

Celebrating 75 Years of Preservation — 1939–2014



**New England Electric
Railway Historical Society**

Seashore Trolley Museum

2013–2014 Annual Report



The National Collection of American Streetcars

New England Electric Railway Historical Society

Founded in 1939 by Theodore F. Santarelli de Brasch

About the Society

The New England Electric Railway Historical Society is a nonprofit educational organization which owns and operates the Seashore Trolley Museum in Kennebunkport, Maine and the National Streetcar Museum at Lowell, Massachusetts. The Seashore Trolley Museum is the oldest and largest in the world dedicated to the preservation and operation of urban and interurban transit vehicles from the United States and abroad. It has a large volunteer membership and small full-time staff devoted to preserving and restoring the collection, conducting educational programs, and interpreting and exhibiting the collection for the public. Donations are tax deductible under chapter 501(c)3 of the Internal Revenue Service code.

Front Cover

Upper: The Society’s New Orleans streetcar No. 966 marked ten years of operation in Lowell, Massachusetts as part of a close working relationship with the Lowell National Historical Park. Seashore volunteers operate the car on the Park trolley line weekends from May through October. Society officers also play a major role in planning for an expanded streetcar system which would run throughout downtown Lowell, including possible further display and operation of Museum cars. RS
Lower: The final special event of each year is the Christmas Prelude event which features trolley rides through the wintery countryside. In this view the weather was ideal with a coating of snow nicely framing Connecticut Company New Haven streetcar 1160, which was recently released by Town House Shop after a multi-year restoration project. JF

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2013–2014 Annual Report

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Letter to Members

The two year period covered by this report culminated with the 75th anniversary of the founding of the Society. When Ted Santarelli and his associates took the audacious step in 1939—late in the Great Depression—to purchase Biddeford & Saco open car 31, they could have scarcely imagined what would follow. Not only did they take the initial step in the development of the Seashore Trolley Museum with its comprehensive domestic and foreign collection, but they paved the way for the volunteer rail preservation movement that blossomed throughout North America and abroad.

The period leading to the anniversary celebration was an especially busy one, with activities both long-term and short-term designed to move the Society forward.

Preserve and Protect Campaign

Most significant of these was the launch of a formal campaign for funding to improve and expand buildings around the museum campus. Named the *Preserve and Protect Campaign*, the target is \$550,000. Projects to be funded include:

- Replace the roof on the Town House Restoration Shop to arrest leaking



Above: A computer-based kiosk installed in Seashore car houses and made possible by grants received in 2013 and 2014.

Right: One of the many new descriptive panels—this one covering streetcar track—placed on buildings and cars funded by the same grants. JS



Above: The star of the Society's 75th anniversary celebration on July 4, 2014 was Montreal *Golden Chariot* observation car 2 which appeared in the trolley parade after extensive rebuilding. JS

- and upgrade lighting, and safety.
- Enhancements to Central Carhouse to enclose the open end of the building, strengthen its structural integrity, and add visitor walkways and other amenities.
- Increase the size of Fairview Carhouse to accommodate as many as 25 additional vehicles and continue improvements to its foundation.
- Enclose the open end of Burton B Shaw South Boston Carhouse to improve protection of the operating cars stored there and to prepare the facility to house special events.
- Improve the Museum's front entrance to enhance its appearance and add automatic gates for increased security.
- Make the Visitors Center fully available for events year round by installing energy-efficient windows and doors and upgrading its appearance.

To assist with the campaign, the Society retained the services of fundraising

counsel JNB Associates of Amesbury, MA. A key focus of the campaign is to seek funding in areas outside of the Society not traditionally solicited in the past. Executive Director Sally Bates is devoting considerable time to leading the campaign, working closely with JNB. By late 2013 campaign materials were produced and plans were being made to meet with financial institutions and foundations as well as key individuals who could become supporters of the project.

By year end 2014, pledges and donations totaling \$170,000 had been received. Most significantly, this total included a grant of \$50,000 from the Davis Family Foundation, the largest gift from outside our membership. Many other foundations and other sources of funding will be approached as the campaign advances. The first project to be undertaken with the funds raised to date will be replacement of the Town House shop roof.

It is hoped that success in this campaign will position the Society for future capital campaigns to fund additional buildings and services for visitors.

Improved Interpretive Signs

Another funding campaign was launched to support improvements to interpretive signage around the Museum and on cars on public display. Thanks to grants of \$10,000 each awarded by the East Hill Foundation and the Maine Humanities Council and a \$5,000 grant from the Gladys Kriebel Delmas Foundation this program could be implemented.





Above: Participants in the Speakeasy event head for the refreshment stand in Highwood, surrounded by illuminated cars each with a different sponsor.



Above: The pine grove on the east side of Highwood was cleared and graded as a site for events such as the food and music tent for the Speakeasy. JS

The interpretive and directional signs now have a professionally designed graphic format to lend consistency to the visitor experience. Computer-based kiosks are being placed in the exhibit car-houses to allow visitors to look up further background information about cars.

Public Presentation

Various improvements have been made to the Visitors Center to accommodate event rental business, as well as to help Museum events. Doors to the food service area have been relocated and an additional storage area has been constructed. A mobile serving island was fabricated to enhance flexibility. Volunteers Jim Mackell, Paul Kochs, and Tom Tello played a major role in these developments. Together with other improvements in layout, décor, and presentation under the direction of Visitors Center Manager Sherri Alcock these changes have resulted in many favorable comments about the facility's appearance and the helpfulness of staff. On the second floor of the building, the conference room and general office area were renovated to make them more appropriate for visitors from businesses and community organizations.

Volunteer Coordination

Volunteer Coordinator Mike Curry regularly recruits and trains new volunteers who contribute to the Museum in many areas. He has also arranged for crews of up to four students to come weekly from the Long Creek Youth Development Center to perform community service in the Town House Shop or around the campus. Phil Morse has also brought teams of students from Thornton Academy in Saco to help with Museum projects.

The Museum now participates in an annual "Day of Caring" coordinated by

United Way during which area volunteers converge in significant numbers to complete projects.

Marketing

Efforts to spread the word about Seashore to prospective visitors have continued to grow under guidance of Sally Bates. A key result has been regular coverage of Seashore and its events in local media. New brochures have been developed and distributed throughout the area. Professional publicity photos have been taken to use in appropriate media to promote the Museum and its availability for corporate outings or other events. Specific outreach has been made to encourage group visits from parks and YMCAs.

Sally is also regularly attending and presenting to local Rotaries and Chambers of Commerce. She served on the Arundel Economic Development Commission, to establish relationships in one of the three towns hosting Seashore's campus.

In 2013, the Maine State figures showed that 11 percent fewer people stopped at the Kittery Visitor Information Center than the year before. Meanwhile Seashore attendance revenue rose about 11 percent. In 2014 the State traffic figures in the May-June period showed a significant drop in Information Center traffic, but Museum visitor revenue grew by 8 percent, demonstrating in both years an increased share of the fewer visitors entering the state.

In December of 2013 Sally arranged for a visit by Biddeford Mayor Alan Casavant and Saco Mayor Donald Pilon to participate in a reception for Seashore Business Members. Both mayors have expressed interest in evaluating the potential of a heritage trolley connecting their cities as an economic development tool. Chairman Jim Schantz presented an overview of the success of new trolley lines in other cities, and described the potential for Seashore's participation in their planning.



Above: The *City of Manchester* parlor car of 1898 offers a special ambience for Speakeasy participants who visited the sponsor of the car. The Museum is building a replica of this car for a private party. JS

75th Anniversary

July 4, 2014 marked exactly 75 years since Seashore's eight founders, led by Ted Santarelli, acted to preserve Biddeford & Saco 12-bench open car 31, thus not only launching what would become today's museum but also inaugurating the now-worldwide movement by volunteers to preserve rail and transit equipment for future generations. Many members generously donated to help with the celebration and those funds also enabled ground improvements in preparation for the big event. The *Journal Tribune*, based in Biddeford, and a business member, partnered in production of a commemorative book, handling both advertisement sales and production. On July 4, many members and others were on hand for a grand trolley parade which included the unveiling of Montreal observation car 2. Representatives of both the Province of Quebec and the Canadian government were on hand for these ceremonies.

Special Events

The Visitor Experience Committee spent considerable time evaluating present and possible future special events. The result was that new features have been added to existing events to make repeat visits worthwhile and to attract new visitors. Pumpkin Patch and Christmas Prelude both have been strengthened by adding a wider range of activities. A number of Business Members now generously sponsor events.

A new event in 2013 and repeated in 2014 was Trolley Dog Day in early June. A variety of dog-related businesses and organizations participated and visitors were encouraged to bring their canine



Above: Cars line up in front of Highwood Carhouse in preparation for the 75th Anniversary parade. JS

family members. Relatively few attractions are dog-friendly, so welcoming visitors with their canine companions is well received by many dog owners. In advance of this event, Seashore's board adopted a new policy allowing dogs on property as long as their owners keep them under control. Many visitors have expressed their thanks for this new policy.

A new weekly daytime summer event initiated in 2013, Seashore Trolley Story Time, was funded with a \$500 Maine Humanities grant. The event encourages interest in books and reading during summer vacation and has added about 30 admissions per week, evenly split between adults and children. The event was expanded to every week in July and August.

As part of her outreach activities, Sally Bates entered into discussions with the Kennebunkport Conservation Trust's leadership. The result was an agreement

to promote a combination of hiking and trolley rides for hikers using the Edwin L. Smith Preserve trail system. Riders on Seashore's line can disembark at the end of the line at Talbott Park, then hike along Seashore's right-of-way to the point where it crosses the trail system. This transforms trolley rides from Museum interpretive experience back to their original role of providing transportation.

Kennebunk Bicycle donated a bike carrier that can be mounted on a regular service streetcar to facilitate use of the trails for biking, too.

On August 22, 2014 the Museum hosted a first-of-its-kind evening event conceived by Sally Bates and named the Speakeasy. Marketed throughout the area, more than 110 visitors bought \$50 tickets for an evening of prohibition-era themed activities. More than \$7,000 was raised from sponsorships of individual cars by business members and others. The sponsor-



Above: Representing Seashore in Boston is Type 5 No. 5734, displayed at the Boylston Street Station on the Green Line along with an MBTA-owned PCC car. In January 2014 vandals "tagged" both cars with sprayed graffiti. The MBTA immediately dispatched crews who cleaned both cars overnight. JS



Above: A Lewiston GMC New Look bus operates from the Bus Department area, located behind Highwood Carhouse, passing much older streetcars from Brooklyn and Cleveland. Bracket arms above the bus are for the extension of twin wires for trackless trolley operation over the same route. TS

ship enabled hosting visitors inside the illuminated cars in and in front of Highwood Carhouse. Attendees were encouraged to wear period dress; were offered a custom cocktail named for Seashore's 75th anniversary; and enjoyed live music. Preparation for the event included clearing and grading the pine grove area east of Highwood, making it suitable for this and other events in the future.

The Museum is now actively marketing its facilities for outside events either in buildings or on the grounds. Events in this period included business members Captain Lord Mansion and Bergen & Parkinson each hosting evening events in the Visitors Center.

Grounds and Facilities Maintenance

The ongoing program to upgrade Seashore's carhouses—most of which have now served longer than carhouses on original streetcar systems—continued this year under the guidance of Tom Santarelli. Much of the effort was focused on Fairview and Central Carhouses, both of which are experiencing deterioration of the concrete bases that support vertical frame members. Work concentrated on progressive replacement of key footings with a more substantial design and initial stretches of a perimeter frost wall. Refer to the Facilities and Grounds report on page 17 for more about these projects.

Another very generous donation of \$10,000 in 2013 from Geraldine Waterhouse continued her wonderful support of the upgrading of Highwood Carhouse. Steps taken in previous years to replace the roof and close the gaps along the bot-



Above: Considerable effort has lately been devoted to maintenance of the buildings. Included was repainting of the front of Riverside plus an engineering study of its structural integrity. JS



Above: This view captures an array of New England streetcars from the first quarter of the 20th century: No. 838 from New Haven, Nos. 5821 and 396 from Boston, and No. 31 from Biddeford. JS

tom of the building sides have noticeably reduced moisture inside the building, making the building more hospitable for both visitors and streetcars. As part of the 2013 Founders' Day celebration at the Museum, a special Trustees' award was unveiled to recognize Mrs. Waterhouse's generous support over many years. That support continued in 2014 with a \$10,000 donation to the *Preserve and Protect* campaign.

