



THE 1772 FOUNDATION
Preserving American Historical Treasures

ANNUAL REPORT / 2007

Ancient White Park Cattle at Seed Savers Exchange, Heritage Farm - Decorah, Iowa



THE PRESIDENT'S REPORT

The 1772 Foundation Inc.

Over the course of this past year, we have developed a number of new approaches to coping with both the internal and external changes that lie ahead. With respect to the former, we are faced with the task of increasing our grant allocations by approximately 60% to the \$3.4 million area in fiscal '08.

In light of the magnitude of the geography of the United States, and with only one full-time employee, and seven trustees covering that area, we have entered into an arrangement with the National Trust for Historic Preservation's southern office whose staff will assist us in seeking out suitable grant applicants in their region that fall within our guide-line parameters. We believe this will enable us to continue operating effectively with our skeleton crew, and we look forward to working with their people.

One of the major changes taking place in our industry, which has been underway for several years now, is the decline in visitor numbers for the majority of museums, most notably house museums. The cause is not entirely clear. It first surfaced shortly after the 9/11 incident, so originally it was largely attributed to that.

However, other factors now appear to be influencing this change, including the marked decline of history courses in today's schools. By way of an example, while attendance at Williamsburg and many other facilities are down, the number of visitors at Elvis Presley's house museum has reached 600,000 a year! And their gate fees are a staggering \$60, or roughly three times what everyone else charges. Needless to say, this reflects a sea change in our cultural priorities.

Another factor that is likely having a negative impact on visitor numbers is the more extensive use of computers by the under-fifty generation. So, a family with three children living in California can either spend roughly \$5,000 to visit Thomas Jefferson's place, or get on the internet, and learn everything they want to know for no cost at all.

In light of these cultural changes, we probably have to assume that the gradual decline in visitor numbers in historic sites will continue indefinitely, so our Foundation is seeking ways to enable these sites to survive. We believe one of the best solutions to this challenge is to find a method for converting their classically transient visitors, who only go there once in a life time, into community-driven "members" who treat it as a "club", and use it extensively.

There are many ways to accomplish this, but for those sites that have a spare seven to fifteen acres of unutilized land, growing local organic produce, and tying it in with an educational component for children on how to become self-reliant in food would provide a valuable community service, particularly if fresh vegetables are grown year-round in the colder climates. While

such an effort would provide a valuable contribution to the community, it could well evolve into a vitally important service if, as I suspect, we are confronted with an energy crisis in the next five to ten years, and gasoline is \$7 to \$10 a gallon. So, we are working to get some of these projects launched.

Another area we are focusing on is how to preserve historically important structures from the wrecking ball. We believe the use of revolving funds is very effective in addressing this issue. Moreover, properly managed, it provides an ingenious way to leverage our preservation dollars thereby giving us more bang for the buck. In this regard, for the past two years, we have funded day-long sessions on revolving funds at the National Trust for Historic Preservation's Annual Preservation Conference

chaired by highly experienced speakers, as we feel more people involved in preservation should know how to avail themselves of this valuable tool.

Moreover, The 1772 Foundation has given grants to The Historic Savannah Foundation, The Historic Richmond Foundation, APVA, Preservation Virginia, and Preservation North Carolina, all of which are for their revolving funds. We are now working to help other states get a fund started.

Another area of growing interest are restoration schools, the only type of school The 1772 Foundation can provide funding to. Thus far, we have given grants to three of these, and continue to explore others. We are also in the process of implementing a program for internship and fellowship opportunities whereby college students can assist us in areas requiring more research. All in all, '07 was a productive year, and we intend to devote time going forward to such priority areas as historic agricultural projects, as previously described, revolving funds and preservation carpentry schools.

