericho

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 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

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



Parmalee-Howe Building, Wilmington (during flood)

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.

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.

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

Historic Warren Armory 10,000 Fire detection, window restoration



Mosaico Corporation 15,000 Bristol Industrial Park Building



Pettaquamscutt Historical Society 15,000 Old Washington County Jail



Preservation Society of Newport County 15,000 Kingscote



Preserve Rhode Island 35,000 Revolving Fund, Phase I



Preserve Rhode Island 15,000 Governor Henry Lippitt House



Providence Revolving Fund 50,000 Revolving Fund Recapitalization



Rhode Island Historical Society 15,000 John Brown House



Rose Island Lighthouse Foundation 15,000 Fort Hamilton Barracks



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



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



The Nature Conservancy 9,800 Anna Brewster Artist Camp



Westerly Armory 15,000 Seal masonry



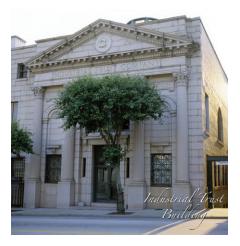
Westerly Land Trust 13,000 Industrial Trust Building





🚵 VERMONT

Historic Windsor 20,000 Stephen Jacobs House



SOUTH CAROLINA

Palmetto Trust for Historic Preservation 50,000 Revolving Fund Recapitalization





Northern Grain Growers Association 15,000 Heirloom Grain Propagation



Preservation Trust of Vermont 65,000 Revolving Fund Capacity Building



🚲 VIRGINIA

Local Food Hub - Charlottesville 40,000 Food Hub Development



IN MEMORIAM

JOHN R. LIVESEY



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



LESHNER, FRANCHINO & COMPANY LLP

Certified Public Accountants

CHANCERY SQUARE 19 Cattano Avenue Morristown, New Jersey 07960 973-539-1800 / Fax 973-539-8110

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.

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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

	December 31,	
	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,310,318	\$ 2,145,154
Investments at fair value	63,267,412	72,065,763
Prepaid expenses and other receivables	64,220	84,155
Total current assets	70,641,950	74,295,072
Property and equipment, net	3,803	4,473
Total Assets	\$ 70,645,753	\$ 74,299,545
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other accrued liabilities	\$ 56,588	\$ 48,406
Grants payable		308,000
Current and deferred excise taxes payable		1,100
Total liabilities	56,588	357,506
Net assets - unrestricted	70,589,165	73,942,039
Total Liabilities and Net Assets	\$ 70,645,753	\$ 74,299,545

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

THE 1772 FOUNDATION, INC. STATEMENTS OF ACTIVITIES

	Years Ended December 31, 20112010	
Revenues	-	
Contributions	\$	\$ 1,000
Investment income	1,959,110	2,144,908
Realized gains (losses) on sale of investments	(678,295)	35,408
	1,280,815	2,181,315
Less: expenses directly related to investments		
Investment management and custodial fees	219,228	200,803
Federal excise tax	14,960	17,840
Total expenses directly related to investments	234,188	218,643
Total revenues	1,046,628	1,962,672
Grants and operating expenses		
Grants	2,787,900	2,893,000
Operating expenses		
Trustees' fees	236,550	238,800
Salaries and wages	116,904	112,800
Travel, site visits and meetings	45,257	81,755
Professional fees	41,349	35,974
Historic preservation conference and fees	25,000	-
Outside service fees	17,950	2,836
Office supplies and expenses	14,702	13,512
Payroll taxes	8,652	8,598
Rent	7,840	6,720
Dues and subscriptions	6,734	8,620
Pension	6,582	6,360
Employee benefits	4,773	4,673
Telephone	3,054	3,267
Utilities	2,426	3,383
Insurance	1,834	1,711
Depreciation	1,684	2,059
Fellowship fees and expenses	597	39,616
Total operating expenses	541,888	570,685
Total grants and operating expenses	3,329,788	3,463,685
Excess expenses over revenues before		
unrealized gains (losses) on investments	(2,283,161)	(1,501,013)
Unrealized gains (losses) on investments		
(net of deferred excised taxes of \$(1,100) in 2011 and \$1,100 in 2010)	(1,069,713)	3,893,479
Increase (decrease) in net assets	(3,352,874)	2,392,466
Unrestricted net assets at beginning of year	73,942,039	71,549,573
Unrestricted net assets at end of year	\$ 70,589,165	\$ 73,942,039

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

THE 1772 FOUNDATION, INC. STATEMENTS OF CASH FLOWS

	Years Ended 2011	December 31, 2010
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (3,352,874)	\$ 2,392,466
Adjustments to reconcile increase (decrease) in net		
assets to net cash used for operating activities:		
Depreciation	1,684	2,224
Realized (gains) losses on sale of investments	678,295	(35,408)
Unrealized (gains) losses on investments	1,070,813	(3,894,579)
Changes in operating assets and liabilities:		
Prepaid expenses and other receivables	19,935	16,195
Accounts payable and other accrued liabilities	8,181	(11,340)
Federal current and deferred excise taxes payable	(1,100)	(8,450)
Grants payable	(308,000)	308,000
Total adjustments	1,469,808	(3,623,358)
Net cash used for operating activities	(1,883,065)	(1,230,892)
Cash flows from investing activities:		
Purchases of property and equipment	(1,013)	(825)
Proceeds from sale of investments	26,111,295	21,452,096
Purchases of investments	(19,062,052)	(19,955,545)
Net cash provided by investing activities	7,048,230	1,495,726
Net increase in cash and cash equivalents	5,165,164	264,834
Cash and cash equivalents at beginning of year	2,145,154	1,880,320
Cash and cash equivalents at end of year	\$ 7,310,318	\$ 2,145,154
Supplemental information: Excise taxes paid	\$ 15,000	\$ 10,000

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.

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:

	December 31,		
	2011	2010	
Common stocks	\$ 12,628,209	\$ 11,768,969	
Mutual funds	40,997,626	48,438,812	
U.S. Treasury obligations		4,520,741	
Corporate bonds	2,037,500	5,599,373	
Private investments	7,599,845	1,733,570	
Mortgage-backed securities	4,232	4,298	
	\$ 63,267,412	\$ 72,065,763	

At December 31, 2011 and 2010 marketable security investments valued at \$55,667,567 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

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