Other donated funds are enabling an engineering study of Riverside Carhouse to determine the best way to straighten a lean in the upper structure. Meanwhile, the building's façade and doors have been repainted.

For regular care of most of the extensive lawns in the Museum's public areas we secured the services of business member Ambidextrous Inc. Landscaping, with Seashore volunteers, principally Tom Santarelli and Jack Coyle, handling the rest. The improved appearance has drawn many favorable comments. The original power station building received extensive attention to make it a secure and attractive place for storage of grounds-related tools and supplies.

As part of the Society's strategic planning efforts, a site planning committee has prepared a master planning document for the main campus showing the potential location of major functions and buildings with a 10 to 20 year perspective.

Transition

As Seashore nears three quarters of a century in existence, it is inevitable that critical leaders from the Museum's forma-

tive years will be passing. But this year was an especially difficult one in this respect as some particularly well-known figures left us.

O. R. Cummings, one of the most knowledgeable people in the field of electric railway history, passed away in the spring of 2013, at the age of 87. O.R. authored dozens of books and articles in the field and had an encyclopedic knowledge of New England trolleys. He joined Seashore in the 1940s, served as Historian for decades, and also as a board member, including as Chairman. A well-attended memorial service was held at the Museum on May 18, 2013 organized by close friends Mike Lennon and Herb Pence.

Also passing were former President and long-time advocate of extending Seashore's main line to Biddeford, Ralph Day; active volunteer and lettering specialist from the 1960s Jean Deschenes; former Museum Store Manager Ron Newton; and lifelong Boston trolley enthusiast Peter Bruno.

Seashore members who knew these gentlemen will cherish their memories forever.

Restoration Shop

In the years covered by this report, the Town House restoration shop remained one of the most active areas in the Museum. Work continued on long term restoration projects such as Boston center entrance car 6131, Lexington and Boston single truck box car 41, Eastern Massachusetts Street Railway deluxe lightweight 7005, Blackpool (England) double-decker 144, Cleveland center

entrance car 1227, Denver and South Platte Birney car 1, and Bay State Street Railway semi convertible 4175. Shorter term projects include Connecticut open car 838, Toronto Peter Witt car 2890, and New Jersey PCC 5. All of these projects received generous support from project sponsors and many other donors to advance the work. A particularly generous donation was a \$20,000 one-for-one challenge from members Ed and Karen Dooks for L&B 41.

A major project that generated considerable excitement was the challenge for Montreal Golden Chariot observation car 2. This ornate, open top car has been very popular with visitors and members alike since its arrival a half-century ago, after a service life of a similar length in its home city. Unfortunately, a century of operation had taken a toll and the car needed both mechanical and body work to be brought back to service. Trustee Dick Rubin offered a \$25,000 two-for-one challenge to enable the work. This was generously matched by donors and the car returned to service at the Museum's 75th anniversary celebration in July, 2014. More work is needed for the car's long-term benefit, and donations are needed to cover this work.

The longest-serving member of Seashore's shop force, Donald Curry, has now been a staff member of the Society since 1954, an incredible run by any standard. Donald has been a recognized leader in the trolley restoration field for decades due to his expertise, extensive writings in the field, and his cooperative efforts



Above: The late O. R. Cummings in his Coast Guard days still found time for his trolley interest while serving. This view is from August, 1943 on an early open trolley on the Five Mile Beach Electric Railway in southern New Jersey. KF coll.



Above: Donald Curry is presented the Association of Tourist Railroads and Railway Museums Lifetime Achievement award by Jim Schantz at its annual conference in Tyler, TX. KJ

to arrange reproduction of hard-to-find components. His many efforts were recognized at the Association of Tourist Railroads and Railway Museums annual conference in Tyler, TX on November 8, 2014 when he was awarded that group's most prestigious honor, the Lifetime Achievement Award. The award was met by a standing ovation from the 200 delegates in attendance.

See the Conservation Report on page 10 for more about shop projects.

Trolley Parlor Car Project

An interesting and unusual opportunity came in 2013 when we received a request from a private party for Seashore to construct a full-scale duplicate of one of the most popular cars in Seashore's collection—the *City of Manchester* single truck parlor car from 1898. The goal is to create a car which would operate under battery power on a private estate in Florida to connect the main house with the waterfront, a distance of about 1,000 feet. The family that owns the estate was struck by the beauty of the *City of Manchester* during a visit and selected it as the prototype for the ideal way of connecting their property.

Considerable discussion ensued with an agreement being signed by midyear. This agreement entails no financial risk for Seashore, with labor and expenses billed with an uplift above cost.

By year end 2013 a suitable Brill 21-E motor truck was located in Dallas and brought to Maine for testing and overhaul. Our shop is guiding the overall design process, overhauling the truck; constructing the body underframe; securing and installing the propulsion and braking system. Seashore will also handle

final integration and testing. A boat builder from northern Maine, who has done work for the project sponsor previously, will construct the upper body and the precision cabinetry.

Work through 2014 in Seashore's shop included fabricating missing truck frame members, rebuilding brake rigging, sand-blasting the truck frame, and removing the motors and arranging their overhaul by A. C. Electric. Our crew also assembled the hardware for the sliding platform doors with some components from commercial sources and others fabricated in-house.

Bus Department

Activity in the bus and trackless trolley areas was limited in this period, as volunteer leadership was diverted to the car-house and facilities areas. Efforts on the bus and trackless trolley fleets were centered on preparing a selection of vehicles for public operation. Late in 2014 work focused on making repairs to brakes, the throttle mechanism, and ventilation systems on operational bus 8105, a Boston RTS.

Seashore Main Line

A goal long shared by Society members has been to extend the Museum's heritage railway to Route 1 in Biddeford. In the 1950s and 1960s Society activists—including Ralph Day, Mike Lennon, Bert McKay, and Ben Minnich—expended considerable efforts to purchase parcels of land to form right-of-way totaling about 4.5 miles. This land reaches the North Terminal site just north of the Route 1 bridge over the Pan Am (formerly B&M) rail line. The plan has been to extend Seashore's track over this right of way to both provide an appropriately long ride for higher speed interurban cars and to attract visitors passing on busy Route 1.

However, after the Talbot Park loop was completed in the 1990s, the reality of rising construction and maintenance costs essentially halted progress on the northern extension. In late 2014 the interest of a long-time member and donor, Benjamin Muckenhoupt, brought the issue to the forefront again. He expressed interest in planning major donations to help fund construction. He also volunteered to cover the cost for an engineering firm to estimate the cost. Consequently, we engaged Stone Consulting of Warren, PA, to prepare the estimate. The total, for materials and construction by an experienced contractor was estimated to be in excess



Progress in the construction of a replica of the *City of Manchester* parlor car for a private party:
Top: The Brill 21-E truck sourced in Texas arrives.
Above: The car's underframe takes shape. JS

of \$6 million for the 2.5 mile stretch from Talbott Park to the Terminal. This project will be evaluated after completion of the Preserve and Protect campaign.

National Streetcar Museum at Lowell

As described in the Lowell Report on page 15, our year-round exhibit and seasonal operation of New Orleans Perley Thomas car 966 continue in close cooperation with the Lowell National Historical Park and the City of Lowell. As

part of the relationship, Seashore experts have helped with projects such as specifying the overhaul of the trucks from the Park's replica trolleys; advising on repairs needed to track; and the same for overhead wire. The Museum is compensated for this work. We continue to play an active role in planning for expansion of the trolley system.

A most notable honor in 2014 was the award, by the National Park Service, of the Hartzog Award to Seashore as the outstanding partner volunteer service group in the Park Service's northeast region. A reception on May 15, 2014 was attended by a large contingent of Seashore's Lowell volunteers as Trustee Roger Somers accepted the award for the Museum.

Education

Educational program development focused on docent training to add to the annual training and requalification required of the many Seashore volunteers who operate cars for the public and interpret the museum experience for them. In 2014 this docent training was formally offered through Biddeford's Adult Education catalogue and attracted several new volunteers. Docent training is also offered as part of the new volunteer application and training process.

Financial Support

As has been the case for 75 years, Seashore's members and friends have continued to provide generous financial support, without which the Museum would find continued operation and growth very difficult. In 2013 a total of 497 individuals and organizations contributed some \$466,000 in cash or materials. In

2014 the number of donors was almost identical but the total given reached nearly \$600,000. More information and a listing of donors starts on page 20 and a listing of those who have reported their volunteer labor on Seashore's behalf starts on page 25. The Board extends its most sincere thanks to all who have given or volunteered to support the Society's programs.

In what has become a new tradition, generous donors and volunteers were feted at the 3rd and 4th annual Donor Appreciation receptions held in Andover, MA, at the Wyndham Boston-Andover in late December of both years. Organized by long-time member and former trustee Kevin Farrell and his team of volunteers, Museum leaders thank the members and present plans for the upcoming year. The events have been a great opportunity for members to enjoy a relaxed social occasion in the normally quiet winter period.

Thanks to the Museum's outreach efforts, membership totals are rising. Individual memberships were up 7% in 2014 and business members nearly doubled.

In addition to current donations, an increasingly vital role is being played by long-term planned giving, mostly bequests designated for the Society's endowment fund or other programs. In early 2014 we were notified of a bequest of the entire estate of late member Stephen Hall with a total value of more than \$700,000 designated for the permanent endowment fund. Mr. Hall's gift is the largest single gift in the Society's 75 year history. As with any gift to the endowment, the principal amount will never be spent, but will be invested. Expected annual earnings under normal investment conditions should total about \$35,000 in perpetuity to be used for general operating expenses. This bequest will raise the total of the Society's endowment to approximately \$1.2 million. We are most grateful for Mr. Hall's generosity and encourage other supporters of the Museum to remember the Society in their estate planning.

James D. Schantz

James D. Schantz
Chairman,
Board of Trustees



Above: A new annual event for photographers is designed to allow night photography of cars staged strategically. Here Boston Blue Line train of 1986 poses in front of Tower C also from Boston. JK

Executive Director's Report

Sally A. Bates

Navigating change is necessary, and also keeps the museum business exciting! One of the best advertisements a business can get is free press, and we are getting our share on a regular basis these days from more area papers than ever. By courting change we make news, and encourage folks to check up on us regularly so they don't miss out on what is happening here!

Key indicators of a museum's relevance are its admissions and events revenues, and membership revenues; I am pleased to report that we are making progress in both those areas by adapting to changes in our business environment.

In both 2014 and 2013 our revenues from regular admissions and special events increased. This was accomplished by adding new and enhancing existing special events, knowing that with the aging of our traditional audiences we must continually develop new ways to attract diverse audiences. As an example, in 2014 we created the Seashore Trolley Speakeasy—our first gala—that attracted a significant number of guests who had never visited Seashore before.

We are also expanding the scope of “everyday” experiences. In 2013 the Museum became dog-friendly, which has resulted in both new visitors and good press. In 2014 we capitalized on our proximity to trails established by the Kennebunkport Conservation Trust and began to let visitors disembark at Talbott Park to go hiking. This activity returns the fleet, in a limited way, to its original purpose of moving people to a destination, not merely functioning in an interpretive capacity.



Above: A professional publicity shot recently taken is intended to underline that the Museum is both family and dog friendly. CS



Recent marketing efforts have included attracting antique auto clubs both to visit the Museum and to serve as an exhibit in themselves, representing the same era as many of the streetcars.

Above: A selection of cars frame the visitors center. **Below:** A parking lot full of restored gems. JS

For 2015 we have another very ambitious calendar of special events planned, including another Speakeasy in August, a new Theodore Roosevelt: Naturalist, Nature and the Narcissus event that is planned to recur through 2019, the 100th anniversary of his death, an Oktoberfest event branded as Pumpkinhead-fest, a closing-day Halloween-themed event, Canapes, Carafes and Colors—Five countries in one afternoon in November, and evening Christmas Prelude activities.

We have made a concerted effort to recruit Business Members as a strategy to build strong ties in our surrounding communities. In 2013 dues from that sector grew enough to cover the decline in individual membership dues. Happily, in 2014 revenues grew in both categories. We now have over 70 Business Members. From this group come most event sponsors, and a lot of positive networking on our behalf.

