THE PRESIDENT’S LETTER

1772 is on a December 31 fiscal year, and these past twelve months have been notable for turbulence spawned by the sub prime mess, a resulting credit crisis, and of course downdrafts in the financial markets with virtually no asset categories spared other than cash itself. Moreover, this debacle has spared no part of global geography.

On an isolated basis, Japan experienced a similar deflationary contraction for over a decade, and has yet to fully recover with their interest rates still hovering around zero which is where ours now are. However, the rest of the world was still humming along when they were undergoing their catharsis, so they still had markets for their Toyotas and Sonys. But now this financial “flu” has infected the entire world, so who is left to buy from whom? Regrettably, there are no benchmarks to gage where this may be taking us. Suffice it to say that we are living in interesting times. Hopefully, they won’t get too interesting!

While this metamorphic adverse change in the financial markets, which has yet to run its course, continues to have a negative impact on our capital base we fully intend to carry on in our usual fashion by providing whatever assistance we can muster for our grant recipients who will no doubt need our help more than ever going forward. These are indeed trying times for non profits! Like everyone else, we have trimmed our sails a bit, mostly by cutting back on travel expenses, but for the most part we’ve been running a tight ship all along, so there is not a lot of room for further cost cutting.

In spite of this “perfect storm”, we closed out fiscal ’08 with some very exciting grants. I have worked for a number of years now to find ways of providing greater longevity for our grantees by reducing their dependence on transients, whose visitor numbers have been declining everywhere for almost a decade, and to reduce the number of months that they are closed due to weather. One of the ways we have found to do this is to introduce the growing of winter vegetables which will greatly benefit the local community thereby reducing income flows from transients to icing on the summer cake.

Mt Hope Farm in Bristol, Rhode Island, is a beautifully preserved 200 acre sanctuary which operates a B&B, and runs weddings in the Spring through the Fall. It is shut six months out of the year, and is dependent on transients during its season, so its operating income is limited to half of the year while its expenses are not. So, working in conjunction with our friends at the Champlain Foundations, we have set about trying to resolve the seasonal dependency problem along with the total reliance on transients.

As Mt Hope has no infrastructure or personnel in place to handle this transition, this is essentially an entrepreneurial “start-up” which has been slow to develop, but they now have what’s needed to get started, and are seeking the right farmer to make it all happen. Aside from providing the hoped for off season income, it properly restores the Farm’s traditional culture, as it was a farm for well over 350 years.

Along the same lines, we funded the Farm Institute in Edgartown on Martha’s Vineyard to build some greenhouses, so they can grow and market winter vegetables. The Institute already has an impressive infrastructure in place, along with a full time farmer, so we’re hopeful that this project will take root with the speed of light. Of particular interest to 1772 are the very extensive educational programs the Institute has in place for all age groups on various aspects of living off the land. Mt Hope Farm will soon be conducting agricultural seminars out of it’s B&B as well. We like to see a strong educational component in virtually all of our grantees.

There is a rising interest in locally grown organic foods, and we may well be in the early stages of reverting to where we were 75 years ago with more and more small farms, and fewer large corporate farms which are chemically driven, and far from local. Other Foundations are starting to participate. I recently attended a seminar with a group called Downeast Funders the subject of which was “Go Local: Farms, Food and Philanthropy.” Moreover, there is apparently a potential profitable side to all this. A venture capitalist, Woody Tasch, has written a book called Slow Money with the sub title, “investing as if food, farms, and fertility mattered.” I’m truly amazed and pleased that some venture capitalists are beginning to explore these waters.

We continue to harbor a deep interest in Revolving Funds both with respect to helping educate non profits on their effective use, and in helping get new ones launched. We truly believe these vehicles enable groups involved in historic preservation to optimize the potential of the limited resources they have available. In this regard we sponsored a full day session on these funds at the Historic Trust’s annual convention for the third year in a row which has been very well attended. Moreover, we helped launch a city-focused Revolving fund in New Bedford which is geared to a more marginal area of that city, and we contributed to the launching of a State-wide fund in Maine.

Last, but certainly not least, is a project in Port Clyde, Maine, a photo of which appears on the front cover of this report. We assisted the Island Institute, which is primarily focused on helping to preserve the culture of the Maine Coast and its out islands, in providing financing to build a commercial dock which is owned by a number of fishing families. The State, thanks to the Island Institute’s efforts, bought the development rights to the old dock for $250,000. We then provided some of the additional monies required to build a dock fully capable of driving a trailer truck loaded with ice over.

