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| LEE MANSION WALLPAPER CONSERVATION GRANTS National Endowment for the Arts through the Save America's Treasures program Getty Foundation | | |
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MARBLEHEAD 2006 ANNUAL REPORT

M · U · S · E · U · M



& HISTORICAL

S · O · C · I · E · T · Y

ANNUAL REPORT

PRESIDENT'S LETTER

This year saw continued progress for the Marblehead Museum & Historical Society. Everything necessary to provide great programs, exhibits and events is in place; the organization has stabilized, and has a better understanding of its needs. These past three years as President have been a time to work with MMHS towards improving its systems, understanding its financial structure and preparing for the next leap forward.

The Marblehead Museum & Historical Society is recognized in the region as an outstanding organization. We have joined forces with as many local organizations as possible, thereby increasing our links and roots in the community. We have helped other charitable organizations, such as Hospice of the North Shore, Rotary and HAWC. We have also linked with the Abbot Library, Friends of the Library, the Marblehead Historical Commission and the Marblehead Arts Festival for exhibits and programs. Our goal is to make MMHS a part of the Marblehead community in every way.

Certainly the Jeremiah Lee Mansion is a part of Marblehead, an important landmark and a beloved part of our history. The Marblehead Museum & Historical Society has cared for the Lee Mansion for almost 100 years. Good stewardship is apparent in everything that has been done for the Lee Mansion, and this never ending project continues. The Lee Mansion garden also continues to be a beautiful, organic green space in the town of Marblehead about which we can all be proud.

Preservation of the Mansion continued this year with the Wallpaper Conservation project, supported by the Save America's Treasures Program and the Getty Foundation. The front of the Lee Mansion was painted in 2006 and everyone is delighted that paint analysis supports what we have known all along- it looks much better with white windows and trim! This project was supported in part by the ongoing Window Conservation project funded by IMLS with matching funds from the Society of Colonial Wars.

The past three years it has been an honor and a pleasure to be the President of the Marblehead Museum & Historical Society. I look back on the time with a sense of pride at what we have accomplished, and I am confident that incoming President Dick Carlson will be able to bring this wonderful institution to even greater heights.

Sincerely,

Sharon Pingree-Russell

Sharon Pingree-Russell
President, 2004-2007
MMHS Board of Directors

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TREASURER'S REPORT

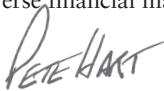
There were some positive financial developments during 2006, with the net result of Endowed Funds increasing by \$52,176. Positive contributions to this increase came from market appreciation and reinvestment of \$135,939, and an additional contribution of \$6,000. These were partially offset by \$8,338 used for conservation of the Lee Mansion, and \$32,377 used to support musuem operations. In addition, \$45,381 of negative General Fund Balances, carried forward from prior years, were closed out to Unrestricted Endowment Funds, when it became clear the prospect of replenishing the negative General Fund Balance from other sources was remote at best.

Grants received total \$85,848, with \$35,848 having been received for use in the important Wallpaper Conservation that took place during the year and \$50,000 having been received for the major and ongoing Windows Conservation project. In both cases these grants were used during the year. While on the subject of Wallpaper and Window conservation, Restricted Funds from Grants received in prior years totaling \$81,689 and \$17,244 respectively were used in those projects during the year. Finally, the remaining balance in the Garden Club Restricted fund was also used during the year.

Dues received decreased again last year by approximately \$4,700. On the other hand, receipts from the Annual Appeal increased by approximately \$18,593, due substantially to timing of receipt. You will recall last year's mention of 2005 Annual Fund appeal contributions having been received during the early weeks of 2006. The pattern of Annual Fund contributions being received in the year following the appeal appears to be repeating, though to a lesser extent during the past year.

The overall Budget for 2007 presents a continued commitment to narrowing the shortfall between expenditures and revenues in operating budget. Despite the strong efforts of MMHS professional staff, however, the practicalities of MMHS commitment to deliver the current level of services and conservation make this goal very difficult if not impractical to achieve.

During the past few years MMHS has been supported by a favorable direction in the stock market. That direction will not be continued indefinitely. For MMHS to realize its potential, it is very important to secure increased levels of contribution to the Annual Appeal Fund, significant contributions to the Endowment, and to sustain or increase levels of Grant funding. In the very near term some comfort may be taken in the knowledge that MMHS has sufficient funds to support the Lee Mansion and its Collections. It is therefore incumbent on MMHS Officers and Board Members to assure this continues to be so, even in the presence of an adverse financial market.