In 2014 we celebrated the Seashore Trolley Museum's 75th Anniversary. In partnership with *The Journal Tribune*, a Business Member, we produced a commemorative book that honored the milestone. We featured the reintroduction to the operating fleet of our Montreal sightseeing car as a highlight of the celebration.

Our Museum Store is also adapting to changes in demand. While the gross margin (revenues minus cost of goods sold) in 2013 was down slightly, it rebounded significantly in 2014. Visitors Center and Store Manager, Sherri Alcock, focused on sales of higher margin items, such as



food, and added new branded merchandise and toys with good results.

On the exhibit/interpretation front, 2013 was the year in which we obtained grants for a new comprehensive sign program, and 2014 was the year for completing implementation. A total of \$25,000 from three funders: East Hill Foundation, Gladys Kriebel Delmas Foundation, and Maine Humanities Council, packaged with volunteer expertise, resulted in the installation of automated kiosks, an electronic bulletin board, interpretive signs for cars, buildings, and topics, and way-finding signs designed and fabricated at “museum-quality” levels.

The condition of our grounds and buildings remain a serious concern. Over the years, the pace of collecting vehicles and parts outstripped the construction of storage facilities. That fundamental imbalance is aggravated by the aging of the infrastructure as well as the aging of the volunteer corps. Although this is not only the world's largest, but arguably the world's best museum of its kind, its quality is obscured by the appearance of the campus. The collection itself is at risk



Above: A group of ladies in prohibition-era dress.
Below: Boston car 396 provided appropriate transportation for Speakeasy guests. JS



until the storage issues are addressed.

In 2014 we launched the Preserve and Protect Campaign, a major gift campaign to support preservation and restoration of the campus. Completion of the campaign will allow NEEHRS to continue to be true to its mission as a non-profit to collect, restore, preserve, exhibit, interpret, and demonstrate the operation of significant transit vehicles. With a campaign goal of \$550,000, proceeds are earmarked for improvements/repairs at Central Carhouse, Fairview Carhouse, Town House

Restoration Shop, the Visitor Center, and a nearby multi-purpose building.

As of June 1, 2015 the campaign is at 37.5% of its goal. The first project to be undertaken is the roof of the Town House Restoration Shop.

Volunteers continue to be the lifeblood of the Museum, and their talents and hard work are greatly appreciated. In 2014 volunteers formalized the Volunteer Manual, and documented our Docent Training Program.

We are pleased to have a new affiliation with Kennebunk High School's Alternative Education Program, which began late in 2014. Students, supervised by their teacher, created a volunteer lounge in previously unfinished space in the Visitors Center. We expect this relationship to continue during the 2015–2016 academic year, to the mutual benefit of the students and the Museum.



Above: Christmas Prelude visitors enjoyed refreshments in the warmth of the Visitors Center.
Below: For the hardy Prelude visitors, a special fare trip was offered on Montreal observation car 2. Tickets for these rides went quickly. JS



Library Report

Karen Dooks, Librarian

The years 2013 and 2014 saw continued progress in the library program on a number of fronts.

The transit preservation community was saddened in 2013 by the death of O.R. Cummings, a Seashore member since the 1940s, our long time Historian, and one of the most prolific authors in the field. His passing left a big hole in both the Library Committee's meetings and workshops. O.R. always had much knowledge to contribute. He made cataloguing and writing descriptions of his vast collection of photographs and postcards—which he had donated to the Library— proceed at a much faster pace. He regularly attended meetings and work sessions, answering accurately almost any question that was asked of him. He is sorely missed.

In April 2013 Ed Ramsdell resigned as Committee chair and as a member of the Library Committee. Kate Sullivan was elected as Chair of the Committee. New members elected were Lee Duncan, Russ Monroe, David Fletcher, and Randy Leclair. Unfortunately, Kate Sullivan was unable to continue as chair and in December new officers were elected: Karen Dooks, Chair, Herb Pence, Vice Chair, and Amber Tatnall, Clerk. Committee members are: Karen Dooks, Lee Duncan, David Fletcher, Randy Leclair, Russ Monroe, Herb Pence, Lloyd Rosevear, Roger Somers, Kate Sullivan, Leo Sullivan, and Charles Robinson, Member Emeritus.

During 2013 and 2014 projects and activities included:

- Preservation and data entry on the Brill Collection
- Preservation and data entry of O.R. Cummings' tourist brochures
- Moving of the collection of books, VHS cassettes, DVDs, Arcadia books, carousel trays and other materials donated by O.R. Cummings into library container 3. Inventorying of this collection is underway.
- Moving of most of the periodicals and other library material into container 2 and the filing cabinets and flat files into container 3. Filing cabinets of material were also moved from the yellow box car into container 3. A moving company was hired to move the heavy files in the fall of 2014.
- Monitoring continuously the humidity



Above: Participating in a Library Committee meeting at York County Community College are (left to right) Herb Pence, Lloyd Rosevear, Leo Sullivan, Mike Frost, Roger Somers, and Amber Tatnall. KD

fiers and conditions in the containers by members of the committee.

- Forming a subcommittee to make recommendations for the de-accessioning of railroad periodicals and for moving remaining periodicals onto shelving in the containers
- In collaboration with our partners at York County Community College, work on the Maine collection of O.R. Cummings progressed nicely with the vast majority of the initial work done. Additional support was supplied by hiring an intern during the summer of 2014 to do data entry on materials that had been prepared. The funding for this was raised by the sale of surplus books at book sales and in the Museum Store.
- Book sales of deaccessioned railroad books and duplicate material for systems outside of greater New England were held at the 75th Anniversary celebration and Transit Day in 2014.
- New material coming into the Library is inspected and stored in container 2. Mike Frost has been a great help in listing the material as it is acquired, separating the material, and storing it properly in the containers. He has also been able to raise some money by auctioning some of the wooden filing cabinets that were no longer needed.

The publication *The Trolley Parks of Maine*, a project of the Library Committee, garnered much attention over the year. On April 6, 2013 Amber Tatnall and Randy Leclair made a presentation at Owls Head Transportation Museum

about the book's subject matter. The book is being sold in the Museum Store and a flyer on its availability was sent to Maine museums.

Amber Tatnall has worked diligently on the unfinished *The Illustrated Atlas of Maine's Street and Electric Railways 1863-1946* by Charles Heseltine and O.R. Cummings. It is scheduled for publication in early 2015 and will include additional information and photographs taken from the Cummings collections.

The online publication *The Main Line* continues into its sixth year of production, edited by Ed Ramsdell. It is distributed electronically and as the Internet has become more widely used in our community it has grown in popularity. *The Main Line* is also available on the Seashore website at <http://trolley-museum.org/collection/archives.php>.

Library volunteers continue to respond to requests from all over the world for information concerning trolleys. These come from school children, the press, highway departments, lawyers, and other museums. The topics range from someone trying to find information about a grandfather or great grandfather, officials trying to sort out deeds that use "center of track" as a reference, to other museums seeking detailed technical information. Leo and Kate Sullivan have been handling these requests.

In June 2000 a Collection Preservation Plan for the Seashore Trolley Museum Library was prepared by the Peter J. Parker

Inlook Group with financial assistance from the Maine Historical Records Advisory Board and presented to the Museum and Library Committee. It stated at that time the Library and archives had more materials than it could handle and if this valuable collection was to be preserved, it needed immediate attention.

Fast forward fourteen years. We still have more material than we have space for. We do have a slightly better handle on what is in the collection and progress has been made on listing and preserving some small parts of the collection. However, as we move out of a building that is inadequate in every way for a library, we are left with more material than can be handled in three containers and a storage unit in Lowell. And we have limited space to work on the collection. Thus, during this past year we have sought alternative locations that might make it possible to go forward in the near future without being part of a capital campaign.

A subcommittee with Herb Pence as chair was formed to work on finding a space for the library collections which would include space not only for shelving and storage, but for working with and cataloging the collection. After spending several months considering spaces for purchase or lease, nothing suitable had been found. The committee then embarked on a parallel study of the feasibility and cost of constructing a building on site that would meet the needs of the collection for the near future. There are grants available for both infrastructure and management of library collections, but most require that the organization has a space to house and work with the collection. The committee is progressing and hoping to have a plan to present to the Board of Trustees in 2015.



Above: Amber Tatnall and Randy Leclair present the history of Maine trolley parks to an audience at the Owls Head Transportation Museum. KD

Conservation Report

Donald G. Curry and Randy E. M. Leclair,
Town House Shop Permanent Staff

During 2013 and 2014, Town House Shop was occupied to capacity with restoration and maintenance projects of a variety of sizes from a quick fix of an operational malfunction to major reconstruction. Every one of these required a mix of skills, knowledge, experience, ambition, and willingness to attend to all-important details. Town House Shop continues to be a productive site with a great variety of projects under way. During the period of this report 11 major restorations were active with a similar number of smaller ones advancing. Critical to the outreach mission of the museum is the maintenance of a respectable appearing and dependable operating fleet. Given the age of the fleet ranging from the youngest at 88 years; the oldest regularly operated at 113 years; and four others 100 and older, the challenges of maintenance are great. Unlike many of today's vehicles, the metals, materials and finishes just did not stand up and had to be renewed regularly. Thus, along with the fine craftsmanship, we inherit the shortcomings of the materials.

All cars which operate for the public must pass a 15-page-long inspection at least once at the beginning of the operating season. Often they come in for a second inspection later in the season. Additionally, all motors have their insulation resistance tested with a megohmmeter (megger) and dried before they are placed in service. Ones with lower initial readings (under ten megs) are dried longer (by electric heating) and frequently retested, a process that can take up to ten days. Following this process has reduced the number of motor failures (currently a \$15,000 repair) from roughly one a year to one in seven years.

A major part of any restoration, as well as in the care of operating cars, is a preventive maintenance program for the traction motors, including re-insulating field coils, building up bearings and bearing seats, and vacuum-pressure impregnation (VPI). This is done by the A. C. Electric Co. in Bangor, Maine. As of the end of 2014, over 40 motors have been treated, a remarkable number. A. C. has said time again, that once a motor has been overhauled by them, they do not want to (have to) see it again!

All work in Seashore's shop is done by a



Above: Rebuilding of an end platform on Lexington & Boston Street Railway No. 41 shows progress as platform knees have been repaired or replaced as needed and new flooring is being installed. DC

staff of five to seven paid employees plus volunteers. Basic mechanical skills are critical but specialization in industrial electricity, machine operation, cabinet making, welding, and finishing (painting and varnishing) are also needed. For the more experienced workers all of the above skills are used from time to time. We have had younger volunteers come in as apprentices from local institutions such as the New School in Kennebunk, and the Long Creek Youth Development Center in South Portland. Unfortunately the number of adult volunteers has declined as advancing age has taken its toll, along with a corresponding decline in new younger volunteers.

Another vital skill is writing. Accurate records must be kept for each project, often promulgated to the membership and project sponsors as curatorial reports. Writing successful grant requests is very important to garner financial support. The shop is a major source of information for the *Dispatch* and annual reports. Inspection forms must be filled out. Written communication is frequent between project managers and project sponsors. Research of period materials—such as technical papers from manufacturers, manuals, parts catalogues, and journals of the period—is critical to historical accuracy.

A survey of the shop at the end of this reporting period showed 11 projects underway in the shop and another immediately outside the building. While the shop is quite large (over 14,000 square



Above: Randy Leclair tests fitting of keys machined to hold the bull gear on the Bemis truck axle being adapted for use on No. 41. DC

Below: The authentic method of making "glue glass" for the clerestory windows on No. 41 calls for coating glass with glue then drying it in sunlight causing the glue to flake off, lifting a sliver of glass with it, leaving the desired pattern. JS



feet, including the second floor), this large number of projects stretches the shop's capacity. Additionally the original, 48-year-old corrugated aluminum roof has developed leaks. Fortunately a generous grant of \$50,000 received from the Davis Foundation secured by the *Preserve and Protect Campaign* will address this problem. The museum is working with an engineer from engineering firm SMRT in Portland on the most cost-effective



Above: Bob Reich installs a glass lamp shade inside Bay State Street Railway No. 4175 DC

way to rebuild the roof which we hope to carry out in 2015.

The shop is supported in a number of important ways:

- General fund support covers *all* costs associated with maintaining the operating fleet. The general fund also supports all heating and electrical costs for the shop, plus allows purchase of various supplies, tools, and materials.
- Donations from individual members, who serve as project sponsors, generally support restoration projects supplemented by contributions from others (usually members).
- Grants written by project sponsors or members of the shop staff are of growing importance to completing complex projects.