With warmest wishes for a happy and healthy 2008,

P. Stanton Peary

*G.S. Geary
President, 1772 Foundation*

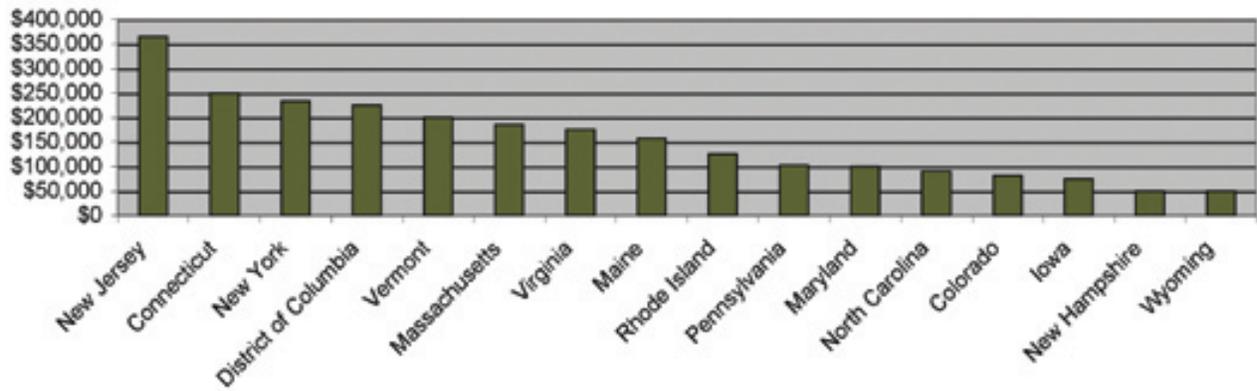


1772 Foundation Fiscal 2007 - Grants Awarded

Applicant	ST	Project	Grant Award
GRANTS AWARDED			
Georgetown Trust for Conservation and Preservation	CO	1874 Georgetown Schoolhouse	\$30,000
St. Vrain Historical Society	CO	Hover Farmstead	21,200
Historic Georgetown, Inc.	CO	Alpine Hose No. 2	30,000
Amistad America	CT	Atlantic Freedom Tour	125,000
Aspinock Historical Society	CT	Cady-Copp Cottage	15,000
Connecticut Audubon Society	CT	1895 Barn	50,000
Hunt Hill Farm Trust	CT	Hine Barn	50,000
Brooklyn Historical Society	CT	Museum	10,000
National Trust for Historic Preservation	DC	Conference sessions	50,000
National Trust for Historic Preservation	DC	Lincoln's Cottage	100,000
Friends of the Peirce Mill	DC	Peirce Mill	75,000
Seed Savers Exchange	IA	Granary and Cabin	75,000
Nahant Preservation Trust, Inc.	MA	Nahant Lifesaving Station	25,000
Norman Rockwell Museum	MA	Linwood House	25,000
Hostelling International	MA	Star of the Sea Nantucket	10,000
Hancock Shaker Village	MA	Round Barn	100,000
Berkshire Historical Society	MA	Barn at Arrowhead	25,000
The Star-Spangled Banner Flag House Association	MD	1793 House Restoration	15,000
Sotterly Plantation	MD	1830 Slave Cabin	30,000
Historic St. Mary City	MD	Mackall Barn	25,000
Historic Annapolis Foundation	MD	William Paca House	29,500
Friends of the Rockland Breakwater Light	ME	Rockland Breakwater Lighthouse	18,000
Castine Historical Society	ME	1859 Abbott School	20,000
Owls Head Transportation Museum	ME	Engine Room	50,000
Portland Museum of Art	ME	Winslow Homer Studio	20,000
Committee to Restore the Abyssinian Meeting House	ME	Abyssinian Meeting House	50,000
Preservation North Carolina	NC	Bellamy Mansion	30,000
Preservation North Carolina	NC	Endangered Properties Fund	50,000
Old Baldy Foundation	NC	Oil House	10,000
The Trust for Public Land	NH	Daniel Webster Farm	50,000
Historic Cold Springs Village	NJ	Coxe Hall	50,000
Ralston Cider Mill	NJ	Peach conveyor and turbine	50,000
Holcombe-Jimison Farm Museum	NJ	Agricultural Equipment Display	60,000
Hunterdon Land Trust Alliance	NJ	Historic Dvoor Farm	25,000
N.A.S. Wildwood	NJ	Amphitheater	50,000
Union Township Historical Society	NJ	Caldwell Parsonage	30,000
The Washington Association of N.J.	NJ	Our Noble Cause	100,000
The Farmers Museum	NY	Dimmick House	98,500
Ward Melville Heritage Organization	NY	Stony Brook Grist Mill	20,000
Stone Barns Center for Food and Agriculture	NY	Hayloft	75,000
Weeksville Heritage Center	NY	Hunterfly Road Houses	40,000
Smith Memorial Playground & Playhouse	PA	Playhouse	50,000
Pearl S. Buck International	PA	Pearl S. Buck House	10,000
National Canal Museum	PA	Emrick Technology Center	42,000
Preservation Society of Newport	RI	Chateau Sur Mer	25,000
Rhode Island Historical Society	RI	John Brown House	50,000
Mt. Hope Farm	RI	Barn	50,000
James Madison's Montpelier	VA	Brick Stable	50,000
Historic Richmond Foundation	VA	Revolving Fund	50,000
A.P.V.A. Preservation Virginia	VA	Historic Jamestowne Archaearium	75,000
Intervale Center	VT	Calkins Barn	50,000
Rokeby Museum	VT	Underground Railroad Education Center	25,000
Bennington Museum	VT	Fire Detection/Suppression upgrade	25,000
Calvin Coolidge Memorial Foundation	VT	1840 Greek Revival	25,000
Preservation Trust of Vermont	VT	Grand Isle Lake House	40,000
Merck Forest and Farmland Center	VT	1853 Harwood Barn	35,000
National Outdoor Leadership School	WY	Noble Hotel	50,000

Total: \$2,464,200

1772 Foundation 2007 Grant Statistics



GRANT DOLLARS BY STATE:

Colorado.....	81,200
Connecticut.....	250,000
District of Columbia.....	225,000
Iowa.....	75,000
Massachusetts.....	185,000
Maryland.....	99,500
Maine.....	158,000
North Carolina.....	900,000
New Hampshire.....	500,000
New Jersey.....	365,000
New York.....	233,500
Pennsylvania.....	102,000
Rhode Island.....	125,000
Virginia.....	175,000
Vermont.....	200,000
Wyoming.....	50,000
Total:	2,464,200

- The 1772 Foundation distributed \$2,464,200 in historic preservation grants from January 1, 2007 to December 31, 2007, which represents 57 organizations in 16 states.

- Additionally, \$200,000 in director-recommended grants were approved and distributed to other non-profit organizations including: Putney School, Friends of Dinosaur Ridge, Wyndham Land Trust, International Yacht Restoration School, Hilton-Winn Farm, Lake and Valley Garden Club of Cooperstown, Cooperstown Graduate Association, Cooperstown Art Association, Newport Preservation Society, Norma Pfriem Breast Cancer Center, St. Joseph Church Wurstboro, Most Holy Name Church Garfield, St. Mary School Putnam, Shelburne Farms, BGCN Lifecamp, Ralston Historical Association, Visiting Nurse Association of Somerset Hills, The Cougar Fund, The Upper Raritan Watershed Association, Rutgers University, St. Mary Springfield, Leatherstocking Theater Company, Foothills Performing Arts, Camp Allen, Connecticut Farmland Trust, End Hunger CT, Committee to Restore the Abyssinian Meeting House, St. Paul's Church Andover.

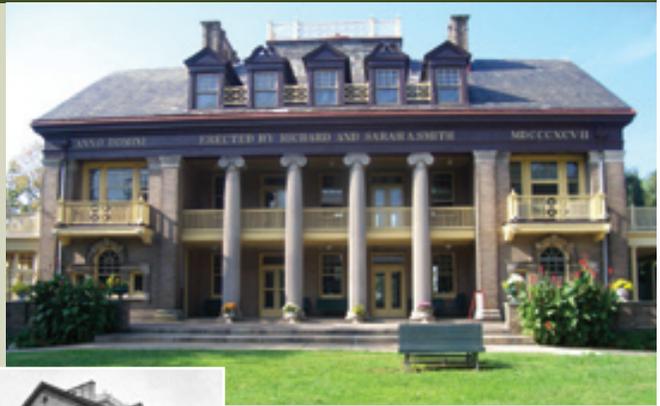
- Historic preservation grants ranged from \$10,000 to \$125,000.

- The average historic preservation grant for 2007 was \$43,232. The median was \$30,000. The mode was \$50,000. The top ten grants by amount represent \$883,500 or 36% of the total given.

- The state of New Jersey received the most grant dollars \$365,000 for seven grants. Connecticut followed with \$250,000 for five grants.