The Island Institute conducted an extensive study on the fishing industry along the Maine coast. While there are 5300 miles of waterfront on that coast, there are now only twenty miles left where fishermen can still tie up, so preserving what’s left in perpetuity is crucial to preserve a culture that has endured there since the beginning of time.

Looking back then on the year, we have gotten a little more proactive, and we’ve embarked on some very exciting projects.

G.S. Geary
President, 1772 Foundation
Letter from the Executive Director

We are often asked how a foundation of our size and scope can succeed with only a single staff member. The answer is that we don’t succeed alone; we are fortunate to work with many fine people who make essential contributions to 1772’s efforts.

First and foremost, each of our seven trustees plays an active role in the day-to-day operation of the foundation, far beyond their governance responsibilities. In addition to three-day quarterly board meetings held in different locations all over the country, for which every trustee reviewed every application for funding, our trustees contributed regularly to daily operations in 2008.

Stan Geary, our president, conducted site visits in New York, Maine, Massachusetts, and Rhode Island and developed interest and education in the field of revolving funds and agricultural ventures. Vice-President Dan Ely initiated inner-city revitalization projects in New Jersey and created a comprehensive granting plan for 2009. Secretary/Treasurer John Livesey monitored finances and budgeting on a daily basis in addition to making site visits in Massachusetts and New Hampshire. Assistant Secretary/Treasurer David Schardien tracked 1772 Foundation founder Stewart Kean’s earliest projects in New Jersey, traveling throughout the state to make visits and check on progress at each funded site. Gretchen Sorin strengthened our due diligence with the creation of a site visit protocol and a list of potential reviewers. Robert Raynolds began discussions with Denver preservation groups to explore 2009 partnership possibilities. Nancy Davis developed all the documents for our new fellowship program which will allow us to expand this valuable learning opportunity in 2009. 1772 Trustees have accomplished much more than can be mentioned here; to say they are an active board is an understatement.

1772 enlisted a great deal of help from our peer reviewers who evaluated sites on behalf of the Foundation. Their work provides the foundation with experienced review services by qualified professional volunteers who live and work in the applicant’s area. We are very grateful for their generosity which is both a great help to us and to the applicant. In addition to providing thorough analysis, their efforts keep our travel costs at a minimum so that more funds can be channeled into preservation granting. Our sincere thanks go to peer reviewers: Robert Neiwig, Barbara Silberman, Meredith Sorin, Nick Wood, Anne Salvatore, Deborah Ely, Jodi Bacon, Jody Sweeney, Albert Lees, John Carnahan, Tom Jeffris, Joshua Torrance, and John Hildreth.

The Foundation is also pleased to continue its cooperative relationship in several areas of mutual interest with the National Trust for Historic Preservation. For the third year, the foundation supported educational sessions at their annual conference on revolving funds and other topics. We also worked closely with John Hildreth of the Southern office and the many fine state and local partners of the Trust in the southeastern states. The result of this collaboration provided $453,000 in funding for twelve outstanding projects which were either reviewed or referred by the National Trust. We are grateful for the expertise and collegiality extended by John and his partners to make this program a success.

We are also deeply appreciative of the work done by our 2008 1772 Foundation Fellows, Albert Lees of Brown University and Nicholas Wood of the Cooperstown Graduate Program. These two preservation scholars presented the results of their research at our July meeting in Shelburne, Vermont. Albert explored the role of agriculture at historic sites, using Mt. Hope Farm in Bristol, Rhode Island as a case study. This is an area of growing interest for the foundation and resulted in a grant for Mt. Hope to restore agriculture to this coastal farm. Nicholas, in addition to working on grants for our July round of funding, researched and presented on two areas of interest to the foundation: an inventory of preservation carpentry programs and programming recommendations for a newly acquired historic site in Maine. The research projects were assigned to produce results that the foundation might use to inform its granting. Nick and Al produced results that were both highly usable and inspiring. They have changed the way we will grant funds in 2009 and inspired the creation of a more comprehensive fellowship program, which will begin with six graduate students in June of 2009. We are grateful to Al and Nick for the energy and information they brought to the Foundation in 2008.

We are also thankful to work with the owners and staff at Tyrone Farm in Pomfret, Connecticut where our offices are located. Owner Bill MacLaren and his family regularly open their beautiful 1742 farm to our visiting trustees, guests and scholars. This site, so lovingly cared for, provides a rich historic backdrop against which to work on our preservation efforts. We thank them for the many favors they extend to the preservation world through the foundation.

