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## PRESIDENT'S LETTER

2005 was a time for the Marblehead Museum & Historical Society to reflect on its strengths and weaknesses; reconfirm its mission to preservation and interpretation and move forward towards a stronger financial base and an even greater commitment to being a vital part of the Marblehead community.

The year was filled with exhibits, from Marblehead Pottery to Burgess airplanes, and ending with Treasures from our own collection. There is no doubt that MMHS is well endowed with beautiful and important objects. Our continuing obligation is to care for, display, and inform others about these amazing things. Programming revolved around these exhibits, with outside experts and local historians who provided us with interesting insights.

The Jeremiah Lee Mansion wallpaper conservation project began in the fall of 2005, supported by Save America's Treasures and a matching grant from the Getty Foundation. Both the 18th century hand painted wallpaper and 18th century hand printed wallpaper are being conserved. This wallpaper is a legacy that is important internationally, and an example of the level of stewardship and responsibility of the Marblehead Museum & Historical Society.

The year was also filled with planning for the Holiday House Tour 2005, which took place over Christmas Walk weekend. A major event like this involves so many people, and so much time and generosity on the part of hundreds of volunteers. It was a great tribute to our organization and illustrates clearly how much people do care about our town and our history. The Holiday House Tour was organized and run by Board member Diane Barbour, who did an outstanding job. I would publicly like to thank the home owners who generously allowed their homes to be on the tour, the floral Designers who helped enhance these already beautiful homes, the hosts and hostesses who stood in houses, checked tickets and answered questions for two days- all were fantastic. It reminds us that our treasures are not only in objects, but in people who work diligently to keep everything on an even keel.

Daily we struggle with a limited budget, a very small but dedicated staff, and day to day set backs. But, when we stop and take a longer look, we can feel encouraged that progress is being made, and that we are working for a history that is worth preserving. I thank all of you that are involved, and encourage anyone who thinks that they might like to be involved to join us with their time, money or both. It is just one more way to enjoy and appreciate living in this wonderful town.

Sincerely,

Sharon Pingree-Russell

President

MMHS Board of Directors

Please join us  
for the  
2006  
ANNUAL  
MEETING  
on  
Tuesday  
April 25th  
7:30 p.m.  
at the  
170 Washington  
Street Gallery

Note  
meeting  
location  
change

## 2005 TREASURER'S REPORT

There were a number of positive financial developments in 2005. Additions to the Endowment were \$95,000 higher than the previous year. Grants received improved by more than \$83,000, and revenues from the first Holiday House Tour in five years exceeded related expenses by more than \$29,000. Invested Endowment funds appreciated by approximately \$44,000, and the amount of Endowments Funds required to sustain operations decreased by approximately \$28,000. Put in perspective, however, substantially all of the relief in the use of those funds came from net receipts of the Holiday House Tour, and the fact remains that MHHS continued to operate in a deficit during 2005.


Dues received decreased by approximately \$4,800, and receipts from the Annual Appeal fell approximately \$23,000 below the recent record level of 2004. Part of the drop in Annual Appeal receipts was due to timing, with some significant contributions received in the early weeks of 2006. The support of the Holiday House Tour may have reduced funds available for the Annual Appeal, and contributions made by potential donors to other organizations to provide much needed relief from the natural disasters that occurred last year may have contributed to the shortfall.

When taken together the financial health of MMHS improved to some degree during the past two years. The single most significant improvement came from the \$100,000 donation to the Lee Mansion Preservation Fund received during 2005. The increased level of Grant awards during the past two years was also a very important contributor, since most of the grants support major Lee Mansion conservation projects necessary continue the Mansion's vitality.

Increased revenues from the 2004 and to a lesser extent the 2005 Annual Appeal played an important role in the financial improvement. The successful Holiday House Tour was key to reducing the Endowment Funds required to sustain MMHS operations during 2005, and finally improved returns on invested Endowment Funds helped conserve and improve financial resources.

The Budget for 2006 presents a continued commitment to further narrowing the shortfall between expenditures and revenues. The budgeted improvements, if achieved during the current year, will play a role in assuring the long term health of MMHS. This alone, however, will not be sufficient to assure the financial well being of MMHS.