**SMITH MEMORIAL PLAYGROUND
& PLAYHOUSE**
Exterior Restoration • Philadelphia, PA • \$50,000

In 1899, the Richard and Sarah Smith Trust opened Smith Memorial Playground & Playhouse to provide children from the congested inner city with a free and safe place to enjoy the healthful benefits of physical recreation in the fresh air of the countryside of Fairmount Park. Smith Memorial Playhouse is beautiful and grand. The building, listed on the Philadelphia Register of Historic Places and in the National Register of Historic Places as a property that contributes to the Fairmount Park Historic District, was designed solely as a play space for children by one of Philadelphia's most prominent late 19th century architects, James H. Windrim. The open layout of the 24,000 square foot four story brick and masonry structure features floor to ceiling windows, porches and room upon room with a variety of play opportunities from riding tricycles to tumbling to putting on a puppet show. The Playhouse is situated on its original historic landscape - six and a half acres of open fields, wooded terrain, and sloped hills - home to the 102 year old Ann Newman Giant Wooden Slide, a treasured play experience for generations and generations of Philadelphia's children.



The Playhouse retains a high level of historic integrity and, considering 108 years of exposure to weather and uninterrupted, less than gentle use by millions and millions of children, the building is in fair condition. Much original detailing remains, the exterior masonry has held up very well, and the building is generally structurally sound. The Playhouse was well constructed in 1897 and this has helped it reach its current age. Natural weathering, age, and deferred maintenance, however, have taken their toll on the building and it is now time to restore the building so that it can serve Philadelphia's children for another century. The 1772 Foundation's generous grant award has made it possible to begin the restoration process.

- Hope Zoss, Executive Director

 **COLORADO**

Georgetown Trust for Conservation and Preservation
1874 Georgetown Schoolhouse • \$30,000



St. Vrain Historical Society
Hover Farmstead
\$21,200



Historic Georgetown, Inc.
Alpine Hose No. 2
\$30,000



 **CONNECTICUT**
Amistad America
Atlantic Freedom Tour • \$125,000



Aspinock Historical Society
Cady-Copp Cottage
Putnam, CT • \$15,000



Connecticut Audubon Society
1895 Barn
Pomfret, CT • \$50,000



Hunt Hill Farm Trust
Hine Barn
\$50,000



Brooklyn Historical Society
Museum
Brooklyn, CT • \$10,000



 **DISTRICT of COLUMBIA**
National Trust for Historic Preservation
Conference sessions • \$50,000



National Trust for Historic Preservation
Lincoln's Cottage
\$100,000



Friends of the Peirce Mill
Peirce Mill
\$75,000



 **MASSACHUSETTS**
Nahant Preservation Trust, Inc.
Nahant Lifesaving Station • \$25,000



Norman Rockwell Museum
Linwood House
\$25,000



Hostelling International
Star of the Sea, Nantucket
\$10,000



Hancock Shaker Village
Round Barn
\$100,000



B. Danforth Ely, of Far Hills, N.J.
Vice-President of the 1772 Foundation
and Chief Engineer for Ralston Engine
Company # 1 of the Mendham, N.J.
Township Fire Department.

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John R. Livesey of North Andover,
Massachusetts, Secretary and
Treasurer of the 1772 Foundation.



JAMESTOWN ARCHAERIUM MUSEUM

Jamestowne, Virginia • \$75,000

This year, presidents, royalty and hundreds of thousands of individuals and families traveled to Historic Jamestowne to pay tribute as Virginia and the nation commemorated the 400th Anniversary of America's founding. They experienced the unique opportunity to visit our Archaearium museum – a new concept for archaeological museums. This new experience was made possible through the generosity of donors including generous support from the 1772 Foundation.

In 1994 APVA Preservation Virginia, the nation's first statewide preservation organization, launched an archaeological project at Historic Jamestowne to find and study the remains of the 1607 James Fort. That research is now rewriting American textbooks with its extraordinary discoveries. The museum showcases this research and features 1,000 of the more than 1 million artifacts recovered thus far.

The word Archaearium is derived from *–archo* for very old or archaeology, and *arium* which means place. Linking history, archaeology and place helps visitors understand the significance and magnitude of the story of the first permanent English settlement in the New World and its impact on the development of our nation. This archaeological discovery center is the first of its kind, combining innovative green building elements with technology, and serves as an award winning model for the preservation and interpretation of archaeological sites.

Designed by Carlton Abbott and Partners, Williamsburg, Virginia, the 7,500 square foot facility houses state of the art exhibits detailing the process and results of the archaeological work. The Archaearium is designed to 'float' above the remains of the 1660's statehouse complex at the site while being able to withstand high winds and possible rise in water levels in this hurricane susceptible region.

Copper sheathing clads the exterior, enhancing its energy efficiency and acknowledging the important role that copper played in trade between the Virginia Indians and early settlers. Large glass panels front the building and connect the interior exhibits to the landscape on which the archaeological features and artifacts were unearthed.

Haley Sharpe Design, Leicester, England designed the exhibits in coordination with the archaeological staff. The innovative exhibits tell the compelling stories of the early years of the nation's founding through the archaeological features and research across many disciplines (archaeology, cultural history, forensics science, technology, ecology, economics, and genealogy). The palisade, an early barracks, a circa 1620 well, along with their associated artifacts, and a respectful area interpreting the results of the burial research, engage the visitor in the rediscovery of James Fort and detail what the archaeologi-

cal research reveals about the people and their relationship with the Virginia environment and the interaction between the cultures of the English and Virginia Indians.

One installation provides a view of a well in cross section. The actual well was found about 20 yards away from the Archaearium. The exhibit well is replicated above ground in cross section, absent the layers of dirt and silt. Visitors view more than 30 artifacts suspended in the order and place where the archaeologists found them. Like the archaeologists, visitors ponder the significance of these types of artifacts discarded in the well and ultimately about what the evidence reveals

“The Archaearium offers a unique and immediate connection to our nation's first century.”



The one-story Archaearium rests on a series of helical pulldown micropiles carefully sited to avoid disturbing any seventeenth century-archaeological or structural artifacts.

regarding the state of the colony and its inhabitants. Visitors can then relate the exhibit to the actual well site on the landscape and understand its relationship to the rest of James Fort and the subsequent evolution of the vital settlement to a prosperous town.

Throughout the Archaearium, visitors can view the archaeological foundations of a building that housed the government from 1660-1698 through the exhibit floor. The views are made possible by strategically placed glass “windows” in the floor and outlines on the carpet to help orient the visitor to the overall structure.

The Archaearium offers a unique and immediate connection to our nation's first century, permeating the visitor's experience with the notion of being on the site where American society and democracy began. APVA Preservation Virginia continues its stewardship obligations with plans for a Memorial Garden to re-inter the human remains of seventy individuals that were recovered at the site. And now through the generosity of supporters like the 1772 Foundation, visitors from around the globe can experience the excitement of standing where history happened!