Finally, our mission is met by our most important partners: the historians and preservationists who devote their time and efforts to preserving our American treasures, especially the ones whose work is shown in the pages of this annual report. Each of 1772’s grants represents a partnership formed with these talented, dedicated men and women who nurture important historic preservation projects from vision to completion. They do this, many of them unpaid volunteers, knowing full well that the impact of their work may not be fully known for a hundred or more years. We are honored to play a supporting role in their efforts.

Although I am writing to you from what looks like a one-person office, this is really just the communications service center for the ongoing efforts of a network of scores of fine people who work on behalf of the foundation and historic preservation every day. I thank you all and send best wishes for a Very Happy New Year.

Mary Anthony
Executive Director
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<th>Applicant</th>
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<th>Project</th>
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**Total:** $2,874,668
In addition to historic preservation grants, $200,000 in director-recommended grants were approved and distributed to other non-profit organizations including: Antone Center for Arts and Culture, BGCN Lifecamp, Brooks School, Camp Allen, Brown University, Center for Hope Hospice, Cooperstown Art Association, Connecticut Farmland Trust, Cooperstown Foundation for Excellence in Education, East Coast Greenways Alliance, Foothills Performing Arts Center, Franklin Stage Company, Friends of Dinosaur Ridge, Hilton Winn Farm, International Yacht Restoration School, Joshua’s Tract Conservation and Historic Trust, Leatherstocking Theater Company, Merrimack Valley Hospice, Most Holy Name Church, Norma Pfriem Breast Cancer Center, Pathfinder Village, Performing Arts of Northeastern Connecticut, Putney School, Shelburne Farms, Shelburne Museum, St. Joseph’s Roman Catholic Church, St. Mary’s Church, The Nature Conservancy, Upper Raritan Watershed Association, and the Wyndham Land Trust.

Historic Preservation grants ranged from $12,500 to $100,000. The average historic preservation grant was $44,917. The median was $40,000. The mode was $50,000. The top ten grants by amount represented $891,368 or 31% of the total amount given.

The state of Massachusetts received the most grant dollars, $389,500 for ten projects. Maine followed with $340,000 for seven projects.
Albert Lees, Fellow

It was in the Spring of 2008 that I was honored to be selected as a 1772 Fellow. As a Master’s Candidate in Public Humanities and Cultural Heritage at Brown University, I am acutely aware of the importance that society places on their connection with the past as well as the necessity for organizations to make that connection lest they no longer have relevance and cease to exist. Mount Hope Farm is such a case and why I am thankful for the opportunity to have been part of a team that created a plan for the future of this historic place. With the support and vision of Stan Geary, Mary Anthony, and Jim Farley (President of the Mount Hope Farm Trust), we developed a plan of sustainability and reinvigoration that holds the promise of re-energizing this farm, as well as others like it.

The Mount Hope Farm (MHF) project began as a study of how this historic property could incorporate agricultural activities into its pre-existing operating model. The collective belief of the Mount Hope Farm trustees and members of the 1772 Foundation is that transient visitation and reliance on seasonal events while financially necessary will not, in the end, sustain the organization. Rather, through a combination of agricultural programs and education, coupled with actual farm production focused on the local community it is possible for MHF to evolve into an indispensable community resource, one to nurture and protect. This is predicated on the assumption that when an iconic historic property becomes embedded within the community it serves, the community becomes the raison d’être for its existence, and in return, the community supports and sustains the institution through good times and bad.

History is a continuum, and it is my belief that the 1772 Foundation is at the cutting edge of historic preservation thought and philanthropy. Beyond supporting brick and mortar initiatives around the country, new methodologies must be used to insure that historic properties and cultural ways of life are maintained for future generations to learn from and experience. The Mount Hope Farm project is a step in this new direction and I am grateful to have played a small part in its development.
National Trust for Historic Preservation
Lincoln Cottage
$75000

National Trust for Historic Preservation
Annual Conference sessions
$50000

Maine Preservation, Portland
Revolving Fund
$90000

Old York Historical Society, York
Roof restoration
$20000

Tides Institute and Museum of Art, Eastport
Eastport Savings Bank
$30000

Woodlawn Museum, Ellsworth
Colonel Black Mansion
$50000

Youth Enrichment Center at Hilton-Winn Farm, Ogunquit
Farm upgrades and orchard replanting
$40000