Normally the shop maintains a 5-year plan to give stability to the staff and to help direct fund raising. But because of competition for the limited shop space, the order in which a new project is selected is hard to predict. Often an unexpected new sponsor becomes available and that project advances further in the queue than an inadequately funded project.

One of the major problems is maintaining a steady flow of financial support for the duration of a project. More often than is desirable, work stops for what may be multiple years before new support

becomes available. This is inefficient and runs the risk of losing components and especially knowledge of how the project goes back together to completion.

Examples of some of the current restorations underway:

Lexington & Boston 20-foot Box car 41 – This four-wheel, wooden classic early trolley came to the museum as a stripped body in 1962. Following a lengthy fundraising effort by member Doug Carrier, restoration work started in 2010. Because of the interest and fundraising efforts of one sponsor from the Lexington area, others were inspired to donate and the car has enough funding to advance the project though not to complete it. Additionally several skilled volunteers, working with the shop staff, have put in considerable time advancing the project greatly.

The first priority was to straighten the body which had developed a serious “hog-back” (vertical curvature). Second was to repair/rebuild the wood framework and paneling so it will remain straight. Parts to replace those which were removed during its days as a road-side diner and a store are still being found as are further information tidbits. This is always a bit of an adventure, but in the case of the 41, special note should be made. To wit:

- The truck came from the Norway and Paris (ME) trolley line, which went out of business in 1918. The truck was found in a nearby swamp, where it had been “seasoning” for some 70 years. It has been completely disassembled and is being rebuilt.
- The Hitachi traction motors are from Hakodate, Oshima Subprefecture, Japan.
- The controllers came from a trolley body hoist in a Boston carbarn.
- Its electric heaters are from the Portland Railroad carbarn retrieved over 50 years after the last trolley left the building.
- Many details about its construction come from an article about the John Stephenson Car Co, which built No. 41, showing it in progress in their plant in Elisabeth, NJ. This information came from the McGraw-Hill collection in our library.
- Our patent research for the car (including patent drawings for the Bemis truck and its Pfingst fenders) was done by a volunteer who is almost completely blind. Descriptions of the patents are available through Google, and he uses his computer to “listen” for the right patents.

During the winter (in the heated area of the shop), the ‘truss plank’ (the long paneled section under the car’s long side seating) will be made. In addition to this

Below: A contractor sprays Awlgrip primer on Boston Center Entrance car 6131 after having sand-blasted the exterior and parts of the interior. Note the wood sheet barriers mounted below the car and in windows to keep the sand away from newly-installed electrical and mechanical components. DC





Above: Jim Mackell bores a hole in newly fabricated rear platform decking of Montreal No. 2. After 100 years the old parts had deteriorated. DC

the frame and back for the seats will be made. Using historical literature as well as actual parts, the two Pfingst fenders will be fabricated as will the two Clark track scrapers. The two controllers will be serviced and made ready for installation.

Bay State Street Railway Semi-Convertible car 4175 – Like 41 this car is an iconic New England trolley and, though about 15 years newer, also came to the museum as a stripped body. It is a double truck car of a type used widely throughout the Bay State's extensive network in eastern Massachusetts. Work started in 1986 and the body of this car, which also spent part of its life as a building, has been significantly rebuilt to the point that the majority of work is

Below: Randy Leclair and John Melanson inspect the PC-5 control system under Eastern Massachusetts Street Railway No. 4387.

Bottom: The car undergoes a test run while sash and doors are refurbished off the car. DC



Above: Jim Mackell and Charlie Publicover remove deteriorated components from the under-floor mechanical compartment on No. 2. DC

directed toward making the car operational. It is presently resting about a foot higher than its designed level on a pair of shop trucks.

When the car came to Seashore many remnants of the original components for motor wiring, resistors, and braking remained under the car. They were photographed, removed and placed in storage. But there were some components missing for which replacement required a great deal of reverse-engineering. Current status of some of these:

- Hand brake levers and supports rebuilt/replaced and installed
- Air brake cylinder – replacement found and installed
- Traction motor resistors – support

Below: Repairs to the edge of the roof are underway on Eastern Mass. 4387. Water penetration through the canvas roof covering had caused boards at the lower edge of the roof to deteriorate and did the same to the letterboard above the windows. Here a new letterboard section is clamped in place to test the fit with other components. Once all of the new wooden components are installed, the roof canvas will be replaced to prevent the same problems from developing again. JS



Above: Jim Mackell sprays primer on the carefully prepared and sanded exterior surfaces of No. 2, part of a complete refinishing of the car. JS

frame re-designed and installed

- Conduits for wiring – originals laid out and being duplicated, new wiring starting to be installed
- Contactor box re-constructed

Boston Elevated Railway Center-Entrance car 6131 – This car is one of the most distinctive to have served Boston, for decades operating in trains of up to three cars on what is today the Green Line. Like the preceding two cars, 6131 is being back-dated. It was always an operating trolley but its final years were spent as a service car, spreading sand on tracks to increase traction on foggy and frosty days. Major phases in this large restoration were completed over the past few years:



Above: New structural steel under the car. JS



Above: Newly reupholstered seats from 2890. JS

Above: Toronto Peter Witt 2890 late in 2014 after final coats of red and yellow had been sprayed. JS

- Double-layer tongue-and-grooved flooring installed in the entire body. The top layer is maple, now all covered with a temporary protective covering of wooden panels.
- Belt rail coverings and window sill support installed
- Grit-blasting done to the entire exterior of body, followed by multiple coats of wash and epoxy primers
- Grit-blasted paint off the inside of the wood of the center ceiling

The paint on 6131 was in poor condition allowing rust to form on many surfaces, so drastic measures had to be taken. After much study of various types of corrosion removal the staff and project sponsor decided glass bead blasting was the most effective. Since the car, resting on car-body horses, could not be moved outside, the decision was made to have a contractor do it inside the "box" where 6131 is being worked on. It took a week and cost over \$8,000 but the body is now rust-free and protected from further corrosion.

Substantial additional fundraising is required to continue progress on this car, which will be one of the most important restored cars in the *National Collection of American Streetcars*.

Connecticut Company Open Car 838 – This car is a typical 15 bench open car a type used in the early decades of the 20th century by many cities in the northeast and further afield. This car,

which came to Seashore when it was retired in New Haven, CT in 1948, had been part of our operating fleet for over 50 years when two museum members offered to restore its deteriorated finish. They diligently worked on it and contributed the materials, but the scope of the project was more than they could handle. Generous donations covered the labor and material costs of having the shop crew continue the project. The car has been returned to service with a new varnished and striped ceiling, working lighting, entirely new wiring, major areas of its canvas roof replaced, and one of the two traction motors rebuilt.

Eastern Mass Street Railway Semi-Convertible car 4387 – Another car

Below: New roof canvas being stretched onto Dallas 434 during annual maintenance. DC



of a classic design that operated widely in Massachusetts for decades, the semi-convertible name refers to the design that allowed windows to be opened very widely in summer, capturing some of the benefits of open trolleys without requiring separate summer and winter fleets.

Work to bring this car back into operation was enabled by a \$7,500 challenge grant from a member. The car had been sidelined by a problem in its control system, but the intervening years had not been good to its finish or operation of other major components. The air brake cylinder had to be rebuilt, and a significant amount of the roof needed replacement. The deterioration along the edge of the roof extended down into the letterboards on both sides of the car, so these needed to be repaired as well. We addressed a moisture issue with the belt rail and repainted the sides of the car. The doors were removed and rotted areas repaired. Several door motors were rebuilt (but two still need additional work). The car is now in special service, with a goal of returning it to regular service in 2015.

Montreal Tramways Observation car 2, the *Golden Chariot* – One of the most significant cars in Seashore's collection, this car is of a unique open-top design that was developed and built by the street railway shops in Montreal. For a half century it operated tours around the city and its mountains to the delight of visitors and locals alike. The



Above: Dann Chamberlin and Jim Mackell lift a headlining panel into place on Blackpool 144. DC

design was copied by other cities and the car came to Seashore after being retired in 1959. As popular at Seashore as it was in its home city, the car was out of service for a decade for an out-of-round wheel problem as well as deteriorated paint. Thanks to a \$25,000 two-for-one challenge grant offered by Trustee Dick Rubin, and helped by many interested volunteers who worked with the paid staff, the car was repainted including its intricate filigrees; the wheel problem was corrected; and two motors were given overhauls. Its participation in the 75th anniversary parade was appreciated by the membership and visiting public. The car

will be used primarily for special service because its remaining two traction motors also require rebuilding.

Toronto “Peter Witt” car 2890 – Canada’s largest city operated a large fleet of distinctive Peter Witt streetcars both singly and in some cases pulling matching trailers. The Peter Witt name refers to the front entrance, center exit design pioneered by a Cleveland streetcar executive of that name. This car came to Seashore in a trade a dozen years ago with our friends at the Halton County Radial Railway museum outside of Toronto. We sent an interurban car that had run near their location in trade for this iconic streetcar. The car was in generally good shape despite a service life dating back to 1923. However, road salt used in the city’s harsh winter climate had taken its toll on the car’s steel underframe. To make the car available for regular operation at Seashore, a group of volunteers in recent years tackled needed work on the car. Restoration steps completed include:

- Regauging the trucks from Toronto’s unusual 4’ 10 7/8” rail spacing to standard gauge of 4’ 8 1/2”.
- Overhauling the motors at A. C. Electric .
- Replacing deteriorated structural steel and side sheathing as needed.
- Replacing the headlining (ceiling) and constructing missing seats and interior trim panels
- Refinishing the exterior in the distinctive Toronto dark red and yellow colors

Below: Wheeling (WV) streetcar 639 meets Chicago, North Shore & Milwaukee high speed interurban 755 in front of Tower C. No. 639 is the recent product of a total reconstruction as it was acquired as a stripped body. No. 755 began restoration in 2014, but is complete and in basically sound condition. JS



Above: Boston 6131 after completion of priming of the entire rebuilt steel body structure. DC

- Preparation of all the needed interior and exterior lettering
- Repairing and varnishing window sash

It is hoped to have the car finished and available for service in 2015 or 2016.

Cleveland Center Entrance car 1227 – While the car has been mostly complete for some years, rebuilding and installation of the Peter Smith stove and associated ducting was completed in 2014. Also finished was making more destination readings and sewing together then installing the destination signs. The marvelously restored car will at last be outshopped in 2015.

Below: Tom Tello strips old material from 755.

Bottom: John Melanson trims newly installed dowels after a new canvas was installed. DC



Lowell Report

Roger E. Somers, Superintendent of
Railway Operations—Lowell

It is hard to imagine that 10 years has gone by, but 2013 marked the 10th Anniversary of our operations in Lowell with New Orleans Public Service Car 966. On June 19, 2003, No. 966 was delivered by Silk Road Transport to Lowell. The trolley poles had been removed prior to shipment to ensure safety and bridge clearance. So, after the trolley poles were reinstalled, the car was immediately off-loaded just outside the Boott Mill trolley barn and operated over the entire system to be sure everything cleared and was working properly. Since that time we have made regular trips over the line every operating season to the delight of many folks from all over the world.

As usual, in the winter off season, our volunteers performed maintenance on the car. The primary activity in 2013 was the repainting of the roof. Late last year we had a full inspection of the roof by Seashore shop staff and everything was fine. With that approval, the painting was completed in January and February. It is amazing how a newly painted roof changes the whole appearance of the car.

This operating season mirrored last year starting with “Doors Open Night” in mid-May then on to Memorial Day weekend. We successfully staffed every weekend but one completing the operating season on Columbus Day. The car operated without incident producing another safe and successful season.

A sad event to report in 2013 is that one of our mentors for the Lowell operation passed away during the summer. Will Lavalley was involved with the National Park Service trolley operations in Lowell



since its inception in the 1980s and was a big help to us in setting up and supporting our operation in Lowell. Will left us shortly after the 2013 Lowell Folk Festival this summer. He was a good friend.

The 2014 operating season was another successful year like 2013. Our volunteer operators signed up to cover every weekend of the season. One rainy Saturday in the fall proved to be a very difficult day for 966. With wet leaves all over the rails, 966 had no traction and we unfortunately had to call off operating that day. Other than that 966 performed well.