– Elizabeth Kostelny, President of A.P.V.A. PreservationVirginia

Berkshire Historical Society
Barn at Arrowhead
 25,000



 **MARYLAND**
The Star-Spangled Banner Flag House Assoc.
1793 House Restoration • 15,000



Sotterly Plantation
1830 Slave Cabin
 \$30,000



NATIONAL CANAL MUSEUM
Archive Shelving • Easton, PA • \$42,000

The archival collections of the National Canal Museum represent a unique chapter in American history. Formed originally as the collection of the Pennsylvania Canal Society, the archives have grown over the past 30 years to include more than 15,000 volumes, 300,000 photographic images, 31,824 engineering drawings, 4,715 films, video cassettes, and audio tapes (oral histories), 1,150 linear feet of manuscript material, and 279 rolls of microfilm. The museum's collections—both artifact and archival—document the history of canals, navigable rivers, and related industries, including early railroads, anthracite mining and iron-making, the early water-powered textile industry, the silk textile industry, and the steel industry in America.

But lacking proper storage space and facilities for researchers, the archival collections of the National Canal Museum have remained a 'hidden treasure' little known to those interested in our nation's industrial history. Located in a small concrete building in a residential

neighborhood in Easton with no parking, access to the archives has been severely limited. At the same time, the Museum has had to put a moratorium on new acquisitions at a time when many promising collections have become available around the region.

With these challenges in mind, the Museum approached the 1772 Foundation with a request for support of high-density rolling archives shelving for its new Elaine and Peter Emrick Technology Center. This new center, which includes exhibits and classrooms, also features a new reading room for scholars

and students to do work in the archival collection. Thanks to the 1772 Foundation, the Museum has been able to install shelving in this new facility and relocate its archives into a state-of-the-art research and conservation setting. In the words of one researcher: "this new archival set-up is the best step the Museum has taken in 20 years."

This support has also had additional pay-offs for the National Canal Museum. In November of 2007 the Museum acquired the collections of the Watts-Campbell Company of Newark, New Jersey, the longest-running machine shop in America. Records from the 1850s to the 1980s record the operations of one of the nation's most important steam engine part manufacturers in the world. These important business papers are now being cataloged in the Museum's former archives building, and will soon find their way to the shelving provided by the 1772 Foundation.

– Robert M. Rudd, Executive Director of the National Canal Museum



Historic St. Mary City
Mackall Barn
 \$25,000



Historic Annapolis Foundation
William Paca House
 \$29,500



 **MAINE**
Friends of the Rockland Breakwater Light
Rockland Breakwater Lighthouse • \$18,000



Castine Historical Society
 1859 Abbott School
 \$20,000



Owls Head Transportation Museum
 Engine Room
 \$50,000



Portland Museum of Art
 Winslow Homer Studio
 \$20,000



Committee to Restore the Abyssinian
 Meeting House
 Abyssinian Meeting House • \$50,000



NORTH CAROLINA
 Preservation North Carolina
 Bellamy Mansion • \$30,000



Old Baldy Foundation
 Oil House
 \$10,000



NEW HAMPSHIRE
 The Trust for Public Land
 Daniel Webster Farm • \$50,000



NEW JERSEY
 Ralston Cider Mill
 Peach conveyor and turbine • \$50,000



Holcombe-Jimison Farm Museum
 Agricultural Equipment Display
 \$60,000



1772 Foundation Trustee
Dr. Robert Reynolds, center,
 of Longmont, Colorado on a site
 visit in Maine.

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Board of Trustees Members

Gretchen Sorin (flanked by
 students) of Cooperstown, N.Y.
 Director of the Cooperstown
 Graduate Program and Trustee of
 the 1772 Foundation.



Hunterdon Land Trust Alliance
 Historic Dvoor Farm
 \$25,000



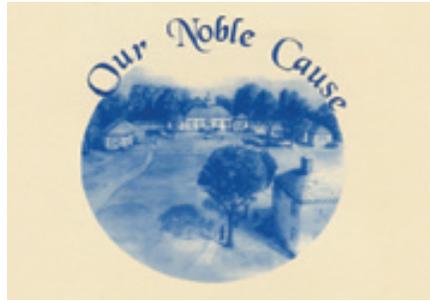
N.A.S. Wildwood
 Amphitheater
 \$50,000



Union Township Historical Society
 Caldwell Parsonage
 \$30,000



The Washington Association of N.J.
 Our Noble Cause
 \$100,000



 **NEW YORK**
 The Farmers' Museum
 Dimmick House • \$98,500



Ward Melville Heritage Organization
 Stony Brook Grist Mill
 \$20,000



Stone Barns Center for Food and Agriculture
 Hayloft
 \$75,000



Weeksville Heritage Center
 Hunterfly Road Houses
 \$40,000



 **PENNSYLVANIA**
 Pearl S. Buck International
 Pearl S. Buck House • \$10,000



J. David Schardien (left)
 Trustee, 1772 Foundation
 Bernadette Beglin, Director
 Schering Plough Corp.
 Michael Yesenko, Director
 Caldwell Parsonage. Union, N.J.



Meghan Szela
 UConn intern,
 1772 Foundation



Dr. Nancy Davis
 Trustee, 1772 Foundation

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PRESERVATION NORTH CAROLINA ENDANGERED PROPERTIES FUND
Renovations • North Carolina • \$50,000

Preservation North Carolina (PNC) is deeply appreciative of the 1772 Foundation's support for its Endangered Properties Fund in 2007. Revolving funds like PNC's can be remarkably effective and flexible tools for preserving America's heritage, while encouraging private investment in properties, neighborhoods and downtowns, often desperately in need of reinvestment.

PNC's properties program is best compared to an animal shelter. We are trying to find good new owners for endangered historic properties. These properties usually need substantial renovation, and the traditional real estate market isn't going to be interested in them, except perhaps for their land. Like an animal shelter, we are looking for special buyers – ones who have big hearts and care deeply about their community. These projects require patience, persistence and flexibility.