Maine Preservation, Portland
Annual Conference sessions
$50000

Maryland
Carroll Park Foundation, Baltimore
Black Damask Project • $50000

Fire Museum of Maryland, Lutherville
1871 Engine Company No.8 facade
$35000

Massachusetts
American Textile Heritage Museum, Lowell
Exhibit space restoration
Emerald Necklace Conservancy, Boston
H. H. Richardson Gatehouse #2
$30000

Paul Revere Memorial Association, Boston
5-6 Lathrop Place
$40000

Willard House and Clock Museum, North Grafton
Fire Suppression System
$12500

NEW JERSEY
The Foundation for New Jersey Public Broadcasting, Trenton
“Our Heritage at Risk”
$38800

Longfellow’s Wayside Inn, Sudbury
Grist Mill
$27000

The Farm Institute, Edgartown
Horse Barn and greenhouse construction
$70000

Historic Cold Spring Village, Cape May
Spicer Learning House, agricultural education
$35000

Lowell Parks and Conservation Trust, Lowell
Spalding House
$30000

Thoreau Farm Trust, Concord
Thoreau Farm
$25000

Hunterdon Land Trust Alliance, Flemington
Dvoor Farm
$50000

Museum of African American History, Boston
First African Meeting House
$50000

Waterfront Historic Area League, New Bedford
Revolving Fund • $50000
Mayme Agnew Clayton, Ph.D. (1923 – 2006)
Founder, Western States Black Research Center
West Coast Custodian of African American History & Culture

The 1772 Foundation has been an important partner in the evolution of the Mayme A. Clayton Library & Museum (MCLM). The 2008 award of $100,000 provided a timely financial boost and sent a signal to the foundation community that our mission was significant. The award helped MCLM move from a backyard avocation to the beginnings of a major American cultural institution. With funding from the 1772 Foundation MCLM has been able to hire an archivist, Leah Kerr, MA, UCLA to oversee the processing and organization of the Mayme Agnew Clayton Collection of African American History & Culture; to plan for the installation of environmental and security controls to protect the Collection; to purchase archival processing and storage supplies; and to install shelving and other equipment to house the collection.

The photo on the above left shows the imperiled Clayton Collection in the garage at the rear of Dr. Clayton’s home; the center photo shows the collection on palettes in its new home after it had been packaged and frozen for 6 weeks to decontaminate it of pests and to deactivate mold growth; and the photo on the right shows the collection processed according to the Library of Congress system on metal, all made possible with the support of the 1772 Foundation. Thus far we’ve only been able to catalog about an eighth of the Literary Collection; much remains to be done.

The establishment of MCLM is historically significant because today, 145 years removed from slavery the majority of African American history still lays dormant in boxes in basements and attics throughout the United States, especially on the West Coast. Without an organized and concerted effort to retrieve and share it, in 50 years or less it will be lost forever to fire, water, mold, mildew, pests and worst of all to neglect. Gathering, digitizing and sharing these materials will provide an alternative view of the history and culture of Americans of African descent. The fact that the 1772 Foundation recognized the need to assist MCLM in the saving and sharing of the Mayme A. Clayton Collection and the gathering of other endangered West Coast collections is historic and will provide benefits that reach far into the future.

The collection is an astonishing life achievement! The flagship Literary Collection dates back to the only known signed copy of the first book published in America by an author of African descent, Phillis Wheatley’s Poems on Various Subjects Religious and Moral, 1773. The Literary Collection includes rarely seen slave narratives and is rich in Harlem Renaissance materials; blacks in the American West, California, Los Angeles and black Hollywood, to name a few. The Documents Collection contains original handwritten manuscripts from slavery such as plantation inventories, travel passes, bills of sale and slave sale announcements. The Film Archives contain over 1700 titles that date back to 1916 and a vintage black movie poster collection that dates to 1921. The Sheet Music & Record Library contains over 9,500 sound recordings and is maintained by Lloyd Clayton. The Photograph Collection is estimated to contain over 75,000 images that date to the birth of the camera in the mid-1800s. The Memorabilia Collection contains artifacts that also date to the mid-1800s.

From the Vintage Black Movie Poster Collection: Stormy Weather, 1943; Cabin in the Sky, 1943; and Lying Lips, 1932, produced and directed by Oscar Micheaux. Although we have not as yet been able to catalog items from this collection, we estimate that there may be over 300 posters that date back to 1921.
Above: The crown jewel of the collection, Phillis Wheatley’s Poems on Various Subjects Religious and Moral, (1773), the first book published in America by an author of African descent; Central Avenue Jazz Club, Los Angeles, CA, 1952 photographer unknown; and a slave sale announcement, North Carolina, 1859 for a family of eight.