A high point at the start of the 2014 season was the presentation by the Lowell National Historical Park of the New England Region George and Helen Hartzog Award to the Seashore Trolley Museum volunteers. This award recognizes our members' consistent service and contribution of many hours of their time to the Park operations. The award was presented by Celeste Bernardo, Park Superintendent at a reception held on May 5, 2014 at the Boott Cotton Mill with many of Seashore volunteers in attendance.

Above: New Orleans 966 poses near the eastern end of the Lowell National Historical Park streetcar system, in Jack Kerouac Park. WC

Signal Report

Chester Bishop, Superintendent of Signals

In 2013 work progressed toward installing the new signal equipment cabinet at Seaward Switch (“SEA”), to control soon-to-be-installed signal No. 42 (inbound) and future signal No. 39 (outbound).

We excavated trenches, installed underground conduit, and pulled electrical cables from the SEA cabinet location to the foundation for signal No. 42, to the junction box near Seaward switch, to the switch stand at Seaward switch, and to the cabinet for future signal No. 39.

Later, we moved the new SEA cabinet from the Shop to its destination, placed it on the sleepers and bolted it down. We had removed the previous cabinet earlier in the fall.

Other activities earlier in the year were the receipt of the steel for the mast for No. 42 signal (the signal itself has been restored and is ready to be mounted), installation of new lighting in the storage boxcar, welding of track circuit wires to the rails in additional locations, and completion of wiring and labeling in the new SEA cabinet.

Thanks to Harry Coombs, Don Landry, Chuck Griffith, Charlie Publicover, Dick Avy, John Melanson, and Tom Young for much-appreciated help.

In 2014 work stopped on installing the new signal case at Seaward switch because there was no way to put any more line wires into the case and con-



Above: Seashore volunteers who operate New Orleans 966 in Lowell pose for a group photo during their annual requalification. Behind them is the Lowell carhouse where 966 is safely stored. RS

nect them, without running the risk of creating unknown and unwanted cross-connections due to possible breaks in the insulation. There is not enough room between the backboards to allow that many wires to move freely. In the interest of safety work stopped and the case was moved back to the shop.

With the assistance of Chuck Griffith a much larger case has been located and moved to the work area beside the shop and this case will be outfitted with the equipment for the signal at Seaward switch. This will take at least one more year or possibly two, depending on weather. Installation of the footings for the new case is being planned and will include backfilling the excavation to prevent injury to any pedestrians.

In the meantime, we returned the previous case to the site, although in a slightly different location, reinstalled the equipment in it, and restored various circuit changes made to work with the proposed installation.

It may become necessary to replace the foundations for signals 22 and 23 at Morrison Hill sooner rather than later, since the existing ones, which are too shallow, are pumping themselves out of the ground at odd angles and are most likely stretching the cables leading into them. The cost of the two foundations will be about \$1,000, plus any expense in installing them. This project would be out of the planned sequence but the need is obvious.



Above: A rack filled with servers that run Seashore's information technology network. JS

Information Technology

Christopher E. Randall, Manager of Information Technology

In recent years the role of information technology in the Museum's operations has increased greatly. Growth in the reach and sophistication of technology has been particularly rapid in 2013 and 2014, so it is timely to report this progress to the Society's members and supporters. All of these accomplishments have been done at modest cost by very careful procurement of equipment and with support from donations and grants.

Development of IT facilities has focused on the Visitors Center but is now extending around the campus. All activity radiates from the information technology office on the second floor. The office houses the array of rack-mounted servers that host all of the applications functions and form the hub of the network. The office is fully air conditioned and provides secure backups of the vital data contained in the servers. There are now 68 network connections available at locations around the Visitors Center, though not all are in use. However, the network does connect all of the general office computers, those in the financial office, the point-of-sale cash register system, plus all of the telephones in the building.

The phones operate on voice-over-Internet-protocol, thus efficiently sharing the data network facilities. Only a few years ago, communication around the Museum property was by means of a vintage, yet functional, hand crank system, so Seashore's technological evolution has jumped over several generations of technology.

Major applications supported in the Visitors Center include the QuickBooks accounting system used by the Finance Department, electronic scanning and storage of office documents, Museum Store inventory and sales, membership records, maintenance of the Museum's public web and social media presence, and standard office functions such as email, word processing, and spreadsheets.

In 2010 broadband Internet was brought to the Visitors Center by a volunteer effort that involved burying a cable from the front of the property to the building. Shortly thereafter, WiFi service was made available throughout the structure for access by both Museum personnel and

members of the visiting public as well.

A project underway since 2012 has been to extend the internal network wirelessly to other major buildings to support computer-based information kiosks so visitors may call up more information about the collections in each building. The same infrastructure is enabling installation of video surveillance with cameras aimed strategically from high vantage points on or near building eaves, with the captured images beamed back to the IT office.

In 2012 the Parts Warehouse was connected in this fashion, followed by Highwood Carhouse in 2013. Installation began in Riverside in 2014 to be completed in 2015. The Town House Shop will then follow.

Other planned developments include implementation of digital signage at the Visitors Center entrance to inform visitors of the day's activities and upcoming events and making available on-line payments and donations from the Society's website.

The goals of the information technology projects are to enrich the visitor's experience; to enhance the flexibility and efficiency of museum functions; and to improve Museum safety and security.



Above: Working from Claremont (NH) line car 4, Chris Randall installs Internet cables along the top edge of the interior wall in Highwood Carhouse. The wiring will support interactive kiosks and security systems. JS

Facilities and Grounds

Tom Santarelli, Vice President of Facilities

Continuing in 2013 and 2014 was the long term program to improve the Museum's buildings, principally its carhouses. Most of these were constructed between the mid-1950s and the mid-1970s and after decades of service require upgrading to ensure future decades of protection for the Museum's priceless collections.

Fairview Carhouse was again a major focus. The building has a steel frame supported on poured concrete footings. Unfortunately when the building was constructed 40 years ago, the footings were not properly configured for the unstable soil on which the building is sited, meaning some had shifted and in some cases the concrete had deteriorated. Work undertaken in recent years is based on site assessments by engineering firm SMRT of Portland and involves replacing the original small cylindrical footings with outside perimeter footings joined by sections of a poured frost wall. To date ten critical footings have been replaced ensuring the building's stability. More footings will be tackled as funding and contractor availability allows.

A similar program has been initiated on Central Carhouse, a building of like design, but fortunately fewer footings have shown deterioration. To support both of these projects, access roads were cleared in 2013 of stored material, graded, and filled to allow contractors to reach key construction sites.

As described elsewhere in this report, the Preserve and Protect Campaign, is raising funds for major improvements to these buildings, including widening and lengthening Fairview to provide covered space for more vehicles and enclosing and adding doors to both Fairview, Central, and South Boston.

SMRT was also engaged to conduct an engineering study of Riverside Carhouse to investigate and recommend solutions for a noticeable lean in the building. This building, in contrast to Fairview and Central, is of wood pole construction without concrete footings. The source of the lean was determined to be guy wires attached to the building and the pressure of stored equipment, principally traction motors, stacked against the poles inside. The engineers found the building does not present imminent structural issues and recommended taking steps to stabilize it.

To that end two poles were set outside the building in 2013 by Kennebunk Light and Power to enable removing the guy wires from the building and the stored material was largely removed.

A targeted benefit of the Museum's new Speakeasy event in 2014 was that it could serve as a way to highlight the upgrades made in and around Highwood Carhouse. This includes the facility itself and the surrounding land, along with the exhibit program upgrades such as the computer-based kiosk installation with internet access and new interpretive panels on each displayed car. The new wainscoting surrounding the building in 2012 was extended across the rear wall in 2014 thus completing the perimeter. The pine grove area between Highwood and Central was cleared and graded to accommodate a large tent for the event. A side benefit was that this work eased access for maintenance of Highwood's exterior and for electrical lines to Central.

Other Highwood improvements included installation of many electrical outlets and provisions for outside lighting on the building. Volunteers also constructed a new stairway easing visitor access to the interior of Montreal & Southern Counties baggage car 504 plus new step stools easing entry to other displayed cars.

Another area of facilities improvement by volunteers involved the original power station building, which once housed the Museum's Sterling gasoline generator but has been largely used for storage of our grounds maintenance materials in recent years. In 2014 the roof of the building was sealed, general repairs were made, and the exterior was repainted. Outside ramps and other access points were installed and the roadway approaching the building was upgraded. This work made the building suitable for maintenance functions for the museum's groundskeeping and facilities equipment easing the burden upon our congested restoration shop and supporting the use of volunteers for the maintenance activities.

As such, the facility upgrades preceded a major restructuring of the grounds department in 2013 with a shift away from hiring a seasonal groundskeeper to contracting an outside mowing firm for major lawn areas then supplemented by volunteers for less prominent and specialized areas. To support the volunteers, the inventory of grounds equipment was heavily overhauled and new equipment



Top: Crushed rock is spread to ease access to columns footings along Fairview Carhouse.

Above: After grading the path is much better for heavy construction equipment. TS

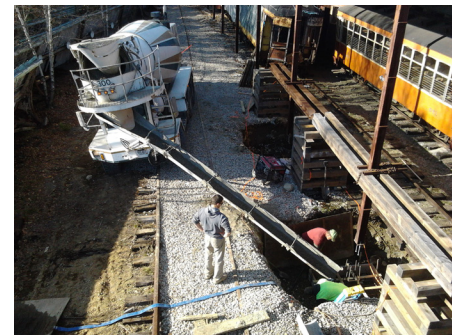


was added. The same approach has been used in recent years for snow removal by engaging contractors supplemented by volunteers to keep costs down while ensuring both staff and emergency services can access major areas of the property.

In preparation for the first major project funded by the Preserve and Protect Campaign, a structural review of the shop roof framing was undertaken by engineers at SMRT resulting in drawings that will be used for estimating and bidding the work in 2015.

Below: A cement mixer pours concrete into the wooden form for a new column footing.

Bottom: Temporary blocking and beams keep the columns firm while the concrete sets. TS



SEASHORE TROLLEY MUSEUM

The New England Electric Railway Historical Society is a nonprofit educational institution dedicated to the preservation, exhibition, and operation of urban and interurban transit vehicles from the mid-nineteenth century to the present. It operates the Seashore Trolley Museum in Kennebunkport, Maine, and the National Streetcar Museum at Lowell in Lowell, Massachusetts. Its collection is displayed, interpreted, conserved, and operated for the public.

CORPORATE OFFICE

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New England Electric Railway
Historical Society
Seashore Trolley Museum
195 Log Cabin Road
Kennebunkport, Maine 04046

MAILING ADDRESS

P. O. Box A
Kennebunkport, ME 04046-1690

TELEPHONE

General Offices: 207/967-2800
FAX: 207/967-0867
Restoration Shop: 207/967-2540

INTERNET

Web site: www.trolleyuseum.org

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Above: Members of Seashore's track crew undertake the arduous job of replacing deteriorated ties inside Riverside Carhouse. Clearance for sliding the eight foot long ties under the rail is quite limited. DC

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In 2013 a total of 497 individuals and organizations contributed to the Society. The total amount contributed exceeded \$466,000. Over \$391,000 of this total was in cash, with the remaining \$75,000 as contributions of goods and material. The Museum is very fortunate to have such generous donors among its membership and friends and extends its deep thanks to all who have given so generously.

Just over \$75,000 of the cash donations were made to the general fund, which supports the vital administrative and maintenance expenses that keep the Museum operating.

The total contributed to restricted funds, much of it to support vehicle restoration projects, exceeded \$257,000.

The Board of Trustees of the New England Electric Railway Historical Society gratefully acknowledges the contributions of all of its members and friends. The following are those who gave at least \$50 during 2013:

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In 2014 a total of 496 individuals and organizations contributed to the Society. The total amount contributed totaled just under \$600,000. Over \$536,000 of this total was in cash, with the remaining \$62,000 as contributions of goods, material, or services. The Museum is very fortunate to have such generous donors among its membership and friends and extends its deep thanks to all who have given so generously.

Just over \$63,700 of the cash donations were made to the general fund, which supports the vital administrative and maintenance expenses that keep the Museum operating.

The total contributed to restricted funds, much of it to support vehicle restoration projects, exceeded \$289,000.