Through our properties program we have found purchasers for more than 500 endangered historic properties, ranging from tiny houses to enormous industrial factories, from colonial to mid-century modern. Perhaps the projects of which we are the most proud are our work to preserve two historic mill complexes, including the mill villages. At the Edenton Cotton Mill, we worked to find buyers for the 55 houses, 8 vacant lots (where buyers built new houses using plans commissioned by PNC), and the mill itself. The project has already resulted in an increase in the local tax base by more than \$20 million for a rural town of 5,500 inhabitants. In Glencoe, a textile mill complex built along the Haw River between 1880 and 1882, we have found buyers to renovate 33 historic houses (many of which had been vacant since the 1950s), built a new house to demonstrate compatible infill, and will soon sell the industrial buildings. A park is being developed on the

“The project has already resulted in an increase in the local tax base by more than \$20 million for a rural town of 5,500 inhabitants.”

vacant land of the site, and a textile history museum occupies the former mill office.

Because of its work with these projects, PNC was able to advocate successfully for a new state tax incentive for the rehabilitation of vacant historic mill buildings. The incentive is expected to generate more than \$250 million

in historic rehabilitation over the next five years.

The support of the 1772 Foundation is a tremendous boon for America's preservation revolving funds. Having flexible capital so we can respond quickly to real estate opportunities and crises is at the heart of revolving fund work. Having the 1772 Foundation's support for educational programs about preservation revolving funds is an important added benefit! We are most grateful.

– Myrick Howard, Executive Director & Author of **Buying Time for Heritage: How to Save an Endangered Historic Property**



SEED SAVERS EXCHANGE / HERITAGE FARM
Granary Restoration/Visitor Center • Decorah Iowa • \$75,000

Seed Savers Exchange, based in Decorah, Iowa is a network of 7,500 gardeners, orchardists and plant collectors who maintain and distribute endangered seeds of vegetables, grains, flowers and herbs, and grafting wood of historic fruits. Seed Savers Exchange's main focus is "heirloom food crops" brought by gardeners and farmers to North America when their families immigrated, and then passed down from generation to generation. Countless heirloom varieties are still being grown in isolated rural areas and ethnic enclaves, and by traditional peoples such as Native Americans, Mennonites and Amish. For 32 years Seed Savers Exchange has continued to locate gardeners keeping heirloom varieties and has organized them into an annual seed exchange. Each January Seed Savers Exchange publishes a yearbook that lists the seeds offered by our members. In 1975 that network consisted of 29 members offering a few dozen varieties in a 6-page newsletter, which by 2007 had grown to 750 "listed members" offering 12,000 of their families' heirloom varieties in the 450-page Seed Savers 2007 Yearbook sent to 7,500 gardeners. Since 1975, Seed Savers Exchange's members have distributed an estimated one million samples of rare seeds not in catalogs and often on the verge of extinction.

Heritage Farm, Seed Savers Exchange's headquarters near Decorah, Iowa) was purchased in 1986 and developed into an exemplary educational facility that permanently maintains and displays endangered collections of vegetables, apples and grapes. Heritage Farm is a conference center surrounded by a living museum of historic varieties. Each summer about 7,000 visitors view certified organic Preservation Gardens, our Historic Orchard containing 700 19th century apples and 200 hardy grapes, and two herds of Ancient White Park cattle (the rarest breed of cattle in the English-speaking world). The vast seed collections being maintained at Heritage Farm have provided the foundations for numerous seed companies and are largely responsible for today's rapidly growing heirloom seed movement. Seed Savers Exchange and Heritage Farm have provided the models for organizations and genetic preservation projects in more than 30 countries.

In 1981 Seed Savers Exchange started maintaining a central seed collection, which has now grown to more than 26,000 varieties: 6,200 tomatoes, 5,100 beans, 2,400 peppers, 1,300 squash, 1,200 peas, 1,100 lettuces, 900 corns, 600 melons, 300 garlics, 300 watermelons, etc. Each summer about 2,500 varieties are multiplied at Heritage Farm (roughly 10% of each crop on a 10-year rotation) in 51 certified organic Preservation Gardens that now cover 23 acres. The newly grown seeds are cleaned, dried, heat-sealed into foil packets, and stored in refrigerated, humidity-controlled seed vaults in the basement of Seed Savers Exchange complex of offices and seed storage facilities. Excess seeds (beyond Heritage Farm's storage and growout needs) of recently multiplied varieties are made available to Seed Savers Exchange's members

each January through the annual Seed Savers Yearbook.

On August 13, 2002, Seed Savers Exchange purchased the 716-acre Twin Valleys property that adjoins the back of Seed Savers Exchange's 173-acre Heritage Farm (now 889 total acres). In 1993 one of Seed Savers' funders purchased the entire Twin Valleys property, which was about to be divided into more than 30 parcels, and held onto it for nearly a decade until Seed Savers Exchange was able to financially take over the property. The gorgeous Twin Valleys property includes two narrow valleys (the South Valley is nearly two miles long) with clear trout streams meandering through both. Almost all of the valley walls are covered with woodlands, including five abandoned orchards from pioneer homesteads. There are also several "fens" (hanging bogs where springs emerge on benches partway up the valley walls) filled with skunk cabbage, marsh marigolds and sedges. And there are even some populations of rare Turtlehead plants that provide food for the Baltimore Checkerspot butterfly, an endangered species in Iowa.

Seed Savers Exchange is involved in an ongoing joint project with INHF (Iowa Natural Heritage Foundation) and NRCS (USDA's Natural Resource Conservation Service). This federal Farmland Protection Program signs away the rights to all future development, but all of those are usages that we would want to prohibit anyway (strip mining, hog lots, billboards, roads, selling any part of the property, etc.). The program paid Seed Savers Exchange half of the difference between the value of Twin Valleys if it were completely developed, and the decreased value after the easements have been put into place to protect the property. Iowa Natural Heritage Foundation is the land trust that will monitor our compliance into the future, so that no part of Twin Valleys will ever be sold or developed.

A grant of \$75,000 from the 1772 Foundation will help to restore a granary in

the South Valley (all that's left of the Agnes Meyer homestead) right beside a beautiful isolation garden and grove of large oak trees. The old cedar shingle roof will be replaced, entire building re-grouted (inside and out), original inside wooden dividing walls ground down and sealed, and original cement floor sealed. A cement slab along one side will also be sealed, with picnic table added for use by hikers and fishermen who will appreciate getting out of the rain in the granary.

The 1772 funds will also fund restoration of log barn near the willow swamp on the eastern edge of Twin Valleys (Seed Savers Exchange's office complex and visitors center is on the western edge, two miles away). The structure will be repurposed into a log shelter house with small gravel parking area. The shelter house will be the trailhead for hikers starting starting from the eastern edge of Twin Valleys, and will be the entrance to the stream (and willow swamp) for fishermen interested in catch-and-release Brook Trout fishing.