Above: Slave Songs of the United States, 1867 compiled by William Francis Allen, Charles Pickard Ware and Lucy Mc Kim Garrison was the first published book of African American spirituals.

In 2008 the History Detectives produced a second 30 minute segment on a book that I found titled, Slave Songs of the United States, 1867, which turned out to be the first book of Negro spirituals published in the United States. The episode will air on PBS stations in February 2009. The History Detectives episode was filmed in Dunbarton Chapel at Howard University where the Howard University Choir performed several of the songs from the book.

www.pbs.org/opb/historydetectives/video/5_mayme_clayton.html

As an organization in the beginning stages of its development to have the support of the 1772 Foundation is vital and encouraging. MCLM hopes to establish itself in the world’s media capital as an institution that welcomes the international community. Our immediate objectives are to make MCLM an operational facility; to continue processing and preserving the collections so they can be made available to the public; to renovate the facility to accommodate the collection and for public use; and to offer vital educational, artistic, cultural and entertainment programming.

The Mayme A. Clayton Library & Museum Board of Directors, MCLM’s Archivist, the Clayton family and our volunteers are deeply grateful to 1772 Foundation for its belief in our mission and for its support. We are confident that our joint efforts to help to promote pride, dignity and greater intercultural understanding.

For additional information about the Mayme A. Clayton Library & Museum, please visit the Mayme A. Clayton Library & Museum website at www.claytonmuseum.org or read the January 2008 article about MCLM in American Legacy Magazine.

Avery Clayton
Chairman & CEO
MAYME A. CLAYTON LIBRARY & MUSEUM
Greater Ononta Historical Society, Ononta
History Center
$14500

Historic Cherry Hill, Albany
1787 farmhouse restoration
$30000

Historic House Trust of NYC, New York
Bartow-Pell and Lott Houses
$25000

St. Augustine's Project, New York
Slaves' Galleries
$30000

Tug Pegasus Preservation Project, New York
Deckhouse restoration
$15000

Ward Melville Heritage Organization,
Stony Brook
Stony Brook Grist Mill
$50000

Mt. Hope Farm, Bristol
Agricultural programming
$85000

RHODE ISLAND
Blithewold Mansion, Gardens and Arboretum, Bristol
Roof restoration • $25000

Coggeshall Farm Museum, Bristol
1790 farmhouse restoration
$25000

International Yacht Restoration School,
Newport
Restoration Hall
$75000

PENNSYLVANIA
National Canal Museum, Easton
Emrick Technology Center
$42000

Mt. Hope Farm, Bristol
Agricultural programming
$85000
he tiny village of Port Clyde, at the tip of midcoast Maine’s St. George peninsula, sits on the edges of the Muscongus and Penobscot Bays. At the center of this traditional fishing community is its historic wharf, from which men have set out to sea since the mid-1800s. It originally served as a multi-use facility for both the groundfishing and lobster fleets, with a nearby haul-out railway for the repair of fishing boats and schooners, then as a seafood-buying station. Purchased 20 years ago by the local lobstermen’s cooperative, the wharf’s deteriorating condition and limited berthing space restricted its use by the several local groundfishing boats in the harbor.

Roughly half of the 400 people who live in Port Clyde depend directly on the fishing industries that the wharf supports; indeed, if fishing is the lifeblood of this community, then the wharf is the backbone that supports its vitality and economic health. Without restoration and expansion, however, the historic Port Clyde wharf – and the seafaring heritage it represents – might have become just one more casualty in the development trend that has reduced commercial working-waterfront property along Maine’s 5,300-mile coastline to a mere 20 miles.

Now, thanks to a generous grant from the 1772 Foundation that bridged the gap between state bond funds and private donations, the Port Clyde wharf has been restored and expanded. Jutting 130 feet out into the harbor, its granite foundations rebuilt and its pilings replaced, the new concrete structure will support the efforts of several more generations of lobster fishermen. And, with the creation of additional berthing space to accommodate the groundfishing fleet, the wharf will have come back full-circle to its original use in the late 1800s. The thousands of seasonal visitors who catch the local ferry to Monhegan Island each year will see one of the last historic working waterfronts, one that truly reflects Maine’s maritime legacy. As they watch the boats rounding the lighthouse towards open water – as they have done for generations – they will glimpse a traditional, resource-based way of life that still endures.