Peter J. Hart
March 20, 2007

2006 FUND BALANCES

| | <u>Year End</u> | <u>2006 Changes</u> | <u>2005 Year End</u> |
|------------------------------|--------------------|---------------------|----------------------|
| General Funds | \$ - | \$ 45,381 | \$ (45,381) |
| Acquisition | \$ 4,189 | | \$ 4,189 |
| Documents Preservation Grant | 2,041 | | 2,041 |
| Education Projects Grant | 2,041 | | 2,041 |
| Lee Mansion Windows Grants | 0 | (17,244) | 17,244 |
| Garden Club | 0 | (352) | 352 |
| Wallpaper Preservation | <u>11,854</u> | <u>(81,689)</u> | <u>93,543</u> |
| Total Restricted Funds | 20,125 | <u>(53,904)</u> | 119,410 |
| Plant Fund | 442,695 | (11,500) | 454,195 |
| Endowment Funds | | | |
| Katherine D. Hammond | 95,156 | 18,568 | 76,588 |
| W.E. & T.E Hammond Bowden | 23,224 | 2,187 | 21,037 |
| Lee Mansion Preservation | 149,373 | 6,264 | 143,109 |
| Unrestricted | <u>1,070,086</u> | <u>25,157</u> | <u>1,044,929</u> |
| Total Endowment | 1,337,839 | <u>52,176</u> | 1,285,663 |
| Total All Funds | <u>\$1,800,659</u> | <u>\$ (13,229)</u> | <u>\$1,813,887</u> |
| Location of All Funds | | | |
| National Grand Bank | \$ 40,641 | \$ (2,528) | \$ 43,169 |
| Scudder Funds | 95,156 | 18,568 | 76,588 |
| Vanguard Funds | 1,023,452 | 124,078 | 899,374 |
| Eastern Bank Custodian | <u>198,715</u> | <u>(141,846)</u> | <u>340,561</u> |
| Total | \$1,357,964 | (1,728) | \$ 1,359,692 |
| Building Fund | <u>442,695</u> | <u>(11,500)</u> | <u>454,195</u> |
| GRAND TOTAL | <u>\$1,800,659</u> | <u>\$ (13,228)</u> | <u>\$1,813,887</u> |

REVENUES, EXPENDITURES & CHANGE IN FUND VALUES

| | | | |
|--|------------------|---|---------------------------|
| REVENUES | | EXPENDITURES | |
| Revenues and Donations | | Operating and Restricted Fund Expenditures | |
| Annual Appeal | \$ 72,868 | Salaries, Payroll Taxes and Related Costs | \$102,552 |
| Admissions – Mansion & Walking Tours | 8,224 | Administrative Assistance and Guides | 5,393 |
| Attendance at Lectures and Events | 5,310 | Associations and Conferences | 600 |
| Donations - Unrestricted | 2,992 | Audit and Regularity Reports | 2,750 |
| Donations - Restricted | 5,210 | Cleaning | 13,275 |
| Grants - Wallpaper | 35,848 | Computer | 2,586 |
| Grants - Windows | 50,000 | Insurance | 21,365 |
| Facilities Rental | 9,500 | Maintenance - Building | 2,521 |
| Gift Shop Sales | 2,799 | Maintenance - Garden | 3,212 |
| Membership Dues | 28,149 | Materials and Supplies | 16,421 |
| Royalties and Research Fees | 630 | Postage and Printing | 20,286 |
| Wine Tasting Party | <u>7,926</u> | Publicity and Advertising | 580 |
| Total Donations and Operating Revenue | 229,456 | Security | 756 |
| | | Utilities | 10,699 |
| Investment Income and Support | | Wallpaper Conservation | 117,398 |
| Donations to The Endowment | | Windows Conservation | 74,344 |
| Endowment Income | 27,788 | Other | <u>5,033</u> |
| Endowment Principal Remitted | 32,377 | Total Expenditures | <u>\$ 399,771</u> |
| Prior Years Garden Club Contributions | 352 | Investment, Cash and Capital Accounts | |
| Prior Years Lee Mansion Grants & Contributions | 8,338 | Donation to Endowment | \$ 6,000 |
| Prior Years Wallpaper Grants & Contributions | 81,689 | Endowment Appreciation & Reinvestment | 136,349 |
| Prior Years Windows Grants & Contributions | <u>17,244</u> | Lee Mansion Endowment Funds Used | (8,338) |
| Total Investment Income and Support | 167,788 | Unrestricted Endowment Funds Used | (32,377) |
| | | Prior Years Garden Club Contributions | (352) |
| Total Revenue, Donations and Support | <u>\$397,244</u> | Prior Years Wallpaper Grants & Contributions | (81,689) |
| | | Prior Years Windows Contributions | (17,244) |
| | | Excess of Expenditures over Revenue | (2,527) |
| | | Other Reductions | <u>(1,550)</u> |
| | | Decrease Liquid Funds | (1,728) |
| | | | |
| | | Building Depreciation | <u>(11,500)</u> |
| | | Decrease in Total Funds | <u><u>\$ (13,228)</u></u> |

Please join us for the
2007 ANNUAL MEETING
on
Thursday, April 26th
Business Meeting—6:30 p.m.
Speaker, USS *Constitution*
Commander Thomas Graves—7:30 p.m.
at the Marbelhead Community Center