The Board of Trustees of the New England Electric Railway Historical Society gratefully acknowledges the contributions of all of its members and friends. The following are those who gave at least \$50 during 2014:

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Laitres, Ronald D.
Langille, Neil F.
Leavitt, Colby
Leavitt, Foster C., Jr.
Leonard, James J.
Littlefield, Ralph R.
Loth, Clark B.
Mallory, William
Marnik, William M.
Martin, Nancy
Masulaitis, Anthony
McMahon, James P.
Miller, Edward C., Jr.
Morrison, Donald F.
Mulvey, Henry O.
Mummert, Matthew
Naugler, John R.
Nissley, Clarence E.
Norkaitis, Neil F.
Numrych, Sheila
Petillo, John A.
Potts, Ken
Pratt, Bruce
Robinson, Lisa
Santarelli de Brasch, Thomas O.
Schleifer, Herman
Schwartz, William
Scontras, Ted
Semendinger, Paul R.
Shackford, Paul
Shea, Joseph T.
Sherblum, Carl A., Jr.
Shipman, W. Stevens, Jr.
Silver, Leonard W.

Smith, Clifford
 Smith, G. Christopher
 Spellman, John T.
 Spoth, Paul
 Springer, Clinton H.
 Tennyson, Edson L.
 Thomsen, John Stearns
 Thornton Academy
 Thornton, Edward
 Trueheart, William H.
 Van Tichelt, Robert
 Vandegrift, Thomas
 Walsh, Heather
 Walton, Carlton
 Weber, Mark
 Weissman, Frederick
 Welch, G D
 Weller, Peter
 Wendell, Donald
 Whittemore, James A.
 Wolf, J.R.
 Wood, John B.

2013-2014 Museum Volunteers

The Society asks its volunteers to report the number of hours they have spent performing volunteer work. The value of this time is then recorded as an indication of the value of this unpaid labor.

Listed below are the 60 volunteers who reported hours in 2013 and 89 in 2014. The grand total reported was more than 16,500 hours for each year. Reporting the hours is completely voluntary and, unfortunately, is a task not enjoyed by many volunteers, including some of those most active. Thus both the number of volunteers listed here and the hours reported vastly understates the total number of hours volunteered.

However, the Board of Trustees of the New England Electric Railway Historical Society extends its deep gratitude to all of its volunteers, both those listed here and those not, without whom the Museum could not function:

1000 or more hours

Schantz, James D.
 Sisson, Jeffrey N.
 Tobin, Roger G.

Statement of Financial Position - December 31, 2013

For the years ended December 31	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets:				
Cash and cash equivalents	\$ 339,332	\$ 739,445	\$ 1,310	\$ 1,080,087
Investments	121,970	63,482	534,631	720,083
Other receivables	239	-	-	239
Prepaid expenses	9,665	90	-	9,755
Inventories	61,874	230	-	62,104
Property and equipment net	1,144,309	-	-	1,144,309
Total assets	\$ 1,677,389	\$ 803,247	\$ 535,941	\$ 3,016,577
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 11,540	\$ -	\$ -	\$ 11,540
Accrued payroll and taxes	4,893	-	-	4,893
Current portion of long-term debt	13,274	-	-	13,274
Deferred revenue	9,676	-	-	9,676
Other accrued liabilities	39,559	-	-	39,559
Long-term debt	25,914	-	-	25,914
Total liabilities	104,856	-	-	104,856
Net assets:				
Unrestricted:				
Board designated	292,862	-	-	292,862
Undesignated	174,550	-	-	174,550
Designated - property and equipment	1,105,121	-	-	1,105,121
Temporarily restricted	-	803,247	-	803,247
Permanently restricted	-	-	535,941	535,941
Total net assets	1,572,533	803,247	535,941	2,911,721
Total liabilities and net assets	\$ 1,677,389	\$ 803,247	\$ 535,941	\$ 3,016,577

See accountant's report and accompanying notes to financial statements.

500 to 1000 hours

Avy, Richard H.
 Frost, Michael R.
 Gabriel, Chester A.
 Mackell, James J
 Middleton, Jr, John L.

250 to 500 hours

Aronovitch, Charles D.
 Bishop, Chester E.
 Carlson, Roger A.
 Coombs, Harry K
 Curry, Micheal
 Gingell, Robert
 Grady, John J.
 Kaplan, Eliot M.
 Mallory, William
 Mercurio, Jr, John B.

Naugler, John R.
 Perkins, Sr., Robert J.
 Snow, Glen W.
 Weinberg, Mark

100 to 250 hours

Chamberlin, Dann
 Cosgro, Richard
 Drye, Robert
 Glickman, Todd
 Jayne Jr, Allan W.
 Kurtasz, Peter
 Mathews, LaForest E.
 McCaffrey, Paul F.
 Pence, Herbert
 Publicover, Charles L.
 Ruddell, Ronald P.
 Tello, Thomas A.

Young, Thomas R.

50 to 100 hours

Carter, Frederic D.
 Lane, Richard A.
 McMahon, James P.
 Pitts, Charles T.
 Shaffer, Lary C
 Sikorski, John

Up to 50 hours

Allen, Duncan W.
 Bokkelen, James Van
 Chadbourne, James D.
 Coffey, Dan
 Connors-Reynolds, Corey
 Dresner, Lewis A.
 Duncan, Lee

Statement of Financial Position - December 31, 2012

For the years ended December 31	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets:				
Cash and cash equivalents	\$ 360,846	\$ 747,245	\$ 1,325	\$ 1,109,416
Investments	102,660	56,363	421,409	580,432
Other receivables	1,225	-	-	1,225
Prepaid expenses	8,019	1,165	-	9,184
Inventories	67,391	358	-	67,749
Property and equipment net	1,187,754	-	-	1,187,754
Total assets	\$ 1,727,895	\$ 805,131	\$ 422,734	\$ 2,955,760
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 11,442	\$ -	\$ -	\$ 11,442
Accrued payroll and taxes	9,658	-	-	9,658
Current portion of				-
long-term debt	12,536	-	-	12,536
Deferred revenue	4,407	-	-	4,407
Other accrued liabilities	47,613	26,043	-	73,656
Long-term debt	39,169	-	-	39,169
Total liabilities	124,825	26,043	-	150,868
Net assets:				
Unrestricted:				
Board designated	289,080	-	-	289,080
Undesignated	177,941	-	-	177,941
Designated - property				-
and equipment	1,136,049	-	-	1,136,049
Temporarily restricted	-	779,088	-	779,088
Permanently restricted	-	-	422,734	422,734
Total net assets	1,603,070	779,088	422,734	2,804,892
Total liabilities				
and net assets	\$ 1,727,895	\$ 805,131	\$ 422,734	\$ 2,955,760

See accountant's report and accompanying notes to financial statements.

Gilman, Eric
Gueli, James V.
Hammond, Peter
Harrje, Gail M.
Kornechuk, David C.
LaFlamme, Matt
McGinley, Terence K.
Munroe Jr., Russell F.
Robinson, Charles C.
Stacewicz, Michael
Tucker, Thomas W.
Whiteman, Jeremy T.

2014 Museum Volunteers

The 89 volunteers below reported 16,638 hours in 2014.

1000 or more hours

Mackell, James J.
Schantz, James D.
Tobin, Roger G.

500 to 1000 hours

Frost, Michael R.
Gabriel, Chester

250 to 500 hours

Bishop, Chester E.
Curry, Micheal
Dooks, Edward
Gilman, Eric
Gingell, Robert
Grady, John J.
Kaplan, Eliot M.
Lane, Richard A.
LaRoche, Thomas

Mallory, William
Mercurio, Jr, John B.
Middleton, Jr, John L.
Morse, Philip W.
Naugler, John R.
Pence, Herbert
Perkins, Donna
Snow, Glen W.
Somers, Roger E.
Tirrell, Brendan
Weinberg, Mark

100 to 250 hours

Aronovitch, Charles D.
Carlson, Roger A.
Coffin, Whitney V.
Crawford, William
Down, Norman E.

Drye, Robert
Glickman, Todd
Hessler, Frederick
Jayne Jr, Allan W.
Kurtasz, Peter
McCaffrey, Paul F.
Ruddell, Ronald P.
Shaffer, Lary C
Taylor, Keith
Tello, Thomas A.
Tirrell, Rita C
Young, Thomas R.

50 to 100 hours

Boucher, Ryan
Carter, Frederic D.
Fletcher, David
Foley, Jacob R.
Hammond, Peter
Howard, Mary & Dan
Marnik, William M.
Mathews, LaForest E.
McMahon, James P.
Perkins, Christina
Perkins, Jr, Robert J.

Up to 50 hours

Allen, Duncan W.
Ames, Stanley
Avy, Richard H.
Brown Jr, Fred A.
Butts, David N.
Butts, William A.
Cappers, Steve & Linda
Cashook, Jay A.
Chadbourne, James D.
Connors-Reynolds, Corey
Coombs, Harry K
Corrigan, John
Dolph, Andrew C
Dresner, Lewis A.
Garabedian, Andrew
Griffith, Jr, Charles A.
Griglock, Donna
Griglock, William
Harrje, Gail M.
Haskell, Peter D.
Kline, Judith A.
Kornechuk, David C.
Kuznetsov, Stephen
LaRoche, Denise
McGinley, Terence K.
Petillo, John A.
Petillo, John J.
Publicover, Charles L.
Robinson, Charles C.
Rosevear, Lloyd
Stephenson, Jr, Lester H.
Tucker, Thomas W.
Waystack, Christopher
Weber, Mark
Whiteman, Jeremy T.
Woodroff, Peter M

Financial Report - 2013

Notes to Financial Statements

Note 1 - Nature of the Organization

New England Electric Railway Historical Society (the "Society"), the owner and operator of the Seashore Trolley Museum in Kennebunkport, Maine, and the operator of the National Streetcar Museum in Lowell, Massachusetts, (each a "Museum", collectively the "Museums") is a Maine nonprofit educational organization dedicated to the purposes of providing a source of information of a scientific and educational nature relating to the historical and mechanical use and development of electric street railways and collecting, preserving and maintaining, for study and exhibition, electric street railway cars of the various periods and all types, forms and examples of electric street railway equipment; and doing all things necessary and properly pertaining to the accomplishment of the above mentioned purposes. The Society operates a museum store as an auxiliary operation.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Society have been prepared in accordance with the principles of fund accounting. Income is recognized when earned and expenses are recognized when the obligation is incurred.

Method of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation - Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. Under the standard, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows.

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions. This category also includes net fixed assets and net assets which have been designated by the Board of Trustees.

Temporarily restricted net assets - Net assets subject to donor stipulations that may or will be met either by actions of the Society and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor stipulations that they be maintained permanently by the Society. Generally the donors of the assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

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 reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - The Society recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or as restricted depending on the existence

of donor stipulations that limit the use of the support. When a restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenue derived from annual membership dues is recorded over the period to which the dues relate. Life membership dues are considered income in the year received. Grant revenue is recognized to the extent expenditures are made which can be charged against the grant.

Merchandise sales from the Museum store and admissions to the Museum are recorded at the time of the sale.

Cash and Cash Equivalents - For financial statement purposes, the Society considers all highly liquid debt instruments purchased with a maturity of one year or less to be cash equivalents. Cash and cash equivalents consist of savings accounts, money market accounts, and money market mutual funds, and are carried at cost, which approximates fair market value.

Investments - Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at their fair values on the statement of financial position. Gains and losses are included in other revenue on the statements of activities and changes in net assets.

Other Receivables - Other receivables consist of accounts receivables due from various companies.

Inventories - The Society operates a museum store with related electric railway memorabilia and souvenirs held for sale. Inventory consists of museum store goods and merchandise and is stated at the lower of average cost or market, on a first-in, first-out basis.

Pledges - The Society may have certain non-binding pledges for its capital and operating funds from members and friends. These conditional pledges are not recorded until the related cash payments or asset transfers are received by the Society. Unconditional pledges are recorded when the Society receives legally binding notification of the contribution. No allowance for uncollectible pledges is considered necessary for the years ended December 31, 2013 and 2012.

Property and Equipment - Property and equipment, both purchased and donated, are recorded at cost and fair value at date of receipt, respectively, and depreciated on the straight-line method over their estimated useful lives ranging from five to forty years.

Collections - The Society does not capitalize its collections. However, each significant collection item is catalogued, preserved and cared for, and activities verifying their existence and assessing their condition are performed. The collections are subject to a policy that requires proceeds from their sales to be used to make betterments to other existing items or to acquire other items for collections.