On a sunny Saturday afternoon last fall, more than 200 members of the Port Clyde community celebrated the wharf’s renewal with music, laughter and, of course, plenty of lobster stew. Lifelong fisherman and lay minister Doug Anderson offered a prayer of dedication, noting that, just hours earlier, his 12-year-old grandson had been out in the harbor hauling a lobster trap into his 16-foot open-hull boat – a sure sign of yet another generation of lobstermen on the way. But the 1772 Foundation’s $100,000 grant for the Port Clyde wharf restoration – made in the true spirit of proactive preservation – has accomplished far more than providing access to the water for a few small boats in a tiny village at the end of a remote Maine peninsula. It has also helped ensure a sustained future for New England’s iconic, centuries-old tradition of working and living by the sea.
In the span of ten short weeks, the 1772 Fellowship program provided me a diverse set of philanthropic experiences and perspectives. At the heart of the internship experience was the notion of ‘targeted philanthropy,’ which allowed for the placing of an intern on site to accomplish a concrete project. When I expressed a desire to learn about the Foundation and its inner workings, my internship responsibilities were adjusted to also include an administrative portion.

Foundation work carried me all over New England but afforded me the opportunity to spend a good deal of time in my home state of Maine working on my project. There I worked with the Abyssinian Meeting House in an advisory capacity to create a set of programmatic recommendations for their new museum. This project was selected because of my background in Museum Studies, my general knowledge of the state as a whole, and my interest in the site.

The Abyssinian project was flanked by administration related activities designed to give me a better handle on the role of foundations and their governance. I conducted site visits, wrote executive summaries of applications, and assisted as needed during the summer board meeting. Finally, I began a survey of preservation trade schools for the foundation’s records.

All of my experiences as a 1772 Fellow were worthwhile and helped me to better understand the critical review inherent in the grant-making process. Participation in the board meeting, site visits, and reviewing grants gave me a fuller understanding of foundations in general and was a valuable educational experience. I would be remiss not to mention that these tasks were downright enjoyable as well, making the 1772 Fellowship one of my most pleasant educational experiences to date!

The Providence Athenaeum, Providence
Restoration of special collections area
$50,000

Providence Preservation, Providence
RISPCA Building and Revolving Fund
$40,000

VERMONT
Seabury’s Church Institute of Newport
Third floor restoration
$20,000

Shelburne Museum, Shelburne
1901 Round Barn
$30,000

VERMONT
Shelburne Farms, Shelburne
Breeding Barn
$100,000

Wisconsin
Mid-Continent Railway Association, Freedom
1912 Badger Car #2
$30,000

THE COMMITTEE TO RESTORE THE ABBYSSINIAN MEETING HOUSE
Portland, Maine • $50,000
Grants from the 1772 Foundation in cooperation with the National Trust for Historic Preservation

**ALABAMA**
Shiloh Community Restoration Fund, Notasulga
Shiloh Rosenwald School
$25000

**SOUTH CAROLINA**
Palmetto Trust for Historic Preservation, Columbia
Revolving Fund • $40000

**GEORGIA**
Historic Augusta, Augusta
Harrisburg-West End Historic District Endangered Fund $25000

**Philip Simmons Foundation, Charleston**
Philip Simmons Home and Workshop
$36000

**LOUISIANA**
Friends of City Park, New Orleans
Carousel
$50000

**SOUTH CAROLINA**
Palmetto Trust for Historic Preservation, Columbia
Revolving Fund • $40000

**MISSISSIPPI**
Mississippi Heritage Trust, Jackson
Flannegan-Lowry House
$35000

**VIRGINIA**
Mount Vernon Ladies Association of the Union, Mount Vernon
West Gate and Porters' Lodges
$30000

**NORTH CAROLINA**
Thomas Day House - Union Tavern, Milton
House restoration
$30000

**WEST VIRGINIA**
National Park Trust, Charles Town
Claymont Court ballroom restoration
$20000

**SOUTH CAROLINA**
Palmetto Trust for Historic Preservation, Columbia
Revolving Fund • $40000

**PHILIP SIMMONS FOUNDATION, CHARLESTON**
Philip Simmons Home and Workshop
$36000

**SOUTH KNOXVILLE ARTS AND HERITAGE CENTER, SOUTH KNOXVILLE**
Candoro Marble Building
$25000

**KNOX HERITAGE TRUST, KNOXVILLE**
J. Allen Smith Endangered Properties Fund
$50000
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, 2007 and 2006, 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, 2007 and 2006 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