– Information provided by Seed Savers Exchange



The vast seed collections being maintained at Heritage Farm have provided the foundations for numerous seed companies and are largely responsible for today's rapidly growing heirloom seed movement.

RHODE ISLAND
 Preservation Society of Newport
 Chateau Sur Mer • \$25,000



Rhode Island Historical Society
 John Brown House
 \$50,000



Mt. Hope Farm
 Barn
 \$50,000



VIRGINIA
James Madison's Montpelier
 Brick Stable • \$50,000



Historic Richmond Foundation
 Revolving Fund
 \$50,000



VERMONT
Intervale Center
 Calkins Barn • \$50,000



Rokeby Museum
 Underground Railroad Education Center
 \$25,000



Bennington Museum
 Fire Detection/Suppression upgrade
 \$25,000



Calvin Coolidge Memorial Foundation
 1840 Greek Revival
 \$25,000



Preservation Trust of Vermont
 Grand Isle Lake House
 \$40,000



Merck Forest and Farmland Center
 1853 Harwood Barn
 \$35,000



WYOMING
National Outdoor Leadership School
 Noble Hotel • \$50,000



HISTORIC COLD SPRING VILLAGE

Cape May, New Jersey • \$75,000

Since 2004, Historic Cold Spring Village has been the proud recipient of funding from The 1772 Foundation. The Village, an Early American open-air living history museum, is located in Cold Spring, Cape May County, NJ. Established in 1981 as a non-profit educational institution, the museum is a collection of historic buildings moved to 22 wooded acres three miles north of Cape May City. Currently, there are 26 buildings, 24 of which have been collected from Cape May County and 1 from adjacent Cumberland County; the pottery shed is a reproduction.

In the 21st century, Cape May County is known for its beaches, boardwalks and the Victorian architecture of Cape May City. Little emphasis has been placed on the County's early history, although recorded documents note settlers arriving around the mid-1600s.

HCSV strives to present the activities, domestic culture and architecture of the everyday lives of early residents, including the agriculture on which much of the economy was based. Its primary mission is three-fold: historic preservation, history education and heritage tourism. The museum is a Village for all seasons with a full schedule of special events, projects and programs throughout the year. Weekend events from late spring to mid-September explore themes ranging from farm-related activities to fairs and ethnic festivals. Summer weekdays offer families the opportunity to work with hands-on crafts including tin punch, cornhusk dollmaking, and theorem painting as well as participating in

19th c. games. From October through mid-June, a series of educational programs are offered including fall classroom visits by knowledgeable interpreters, school visits to the Village in the spring, elementary school trunk program for local teachers filled with artifacts relating to the teaching of history, and a well-respected teleconference distance learning program. Nine classes have been offered to over 80 schools in 25 states from as far away as northwest Wisconsin and San Antonio, Texas.

During 2007, 10,000 schoolchildren "visited" the Village through its educational programs. Many of the students are from school districts serving disadvantaged populations. The Village is a looking glass, offering students a glimpse of what life was like in early South Jersey and hopefully providing the impetus for students that are culturally deprived to become acquainted with a museum that encourages hands-on activities, information sharing and the exchange of ideas. Each season the Village employs approximately 35 part-time staff; many are "graduates" of the Junior Apprentice educational program, designed specifically for 12-13 year olds. The children spend a day a week for two months apprenticing with a Village interpreter. The program has

both a theoretical and a practical component including classroom lectures and hands-on opportunities with the potter, basketmaker, blacksmith, tinsmith, woodworker, broommaker, weaver, spinner and printer. New for 2006 was "Village Kids," a successful and well-attended summer camp program for ages 7-11. The camp offered children the opportunity to dress in period clothing and take part in interactive activities including farming.

Over the past four years, The 1772 Foundation has enabled the Village to carry out many projects that have been part of the Village's Long Range Plan. The Foundation has permitted the organization to fulfill portions of its mission not funded by general operating support funds; few granting agencies support bricks and mortar projects. Beginning in 2004, with seed money from The 1772 Foundation, the

Village created a 19th century agricultural farm complex on the 8-acre field next to the museum. Equipment including a tractor with attachments, two tillers, a farm utility vehicle, and seeder was purchased along with heirloom, organic and nursery stock seeds. The construction of a produce stand, maintenance storage shed, corn crib and lean-to for chickens utilized the remainder of the 2004 funds. The focus of the agricultural complex is centered on the Lewis Corson Gandy Barn. The structure, located on the north side of the Village, overlooks the farm field and is

home to the horse. Several other farm-related buildings, including the 19th c. Willis Barn, shelter the Village sheep, chickens and turkeys. Additionally, the Village created a substantial dyer's garden in front of the Corson Hand House, using the plants to dye wool from sheep shorn at the Village. Produce was prepared over the open-hearth fireplace located in the Spicer Leaming House. The farm yielded an abundance of crops including Nancy Hall Sweet Potatoes, white Irish potatoes, green beans, beets, cabbage, cucumbers, tomatoes, squash, melons, corn, flax, sorghum, broomcorn and ornamental gourds.

In 2005, the Village was able to farm approximately half of the 8-acre field. The Village farmer brought considerable agricultural experience to the project, consulting with local organic farmers on techniques and tips for cultivating the sandy South Jersey soil. She was able to bring early Cape May County agriculture to life, adding significant depth and dimension to the farm interpretation. During the hours the museum was open to the public, the farmer appeared in period clothing, using appropriate tools and equipment to discuss farming methods and the types of crops grown during the 1800s.

Near the end of the 2005 season, additional revenues were realized from the sale of produce at the Village as well as to local businesses including restaurants and health food stores. The focus of the grant funds was two-fold with a portion of the monies spent on farm-related products, equipment and supplies for the 19th c. farm. The remaining funds were spent on several preservation projects including the replacement of three roofs, construction of a maintenance shed lean-to, repair and painting of the Corson Gandy Barn and reconstruction



of a handicapped ramp leading to restrooms in the rear of the Ewing-Douglass House (Ice Cream Parlor), and also providing access to the building itself. Many preservation challenges are presented to the Village staff as each historic building, ranging in date from 1691 to 1900, must be constantly monitored and restored as the need arises. Over the years, the Village has done its best to keep the structures in good repair, balancing budgetary constraints with preservation needs. 2005 funding from The 1772 Foundation permitted the museum to replace three cedar shake roofs rather than just patch with shingles.