Income Taxes - The Society is exempt from Federal and State income taxes under the provisions of the Internal Revenue Code as an entity described in Section 501(c)(3). In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Statement of Activities and Changes in Net Assets

	December 31, 2013				December 31, 2012			
	Unrestricted	Tempor- arily Restricted	Perman- ently Restricted	Total	Unrestricted	Tempor- arily Restricted	Perman- ently Restricted	Total
Revenue:								
Earned revenue:								
Admissions	\$ 126,400	\$ -	\$ -	\$ 126,400	\$ 112,394	\$ -	\$ -	\$ 112,394
Annual membership dues	31,134	-	-	31,134	30,711	-	-	30,711
Revenue from auxiliary operation	<u>74,402</u>	<u>30,272</u>	<u>-</u>	<u>104,674</u>	<u>86,246</u>	<u>22,877</u>	<u>-</u>	<u>109,123</u>
Total earned revenue	231,936	30,272	-	262,208	229,351	22,877	-	252,228
Contributed support:								
Grants	450	15,349	-	15,799	5,250	13,800	-	19,050
Contributions & bequests	129,725	196,574	58,418	384,717	94,050	235,855	1,931	331,836
Contributions-in-kind	26,971	48,612	-	75,583	17,116	72,245	-	89,361
Contributed Services	<u>15,685</u>	<u>-</u>	<u>-</u>	<u>15,685</u>	<u>8,416</u>	<u>3,300</u>	<u>-</u>	<u>11,716</u>
Total contributed support	172,831	260,535	58,418	491,784	124,832	325,200	1,931	451,963
Other revenue:								
Interest and dividend income	7,532	1,714	9,724	18,970	4,130	2,111	9,486	15,727
Realized and unrealized gains (losses) on investments	10,246	9,020	66,497	85,763	8,764	7,004	37,817	53,585
Miscellaneous income	<u>50,065</u>	<u>37</u>	<u>-</u>	<u>50,102</u>	<u>45,251</u>	<u>7,122</u>	<u>2,612</u>	<u>54,985</u>
Total other revenue	\$ 67,843	\$ 10,771	\$ 76,221	\$ 154,835	\$ 58,145	\$ 16,237	\$ 49,915	\$ 124,297
Net assets released from restrictions:	<u>298,851</u>	<u>(277,419)</u>	<u>(21,432)</u>	<u>-</u>	<u>437,357</u>	<u>(417,542)</u>	<u>(19,815)</u>	<u>-</u>
Total support and revenue	771,461	24,159	113,207	908,827	849,685	(53,228)	32,031	828,488
Expenses:								
Program services								
Curatorial and exhibits	<u>370,527</u>	<u>-</u>	<u>-</u>	<u>370,527</u>	<u>451,734</u>	<u>-</u>	<u>-</u>	<u>451,734</u>
Supporting services								
Membership	20,233	-	-	20,233	19,712	-	-	19,712
General & administrative	296,566	-	-	296,566	281,928	-	-	281,928
Fundraising	16,355	-	-	16,355	4,060	-	-	4,060
Auxiliary operation	<u>98,317</u>	<u>-</u>	<u>-</u>	<u>98,317</u>	<u>94,379</u>	<u>-</u>	<u>-</u>	<u>94,379</u>
Total support services	431,471	-	-	431,471	400,079	-	-	400,079
Total expenses	\$ 801,998	\$ -	\$ -	\$ 801,998	\$ 851,813	\$ -	\$ -	\$ 851,813
Change in net assets	(30,537)	24,159	113,207	106,829	(2,128)	(53,228)	32,031	(23,325)
Net assets, beginning of year	<u>1,603,070</u>	<u>779,088</u>	<u>422,734</u>	<u>2,804,892</u>	<u>1,605,198</u>	<u>832,316</u>	<u>390,703</u>	<u>2,828,217</u>
Net assets, end of year	1,572,533	803,247	535,941	2,911,721	1,603,070	779,088	422,734	2,804,892

See accountant's report and accompanying notes to financial statements.

Statement of Functional Expenses

2013

Year Ended December 31, 2013	Curatorial & Exhibits	Membership	General & Administrative	Fund Raising	Auxiliary Operation	Total Expenses
Salaries and related expenses	\$ 159,804	\$ -	\$ 122,324	\$ 5,067	\$ 27,744	\$ 314,939
Contributed services	-	-	4,165	-	-	4,165
Professional fees	6,084	-	28,637	7,050	505	42,276
Utilities	9,204	733	26,497	-	256	36,690
Conservation and maintenance	111,083	395	18,041	-	124	129,643
Taxes and fees	-	-	4,582	-	-	4,582
Insurance	-	-	18,862	-	-	18,862
Rent and equipment rental	1,945	-	7,496	-	-	9,441
Administration	24,161	16,740	52,463	4,238	8,821	106,423
Interest	-	-	2,666	-	-	2,666
Miscellaneous	16,297	1,601	-	-	-	17,898
Cost of goods sold	-	-	-	-	50,917	50,917
Total expenses before depreciation	328,578	19,469	285,733	16,355	88,367	738,502
Depreciation	41,949	764	10,833	-	9,950	63,496
Total expenses	\$ 370,527	\$ 20,233	\$ 296,566	\$ 16,355	\$ 98,317	\$ 801,998

2012

Year Ended December 31, 2012	Curatorial & Exhibits	Membership	General & Administrative	Fund Raising	Auxiliary Operation	Total Expenses
Salaries and related expenses	\$ 170,807	\$ -	\$ 140,186	\$ -	\$ 19,561	\$ 330,554
Contributed services	4,560	-	7,156	-	-	11,716
Professional fees	8,320	-	24,279	-	113	32,712
Utilities	22,843	2,055	8,494	-	104	33,496
Conservation and maintenance	125,509	147	5,877	-	-	131,533
Taxes and fees	152	-	5,092	-	-	5,244
Insurance	3,005	248	15,385	-	-	18,638
Rent and equipment rental	25,705	-	6,550	-	-	32,255
Administration	19,049	15,690	54,274	4,060	3,072	96,145
Interest	-	-	3,420	-	-	3,420
Miscellaneous	29,434	750	-	-	-	30,184
Cost of goods sold	-	-	-	-	61,239	61,239
Total expenses before depreciation	409,384	18,890	270,713	4,060	84,089	787,136
Depreciation	42,350	822	11,215	-	10,290	64,677
Total expenses	\$ 451,734	\$ 19,712	\$ 281,928	\$ 4,060	\$ 94,379	\$ 851,813

The Federal income tax returns of the Society are subject to examination, generally for three years after they were filed. The Society does not believe that there are any uncertain tax positions taken in preparation of the tax returns that would impact these financial statements.

Concentration of Credit Risk - The Society maintains its cash equivalents in local financial institutions which provide Federal Deposit Insurance Corporation coverage up to \$250,000 and in investment accounts which provide Securities Investor Protection Corporation protection up to \$500,000. Unsecured cash equivalents as of December 31, 2013 and 2012 are \$415,674 and \$368,413, respectively. Unsecured investments as of December 31, 2013 and 2012 are \$220,083 and \$71,700, respectively.

Advertising Costs - The Society uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2013 and 2012 was \$16,440 and \$13,274, respectively.

Functional Expenses - The costs of providing various programs

and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 3 - Fair Values of Assets

Effective January 1, 2008, the Society adopted Statement of Financial Accounting Standards, *Fair Value Measurements*, which provides a framework for measuring fair value under Generally Accepted Accounting Principles. *Fair Value Measurements* defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. *Fair Value Measurements* requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. *Fair Value Measurements* also established a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Statement of Cash Flows

For the years ending December 31	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 106,829	\$ (23,325)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	63,496	64,677
Net realized and unrealized (gain) loss on investments	(85,763)	(53,585)
Gains (losses) on sale of property and equipment	5,300	
Changes in operating assets and liabilities:		
Other receivables	986	4,681
Prepaid expenses	(571)	10,819
Inventories	5,645	(3,266)
Pledges receivable	-	14,937
Accounts payable	98	6,716
Accrued payroll and taxes	(4,765)	2,368
Deferred revenue	5,269	1,857
Other accrued liabilities	(34,097)	(10,472)
Net cash provided by (used in) operating activities	62,427	15,407
Cash flows from investing activities:		
Purchases of investments	(97,605)	(12,691)
Sales of investments	43,717	26,143
Cash paid for purchase of property and equipment	(25,351)	(53,839)
Net cash provided by (used in) investing activities	(79,239)	(40,387)
Cash flows from financing activities:		
Proceeds from (principal payments on) long-term debt	(12,517)	(11,761)
Net cash provided by (used in) financing activities	(12,517)	(11,761)
Net increase (decrease) in cash	(29,329)	(36,741)
Cash at beginning of year	1,109,416	1,146,157
Cash at end of year	\$ 1,080,087	\$ 1,109,416
Supplemental cash flow disclosures:		
Income taxes paid (refunded)	-	-
Interest expense paid	\$ 2,666	\$ 3,420

Schedule of non cash investing and financing activities:

There were no noncash investing and financing activities for the years ended December 31, 2013 and 2012

See accountant's report and accompanying notes to financial statements.

There are three general valuation techniques that may be used to measure fair value, as described below:

- 1. Market approach** - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other resources;
- 2. Cost approach** - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- 3. Income approach** - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

For the year ended December 31, 2013, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following table sets forth by level, within the fair value hierarchy, the Society's investments at fair value at December 31, 2013.

Investments	Quoted Prices			
	Fair Values	Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 720,083	\$ 720,083	\$ -	\$ -
Total	\$ 720,083	\$ 720,083	\$ -	\$ -

Fair value for investments is determined by reference to quoted market prices and other relevant information generated by market transactions.

Note 4 - Investments

The fair market value of investments consists of the following at December 31:

Investments	2013	2012
Mutual Funds	\$ 720,083	\$ 580,432
Totals	\$ 720,083	\$ 580,432

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2013:

2013	Temporarily Permanently			
	Unrestricted	Restricted	Restricted	Total
Interest & dividend inc.	\$ 7,532	\$ 1,714	\$ 9,724	\$ 18,970
Realized & unreal. gains	10,246	9,020	66,497	85,763
Total Investment Return	\$ 17,778	\$ 10,734	\$ 76,221	\$ 104,733

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2012:

2012	Temporarily Permanently			
	Unrestricted	Restricted	Restricted	Total
Interest & dividend inc.	\$ 4,130	\$ 2,111	\$ 9,486	\$ 15,727
Realized & unreal. gains	8,764	7,004	37,817	53,585
Total Investment Return	\$ 12,894	\$ 9,115	\$ 47,303	\$ 69,312

In January 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (the "Staff Position"). The Staff Position provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Staff Position also requires additional disclosures about an organization's endowment funds (both donor restricted endowment funds and

board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The New England Electric Railway Historical Society's endowment consists of eight (8) individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the New England Electric Railway Historical Society has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets:

- the original value of gifts donated to the permanently restricted endowment funds,
- the original value of subsequent gifts to the permanently restricted endowment funds, and,
- accumulations, which are defined as the continuous growth of capital by retention of interest or earnings, to the permanently restricted endowment funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In the absence of specific direction, the accumulations are made to the funds in which they occur.

The remaining portion of any donor-restricted endowment funds that are not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the various funds,
- the purposes of the donor-restricted endowment funds,
- general economic conditions,
- the possible effect of inflation and deflation,
- the expected total return from income and the appreciation of investments,
- other resources of the Society, and,
- the Society's investment policies.

Investment Return Objectives, Risk Parameters and Strategies:

The Society has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Society expects

its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Society has a spending policy of appropriating, for current expenses, each year in December, no more than 5.00-percent of the average balance of its board-designated endowment fund and donor-designated endowment funds as of September 30 of the current year, and September 30 for the past two years.

In addition, the withdrawals shall not draw the balance of the fund below sum of all principal permanently contributed to the Fund over the years.