Morristown, New Jersey
June 16, 2008

2008 audited financial statements will be posted on the web as soon as they are available.
# THE 1772 FOUNDATION, INC.
## STATEMENTS OF FINANCIAL POSITION

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,955,999</td>
<td>$2,790,205</td>
</tr>
<tr>
<td>Investments at fair value</td>
<td>85,899,014</td>
<td>74,941,859</td>
</tr>
<tr>
<td>Prepaid expenses and other receivables</td>
<td>10,500</td>
<td>304,690</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>87,845,514</td>
<td>78,036,554</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td>7,051</td>
<td>6,217</td>
</tr>
<tr>
<td><strong>Security deposit</strong></td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$87,852,664</td>
<td>$78,042,872</td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$71,238</td>
<td>$33,478</td>
</tr>
<tr>
<td>Grants payable</td>
<td>92,000</td>
<td>335,250</td>
</tr>
<tr>
<td>Excise taxes payable</td>
<td>-</td>
<td>55,000</td>
</tr>
<tr>
<td>Deferred excise taxes payable</td>
<td>119,300</td>
<td>93,100</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>282,538</td>
<td>516,528</td>
</tr>
<tr>
<td><strong>Net assets - unrestricted</strong></td>
<td>87,570,127</td>
<td>77,526,044</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$87,852,664</td>
<td>$78,042,872</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Years Ended December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2006</td>
<td></td>
</tr>
<tr>
<td>Contributions from Stewart B. Kean Residuary Trust</td>
<td>$6,014,557</td>
<td>$ -</td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>5,090,383</td>
<td>3,902,058</td>
<td></td>
</tr>
<tr>
<td>Realized gains (losses) on sale of investments</td>
<td>929,755</td>
<td>3,557,256</td>
<td></td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>12,034,696</strong></td>
<td><strong>7,459,314</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Less: Expenses directly related to investments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment management fees</td>
<td>309,622</td>
<td>275,570</td>
<td></td>
</tr>
<tr>
<td>Custodial and trade fees</td>
<td>10,911</td>
<td>13,427</td>
<td></td>
</tr>
<tr>
<td>Federal excise tax</td>
<td>35,450</td>
<td>99,050</td>
<td></td>
</tr>
<tr>
<td><strong>Total expenses directly related to investments</strong></td>
<td><strong>355,983</strong></td>
<td><strong>388,047</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue available for grants and operating expenses</strong></td>
<td>11,678,713</td>
<td>7,071,268</td>
<td></td>
</tr>
</tbody>
</table>

## Grants and Operating Expenses

<table>
<thead>
<tr>
<th>Grants and Operating Expenses</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>2,420,950</td>
<td>2,311,050</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trustees' fees</td>
<td>243,300</td>
<td>192,000</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>80,200</td>
<td>75,261</td>
</tr>
<tr>
<td>Travel, site visits and meetings</td>
<td>65,208</td>
<td>49,423</td>
</tr>
<tr>
<td>Professional fees</td>
<td>46,314</td>
<td>68,753</td>
</tr>
<tr>
<td>Consulting and marketing fees</td>
<td>19,973</td>
<td>2,084</td>
</tr>
<tr>
<td>Rent</td>
<td>11,400</td>
<td>11,450</td>
</tr>
<tr>
<td>Office supplies and expenses</td>
<td>11,083</td>
<td>12,984</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>6,142</td>
<td>6,054</td>
</tr>
<tr>
<td>Pension</td>
<td>4,440</td>
<td>4,200</td>
</tr>
<tr>
<td>Telephone</td>
<td>3,630</td>
<td>3,734</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>3,007</td>
<td>2,486</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,994</td>
<td>1,537</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,722</td>
<td>1,700</td>
</tr>
<tr>
<td>Payroll service fees</td>
<td>1,045</td>
<td>1,055</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>499,429</strong></td>
<td><strong>431,701</strong></td>
</tr>
<tr>
<td><strong>Total grants and operating expenses</strong></td>
<td><strong>2,920,379</strong></td>
<td><strong>2,742,751</strong></td>
</tr>
</tbody>
</table>

## Excess revenue over grants and operating expenses before unrealized gain (loss) on investments

| Excess revenue over grants and operating expenses before unrealized gain (loss) on investments | 8,758,334 | 4,328,516 |

## Unrealized gain (loss) on investments (net of deferred excise tax (credit) of $26,200 in 2007 and ($5,843) in 2006)

| Unrealized gain (loss) on investments (net of deferred excise tax (credit) of $26,200 in 2007 and ($5,843) in 2006) | 1,285,749 | (333,593) |