An increased level of contribution to The Annual Appeal Fund, continued improvement in the level of Grants received, and contributions to the Endowment itself are necessary to assure the continued financial health of MMHS. Without them, undertakings of the MMHS will need to be significantly curtailed, in the not too distant future.

  
Peter J. Hart  
March 4, 2006

## 2005 FUND BALANCES

	<u>Year End</u>	<u>Changes During 2004</u>
<b>General Funds</b>	\$ (45,381)	\$ (27,868)
Acquisition	\$ 4,189	
Documents Preservation Grant	2,041	
Education Projects Grant	2,041	
Lee Mansion Windows Grants	17,244	\$ (6,173)
Garden Club	352	
Wallpaper Preservation	<u>\$ 93,543</u>	<u>80,499</u>
<b>Total Restricted Funds</b>	<b>119,410</b>	<b>74,326</b>
<b>Plant Fund</b>	<b>454,195</b>	<b>(11,500)</b>
<b>Endowment Funds</b>		
Katherine D. Hammond	\$ 76,588	3,278
W.E. & T.E Hammond Bowden	21,037	790
Lee Mansion Preservation	143,109	101,619
Unrestricted	<u>1,044,929</u>	<u>5,244</u>
<b>Total Endowment</b>	<b>1,285,663</b>	<b>144,932</b>
<b>Total All Funds</b>	<b><u>\$1,813,887</u></b>	<b><u>\$ 179,862</u></b>
<b>Location of All Funds</b>		
National Grand Bank	\$ 43,169	\$ 15,570
Scudder Funds	76,588	3,278
Vanguard Funds	899,374	49,905
Eastern Bank Custodian	<u>340,561</u>	<u>122,609</u>
<b>Total</b>	<b>\$1,359,692</b>	<b>191,362</b>
<b>Building Fund</b>	<b><u>454,195</u></b>	<b><u>(11,500)</u></b>
<b>GRAND TOTAL</b>	<b><u>\$1,813,887</u></b>	<b><u>\$ 179,862</u></b>

## REVENUES, EXPENDITURES & CHANGE IN FUND VALUES

REVENUES		EXPENDITURES	
Revenues and Donations		Operating and Restricted Fund Expenditures	
Annual Appeal	\$ 54,275	Salaries, Payroll Taxes and Related Costs	\$102,478
Admissions—Mansion & Walking Tours	5,201	Administrative Assistance and Guides	3,836
Attendance at Lectures and Events	4,335	Annual Report and Calendar	4,926
Donations - Unrestricted	10,975	Associations and Conferences	150
Donations - Restricted	4,900	Audit and Regularity Reports	2,800
Grants	126,172	Brochure	2,570
		Cleaning	11,952
Facilities Rental	950	Computer	505
Gift Shop Sales	941	Holiday House Tour	30,106
Holiday House Tour	59,402	Insurance	20,979
Membership Dues	32,889	Maintenance - Building	8,213
Royalties and Research Fees	673	Maintenance - Garden	5,704
Wine Tasting Party	6,241	Materials and Supplies	9,211
Other	<u>249</u>	Postage and Printing	13,402
<b>Total Donations and Operating Revenue</b>	<b>307,203</b>	Publicity and Advertising	810
		Security	1,140
		Utilities	11,265
Investment Income and Support		Wallpaper Conservation	32,898
Donations to The Endowment	100,000	Windows Conservation	18,061
Endowment Income Reinvested	1,013	Other	<u>5,238</u>
Endowment Income	25,440	<b>Total Expenditures</b>	<b><u>\$287,077</u></b>
Endowment Principal Remitted	44,291		
Prior Years Windows Contributions	<u>11,208</u>	<b>Investment, Cash and Capital Accounts</b>	
<b>Total Investment Income and Support</b>	<b>181,952</b>	Donation to Endowment	\$100,000
		Grant Funds Transferred from Eastern Bank	86,356
<b>Total Revenue, Donations and Support</b>	<b><u>\$489,155</u></b>	Endowment Appreciation	43,922
		Endowment Income Reinvested	1,013
		Endowment Principal Remitted	(44,291)
		Prior Years Windows Contributions	<u>(11,208)</u>
		Increase in Investments	175,792
		Increase in Bank Balances	15,570
		Building Depreciation	<u>(11,500)</u>
		<b>Increase in Fund Value</b>	<b><u>\$179,862</u></b>