In 2006, armed with a full season of experience, the farm expanded its field crops. The extreme drought created a challenge for the farmer and it was determined that the current irrigation system was not adequate. Subsequent funding in 2007 provided monies for the expansion of the irrigation system including the installation of a new well, hoses and underground polypipe. Recognizing that the soil samples indicated the need for improving the soil's pH with lime, in addition to having the ability to fertilize the field, a hitch pendular spreader, with left and right attachments, was purchased with grant funds.

Concurrent with the 19th c. agricultural farm complex project is the preservation of the Village's primary collection, the 26 buildings that comprise the museum. Their everyday maintenance and restoration is a continual expense. One major expense is the painting and/or staining of the exteriors. 2006 grant funds supported this project and many of the Village buildings are now awash with fresh color. The 1772 Foundation grant also supported the preservation of Coxe Hall Cottage, c. 1691, a very significant early one and a half-story house. Thought to be one of the oldest houses in South Jersey, the cottage exhibits highly decorated carved corner post heads. Originally located on the Delaware Bay where the County's first English settlement took place in the mid-1600s, it was subsequently moved to a site near the Cape May Canal. The building was moved to the Village in the spring of '06, after the demolition of two later additions (19th and 20th century) was carried out. Named after Dr. Daniel Coxe (1640-1730), an English court physician who received 95,000 acres (West Jersey) from King Charles II, Coxe Hall Cottage exhibits heavy timber frame construction indicative of the "First Period," 1690-1730.

According to Dr. Jeffrey Dorwart, the author of *Cape May County, New Jersey: The Making of an American Resort Community*, Dr. Coxe did much to establish the pattern of Colonial settlement and the character of Cape May society. Dr. Coxe had strong ideas about community planning, establishing a town and whale fishery on the Delaware Bay in the Township of Lower. The 1772 Foundation 2006 grant was used to leverage funds from local banks that recognized the historic value of Coxe Hall Cottage and funded the move to the Village. Within a week of its arrival, major reconstruction began. Repairs were made to the frame and new beams were hand-hewn. Thick vertical board siding was used on the exterior; the interior face of the boards also served as the interior wall finish. The roof was completed with cedar shake shingles, just in time for visitors to view the exterior Coxe Hall Cottage for the 2006 season. Signage outside the building stressed its value to the history of South Jersey, noting The 1772 Foundation's

valuable contribution towards saving this important structure.

The 1772 Foundation's generous 2007 grant completed the interior of Coxe Hall Cottage, which was begun in early spring and included the construction of an early 18th c. fireplace complete with an antique cooking crane, installation of trim and paneling around the fireplace, a built-in closet under the winder stairs and a replication of the c. 1691 corner cupboard built upon its original footprint. Dedication of the building was held the first weekend in June with local dignitaries and a representative from The 1772 Foundation Board attending the event. Coxe Hall Cottage was then opened to the public, interpreted by a knowledgeable historian who enlightened visitors about the history of late 17th and early 18th century Cape May County. Because of The 1772 Foundation's commitment to the restoration of Coxe Hall Cottage, the Village was successful in receiving a project grant from the NJ Historical Commission to carry out an Interpretive and Furnishings Plan for the building. The grant was completed in late June 2007 and included funding towards the printing of a pamphlet entitled "Early Colonial Life in Cape May County." The 1772 Foundation was listed in the credits of the publication. Over 5,000 copies have been printed for distribution to local schools as well as placing copies in all the County's libraries.

The 1772 Foundation's continued support of the 19th c. agricultural farm has enabled increased productivity, which is directly related to the scope of farm equipment and supplies that the Village has been afforded through the grants. Visitors delight in exploring the array of vegetables and flowers that fill a large portion of the field. The farmer is dedicated to growing organically and welcomes questions from both staff and guests.

The four years of grants from The 1772 Foundation have supported a wide range of preservation and interpretive projects at Historic Cold Spring Village, all of which are closely tied to the museum's mission. They have strengthened the overall mission of the Village to preserve southern New Jersey and Cape May County's Early American history through its architecture, history, and lifestyles. By properly restoring and preserving its historic structures, the Village is fulfilling its goal of offering a vibrant living history experience, giving visitors the opportunity to interact with informed staff in an authentic setting. The inclusion of the 19th c. farm has allowed the site to demonstrate agricultural techniques on which the County's early economy was based. The generosity of The 1772 Foundation has stabilized the Village's treasured buildings, which represent every municipality and township in Cape May County, in addition to carrying on a tradition of farming that is rapidly becoming lost to future generations. Historic Cold Spring Village is deeply grateful for their support and commitment.

– Anne Salvatore
Executive Director/President
Historic Cold Spring Village



The 1772 Foundation have strengthened the overall mission of the Village to preserve southern New Jersey and Cape May County's Early American history through its architecture, history, and lifestyles.



LESHNER, FRANCHINO & COMPANY LLP

Certified Public Accountants

CHANCERY SQUARE

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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, 2006 and 2005, 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, 2006 and 2005 and its activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Leshner, Franchino & Company LLP
LESHNER, FRANCHINO & COMPANY, LLP

Morristown, New Jersey
May 31, 2007

• 2007 audited financial statements will be posted on our website as soon as they are available. •

THE 1772 FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
ASSETS	2006	2005
Current assets		
Cash and cash equivalents	\$ 2,790,205	\$ 8,259,364
Investments at fair value	74,941,659	65,562,975
Interest and dividends receivable		
Prepaid expenses and other receivables	304,690	59,991
Total current assets	78,036,554	73,882,329
Property and equipment, net	6,217	1,561
Security deposit	100	100
	78,042,872	73,883,990
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	33,478	21,949
Grants payable	335,250	175,000
Excise taxes payable	55,000	56,978
Deferred excise taxes payable	93,100	98,943
Total liabilities	516,828	352,870
Net assets - unrestricted	77,526,044	73,531,120
	\$ 78,042,872	\$ 73,883,990

See the auditors' report and accompanying notes to financial statements.