## Change in unrestricted net assets

| Change in unrestricted net assets | 10,044,083 | 3,994,924 |

## Unrestricted net assets at beginning of year

| Unrestricted net assets at beginning of year | 77,526,044 | 73,531,120 |

## Unrestricted net assets at end of year

| Unrestricted net assets at end of year | $87,570,127 | $77,526,044 |

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

<table>
<thead>
<tr>
<th>Years Ended December 31,</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
</table>

**Cash flows from operating activities:**

- Change in unrestricted net assets: $10,044,083
- Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:
  - Depreciation: $1,964
  - Deferred excise taxes: $26,200
  - Realized gains on sales of investments: $(929,755)
  - Unrealized (gain) loss on investments: $(1,311,949)
  - Cash effects of changes in:
    - Prepaid expenses and other receivables: $303,740
    - Accounts payable and accrued expenses: $37,760
    - Excise taxes payable: $64,550
    - Grants payable: $(243,250)
- Total adjustments: $(2,179,840)

**Net cash provided by operating activities:**

- 2007: $7,864,243
- 2006: $735,022

**Cash flows from investing activities:**

- Purchases of property and equipment: $(2,798)
- Proceeds from sales of investments: $29,407,830
- Purchases of investments: $(38,093,481)

**Net cash used in investing activities:**

- $(8,688,449)
- $(6,204,181)

**Net decrease in cash and cash equivalents:**

- $(824,206)
- $(5,469,159)

**Cash and cash equivalents at beginning of year:**

- 2007: $2,790,205
- 2006: $8,259,364

**Cash and cash equivalents at end of year:**

- 2007: $1,965,999
- 2006: $2,790,205

**Supplemental information:**

- Excise taxes paid:
  - 2007: $60,092
  - 2006: $101,028

See the Auditor’s Report and 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 $1,964 and $1,537 for the years ended December 31, 2007 and 2006, 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.
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:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2007</th>
<th></th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Market</td>
<td>Market</td>
</tr>
<tr>
<td>Common stocks</td>
<td>$15,717,688</td>
<td>$19,052,286</td>
<td>$9,056,395</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>52,173,384</td>
<td>54,503,579</td>
<td>48,415,157</td>
</tr>
<tr>
<td>U.S. Treasury obligations</td>
<td>12,008,769</td>
<td>12,307,500</td>
<td>17,484,375</td>
</tr>
<tr>
<td>Mortgage-backed securities</td>
<td>5,451</td>
<td>5,649</td>
<td>5,730</td>
</tr>
<tr>
<td></td>
<td>$79,905,292</td>
<td>$86,869,014</td>
<td>$74,941,657</td>
</tr>
</tbody>
</table>

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, 2007 are as follows:

January 2008 $ 92,000
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, 2007.

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 consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2006</td>
</tr>
<tr>
<td>Current</td>
<td>$ 35,450</td>
<td>$ 99,050</td>
</tr>
<tr>
<td>Deferred</td>
<td>26,200</td>
<td>(5,843)</td>
</tr>
<tr>
<td></td>
<td><strong>$ 61,650</strong></td>
<td><strong>$ 93,207</strong></td>
</tr>
</tbody>
</table>

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, 2007 and 2006 amounted to $4,440 and $4,200, respectively.
NOTE 8 COMMITMENTS

The Foundation leases office space located in Pomfret, Connecticut under an operating lease agreement dated February 1, 2007. The lease was subsequently renewed on January 31, 2008 and expires January 31, 2010. The base rent charged is $950 per month and 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 amounted to $11,400 and $11,450 for the years ended December 31, 2007 and 2006, respectively.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>11,400</td>
</tr>
<tr>
<td>2009</td>
<td>11,400</td>
</tr>
<tr>
<td>2010</td>
<td>950</td>
</tr>
</tbody>
</table>

$ 23,750
1772 FOUNDATION TRUSTEES

From left to right:
Nancy Davis (Bethesda, Maryland), G. Stanton Geary, President (Newport, RI), B. Danforth Ely (Far Hills, New Jersey), J. David Schardien, Assistant Secretary/Treasurer (Union, New Jersey), Gretchen Sullivan Sorin (Cooperstown, New York), John R. Livesey, Secretary/Treasurer (North Andover, Massachusetts), Mary Anthony, Executive Director (Pomfret, Connecticut), Robert Raynolds (Longmont, Colorado)