THE 1772 FOUNDATION, INC.
STATEMENTS OF ACTIVITIES

	Years Ended December 31,	
	2006	2005
Revenue		
Contributions from Stewart B. Kean Residuary Trust	\$ -	\$ 10,800,474
Investment income	3,902,058	1,926,822
Realized gains (losses) on sale of investments	<u>3,557,256</u>	<u>1,462,362</u>
Total revenue	7,459,314	14,189,658
Less: Expenses directly related to investments		
Investment management fees	275,570	342,178
Custodial and trade fees	13,427	13,311
Federal excise tax	<u>99,050</u>	<u>59,513</u>
Total expenses directly related to investments	<u>388,047</u>	<u>415,002</u>
Revenue available for grants and operating expenses	7,071,268	13,774,657
Grants and Operating Expenses		
Grants	2,311,050	2,403,510
Operating expenses		
Trustees' fees	192,000	146,400
Salaries and wages	75,261	74,478
Professional fees	68,753	24,505
Travel, site visits and meetings	48,423	51,692
Office supplies and expenses	12,964	8,777
Rent	11,450	6,505
Payroll taxes	6,054	6,096
Pension	4,200	3,900
Telephone	3,734	2,061
Dues and subscriptions	2,486	721
Consulting and marketing fees	2,084	14,430
Insurance	1,700	763
Depreciation	1,537	559
Payroll service fees	<u>1,055</u>	<u>1,176</u>
Total operating expenses	<u>431,701</u>	<u>342,063</u>
Total grants and operating expenses	<u>2,742,751</u>	<u>2,745,573</u>
Excess revenue over grants and operating expenses before unrealized gains on investments	4,328,516	11,029,083
Unrealized gains (losses) on investments (net of deferred excise tax (credit) of (\$5,843) in 2006 and \$10,001 in 2005)	<u>(333,593)</u>	<u>490,059</u>
Change in unrestricted net assets	3,994,924	11,519,142
Unrestricted net assets at beginning of year	<u>73,531,120</u>	<u>62,011,978</u>
Unrestricted net assets at end of year	<u>\$ 77,526,044</u>	<u>\$ 73,531,120</u>

See the auditors' report and accompanying notes to financial statements.

THE 1772 FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in unrestricted net assets	\$ 3,994,924	\$ 11,519,142
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	1,537	559
Deferred excise taxes	(5,843)	10,001
Contributions of donated securities	-	(8,941,292)
Realized (gains) losses on sale of investments	(3,557,256)	(1,459,678)
Unrealized gains on investments	376,559	(500,060)
Cash effects of changes in:		
Prepaid expenses and other receivables	(244,699)	(39,116)
Accounts payable and accrued expenses	9,551	59,458
Grants payable	160,250	75,000
Total adjustments	<u>(3,259,901)</u>	<u>(10,795,129)</u>
Net cash provided by operating activities	735,023	724,013
Cash flows from investing activities:		
Purchases of property and equipment	(6,194)	
Proceeds from sale of investments	42,429,383	11,277,279
Purchases of investments	<u>(48,627,370)</u>	<u>(33,857,170)</u>
Net cash used in investing activities	(6,204,181)	(22,579,891)
Net decrease in cash and cash equivalents	(5,469,158)	(21,855,878)
Cash and cash equivalents at beginning of year	8,259,364	30,115,242
Cash and cash equivalents at end of year	<u>\$ 2,790,205</u>	<u>\$ 8,259,364</u>
Supplemental information:		
Excise taxes paid	\$ 101,028	\$ 22,004

See auditor's report and the accompanying notes to financial statements.

THE 1772 FOUNDATION, INC.
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.

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 stated at fair value, which is based upon quoted market prices and comprised primarily of debt and equity securities. Unrealized gains or losses on investments resulting from market fluctuations are recorded in the statement of activities in the period that such fluctuations occur.

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 \$1,537 and \$559 for the years ended December 31, 2006 and 2005, respectively.

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.

THE 1772 FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 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 4 INVESTMENTS

Following is a summary of the cost and fair market value of investments as of December 31, 2006:

	<u>December 31, 2006</u>		<u>2005</u>
	<u>Cost</u>	<u>Market</u>	<u>Market</u>
Common stocks	\$ 7,197,953	\$ 9,056,395	\$ 28,056,007
Mutual funds	45,669,678	48,415,157	21,079,623
U.S. Treasury obligations	17,416,684	17,464,375	13,241,883
Corporate bonds	-	-	1,291,297
Mortgage-backed securities	5,581	5,730	1,894,165
	<u>\$ 70,289,896</u>	<u>\$ 74,941,657</u>	<u>\$ 65,562,975</u>

NOTE 5 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. Conditional grants are expensed and considered payable in the period that the conditions are substantially satisfied. Such grants payable are not recorded at their present values using a discount rate commensurate with the risks involved because the present value is not materially different than the amounts expected to be paid. Total approved grants scheduled for payment at December 31, 2006 are as follows:

February 2007	\$ 230,000
April 2007	\$ 100,000
Thereafter	<u>5,250</u>
2007 Totals	<u>\$ 335,250</u>

THE 1772 FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 FEDERAL EXCISE TAXES AND DISTRIBUTION REQUIREMENTS

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and therefore is exempt from federal income tax. However, the Foundation is classified as a private, non-operating foundation and is subject to an excise tax of 2% (reduced to 1% if certain requirements are met) on its taxable net investment income, which principally includes income from investments plus net realized capital gains (net capital losses, however, are not deductible).

The Foundation is also subject to distribution requirements of the Internal Revenue Code. Accordingly, it must distribute, 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 is in compliance with the distribution requirements through December 31, 2006.

Deferred federal excise taxes are based on the 2% rate are computed on the differences between the carrying value and the tax basis of the Foundation's investments, as well as temporary differences in income recognition.

Federal excise tax consist of the following:

	December 31,	
	2006	2005
Current	\$ 99,050	\$ 59,513
Deferred	(5,843)	10,001
	<u>\$ 93,207</u>	<u>\$ 69,514</u>

NOTE 7 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, 2006 and 2005 amounted to \$4,200 and \$3,900, respectively.

THE 1772 FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 COMMITMENTS

The Foundation leases office space located in Pomfret, Connecticut under a lease agreement dated April 1, 2006. The lease was subsequently renewed on February 1, 2006 and expires on January 31, 2008. The base rent charged in 2006 was \$450 per month and subsequently increased to \$950 per month on February 1, 2006. The base rent may be increased for cost of living adjustments after the first year but not in excess of 5%. Total rent expense under this lease agreement charged to operations amounted to \$11,450 and \$6,505 for the years ended December 31, 2006 and December 31, 2005, respectively.

Total future minimum lease payments under this lease agreement is as follows:

2007	11,400
2008	<u>950</u>
	<u>\$ 12,350</u>



The 1772 Foundation offices are located at Tyrone Farm in Pomfret CT.