In establishing this policy, the Society considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, currently all of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Society expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 3.00-percent annually, which is consistent with the Society's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of December 31, 2013 is as follows:

2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor restricted endowment funds	\$ -	\$ -	\$ 535,941	\$ 535,941
Board designated endowment funds	121,970	-	-	121,970
Total funds	\$ 121,970	\$ -	\$ 535,941	\$ 657,911

Changes in endowment net assets as of December 31, 2013 are as follows:

2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, begin of year	\$ 109,730	\$ -	\$ 422,734	\$ 532,464
Contributions and additions	-	-	58,418	58,418
Investment income	2,205	-	9,724	11,929
Net apprec. (deprec.)	14,786	-	66,497	81,283
Net assets released from restrictions	(4,751)	-	(21,432)	(26,183)
Endowment net assets, end of year	\$ 121,970	\$ -	\$ 535,941	\$ 657,911

Note 5 - Property and Equipment

The following summarizes land, buildings, and equipment at December 31:

Property and Equipment	2013	2012
Construction in progress	\$ 4,710	\$ 59,459
Land improvements	451,981	447,753
Buildings and improvements	1,608,582	1,551,717
Machinery and equipment	230,079	220,429
Track and wire	295,160	291,101
	\$ 2,590,512	\$ 2,570,459
Accumulated depreciation	(1,446,203)	(1,382,705)
Property and equipment, net	\$ 1,144,309	\$ 1,187,754

Note 6 - Long-Term Debt

Long-term debt consisted of the following at December 31:

Long-term Debt	2013	2012
Note payable to bank, interest at 5.75%, payable in monthly installments of interest and principal of \$436. Monthly interest and principal payments are based on a 7 year amortization schedule	\$ 15,078	\$ 19,312
Note payable to bank, refinanced in 2009 for 5 years, interest at 5.75%, payable in monthly installments of interest and principal of \$830. Monthly interest and principal payments are based on a 7 year amortization schedule. The loan is collateralized by all business assets of the Society.	\$ 24,110	\$ 32,393
	\$ 39,188	\$ 51,705
Less: current portion	13,274	12,536
Total long-term debt	\$ 25,914	\$ 39,169

Aggregate maturities of long-term debt for the five years subsequent to December 31, 2013 are as follows:

Aggregate Maturities	Total
2014	13,274
2015	13,934
2016	11,206
2017	774
Total	\$ 39,188

Note 7 - Restrictions and Limitations of Net Asset Balances

Permanently restricted asset balances represent funds that must be maintained in perpetuity as endowment. The income earned on these funds may be used for the general operations of the Society.

Temporarily restricted net assets consisted of the following at December 31:

Temporarily Restricted Net Assets	2013	2012
Program activities:		
Restoration of vehicle collection	\$ 503,396	\$ 499,761
Museum development	260,481	224,204
Miscellaneous	39,370	55,123
Total temporarily restricted net assets	\$ 803,247	\$ 779,088

At December 31, 2013 and 2012, certain unrestricted net assets had been designated by the Board of Trustees for the following purposes:

Board Designated Net Assets	2013	2012
Restoration of vehicle collection	\$ 11,828	\$ 10,000
Endowment	121,970	109,730
Museum Development	111,313	121,732
Miscellaneous	47,751	47,618
Total board designated net assets	\$ 292,862	\$ 289,080

Note 8 - Contributions In-kind and Contributed Services

The Society recognizes various types of in-kind support, including donations of materials, supplies, office expenses, and other items. Generally accepted accounting principles in the United States of America requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In 2013, there were 384 hours of service that did meet those criteria. Management estimates the fair value of those services to be \$15,685. However, most of the services received by the Society do meet those criteria. Management estimates the fair value of the services not meeting the criteria to be \$242,663 for 2013 and \$278,385 for 2012, with a total of 16,178 volunteer hours for 2013 and 18,560 volunteer hours for 2012.

Directors and officers have made a significant contribution of their time to the Society and its programs. No amounts have been recognized in the accompanying statement of activities and changes in net assets because the criteria for recognition of such efforts under generally accepted accounting principles have not been satisfied.

The amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in expenses and, in a couple cases, as additions to fixed assets.

Note 9 - Commitments and Contingencies

The Society maintains operating space in Lowell, Massachusetts as a small museum store and office space under an operating lease agreement for purposes of operating the National Streetcar Museum and displays. The agreement does not include a rental payment but does call for the Society to be responsible for all utilities, and is for a term of five years, ending June 30, 2012. The Society is still maintaining a presence in Lowell; however, a new lease agreement has not yet been signed. Rent expense for the years ended December 31, 2013 and 2012 was \$0 and \$15,000, respectively.

The Society maintains a storage facility in Lowell, Massachusetts under a month-to-month lease agreement for purposes of operating the National Streetcar Museum and displays. Rent expense for the years ended December 31, 2013 and 2012 was \$1,200 and \$1,200, respectively.

In February 2008, the Society entered into a 60-month operating lease agreement for a copier. Rental payments are \$99 per month plus tax. Rent Expense for the year ended December 31, 2013 was \$1,126. Total minimum annual rentals are as follows:

	Total
2014	744
	\$ 744

The Society entered into various agreements for future rehabilitation of certain of the Society's car houses during the year ended December 31, 2013 with estimated cost anticipated of \$27,384. As of December 31, 2013 \$16,740 had been paid under these agreements and \$10,644 remained outstanding.

Financial Report - 2014

During November 2013, the Society entered into a \$33,000 agreement to obtain capital campaign consulting services over a one-year period. During 2013, \$3,000 was paid under this agreement.

Note 10 - Subsequent Events

In June 2014, the Society entered into a 60-month operating lease agreement for a copier. Rental payments are \$99 per month plus tax.

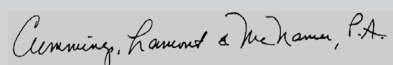
During 2014 the Society was notified it is the beneficiary of an estate under a will agreement. Under the terms of the will, the bequested funds are designated to the Society's endowment fund, as described in Note 4. In November 2014, \$100,000 was received from this estate. The Society expects to receive additional bequested funds from this estate within the year, although the amount is uncertain.

Subsequent events have been evaluated by management through December 3, 2014, which is the date the financial statements were available to be issued. There were no other material subsequent events as of December 3, 2014 that require disclosure in the financial statements.

Independent Auditor's Report

**To the Board of Trustees
New England Electric Railway Historical Society
Kennebunkport, ME**

We have audited the financial statements of New England Electric Railway Historical Society as of and for the years ended December 31, 2013 and 2012, and have issued our report thereon dated December 3, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**Certified Public Accountants
Kennebunk, Maine**

December 3, 2014

Notes to Financial Statements

Note 1 - Nature of the Organization

New England Electric Railway Historical Society (the "Society"), the owner and operator of the Seashore Trolley Museum in Kennebunkport, Maine, and the operator of the National Streetcar Museum in Lowell, Massachusetts, (each a "Museum", collectively the "Museums") is a Maine nonprofit educational organization dedicated to the purposes of providing a source of information of a scientific and educational nature relating to the historical and mechanical use and development of electric street railways and collecting, preserving and maintaining, for study and exhibition, electric street railway cars of the various periods and all types, forms and examples of electric street railway equipment; and doing all things necessary and properly pertaining to the accomplishment of the above mentioned purposes. The Society operates a museum store as an auxiliary operation.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Society have been prepared in accordance with the principles of fund accounting. Income is recognized when earned and expenses are recognized when the obligation is incurred.

Method of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation - Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. Under the standard, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows.

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions. This category also includes net fixed assets and net assets which have been designated by the Board of Trustees.

Temporarily restricted net assets - Net assets subject to donor stipulations that may or will be met either by actions of the Society and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor stipulations that they be maintained permanently by the Society. Generally the donors of the assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

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 reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - The Society recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or as restricted depending

on the existence of donor stipulations that limit the use of the support. When a restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenue derived from annual membership dues is recorded over the period to which the dues relate. Life membership dues are considered income in the year received. Grant revenue is recognized to the extent expenditures are made which can be charged against the grant.

Merchandise sales from the Museum store and admissions to the Museum are recorded at the time of the sale.

Cash and Cash Equivalents - For financial statement purposes, the Society considers all highly liquid debt instruments purchased with a maturity of one year or less to be cash equivalents. Cash and cash equivalents consist of savings accounts, money market accounts, and money market mutual funds, and are carried at cost, which approximates fair market value.

Investments - Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at their fair values on the statement of financial position. Gains and losses are included in other revenue on the statements of activities and changes in net assets.

Other Receivables - Other receivables consist of accounts receivables due from various companies.

Inventories - The Society operates a museum store with related electric railway memorabilia and souvenirs held for sale. Inventory consists of museum store goods and merchandise and is stated at the lower of average cost or market, on a first-in, first-out basis.

Pledges - The Society may have certain non-binding pledges for its capital and operating funds from members and friends. These conditional pledges are not recorded until the related cash payments or asset transfers are received by the Society. Unconditional pledges are recorded when the Society receives legally binding notification of the contribution. No allowance for uncollectible pledges is considered necessary for the years ended December 31, 2014 and 2013.

Property and Equipment - Property and equipment, both purchased and donated, are recorded at cost and fair value at date of receipt, respectively, and depreciated on the straight-line method over their estimated useful lives ranging from five to forty years.

Collections - The Society does not capitalize its collections. However, each significant collection item is catalogued, preserved and cared for, and activities verifying their existence and assessing their condition are performed. The collections are subject to a policy that requires proceeds from their sales to be used to make betterments to other existing items or to acquire other items for collections.

Income Taxes - The Society is exempt from Federal and State income taxes under the provisions of the Internal Revenue

Code as an entity described in Section 501(c)(3). In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Federal income tax returns of the Society are subject to examination, generally for three years after they were filed. The Society does not believe that there are any uncertain tax positions taken in preparation of the tax returns that would impact these financial statements.

Concentration of Credit Risk - The Society maintains its cash equivalents in local financial institutions which provide Federal Deposit Insurance Corporation coverage up to \$250,000 and in investment accounts which provide Securities Investor Protection Corporation protection up to \$500,000. Unsecured cash equivalents as of December 31, 2014 and 2013 are \$533,621 and \$415,674, respectively. Unsecured investments as of December 31, 2014 and 2013 are \$353,317 and \$220,083, respectively.

Advertising Costs - The Society uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2014 and 2013 was \$16,495 and \$16,440, respectively.

Functional Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Note 3 - Fair Values of Assets

Effective January 1, 2008, the Society adopted Statement of Financial Accounting Standards, *Fair Value Measurements*, which provides a framework for measuring fair value under Generally Accepted Accounting Principles. *Fair Value Measurements* defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. *Fair Value Measurements* requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. *Fair Value Measurements* also established a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

1. **Market approach** - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other resources;
2. **Cost approach** - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
3. **Income approach** - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of

expected cash flows is discounted at an appropriate market interest rate.

For the year ended December 31, 2014, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following table sets forth by level, within the fair value hierarchy, the Society's investments at fair value at December 31, 2014.

Investments	Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Values (Level 1)
Mutual Funds	\$ 853,317	\$ 853,317
Total	\$ 853,317	\$ 853,317

Investments (cont.)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ -	\$ -
Total	\$ -	\$ -

Note 4 - Investments

The fair market value of investments consists of the following at December 31:

Investments	2014	2013
Mutual Funds	\$ 853,317	\$ 720,083
Totals	\$ 853,317	\$ 720,083

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2014:

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest & dividend inc.	\$ 3,268	\$ 1,882	\$ 12,001	\$ 17,151
Realized & unreal. gains	7,718	4,164	33,495	45,377
Total Investment Return	\$ 10,986	\$ 6,046	\$ 45,496	\$ 62,528

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2013:

2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest & dividend inc.	\$ 7,532	\$ 1,714	\$ 9,724	\$ 18,970
Realized & unreal. gains	10,246	9,020	66,497	85,763
Total Investment Return	\$ 17,778	\$ 10,734	\$ 76,221	\$ 104,733

Statement of Financial Position - December 31, 2014

	2014			
For the years ended December 31	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets:				
Cash and cash equivalents	\$ 285,888	\$ 897,294	\$ 3,358	\$ 1,186,540
Investments	126,867	68,975	657,475	853,317
Other receivables	-	-	-	-
Prepaid expenses	12,614	-	-	12,614
Inventories	65,232	-	-	65,232
Property and equipment net	1,111,360	-	-	1,111,360
Total assets	\$ 1,601,961	\$ 966,269	\$ 660,833	\$ 3,229,063
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 17,662	\$ -	\$ -	\$ 17,662
Accrued payroll and taxes	4,029	-	-	4,029
Current portion of long-term debt	14,136	-	-	14,136
Deferred revenue	8,445	-	-	8,445
Other accrued liabilities	40,555	-	-	40,555
Long-term debt	11,714	-	-	11,714
Total liabilities	96,541	-	-	96,541
Net assets:				
Unrestricted:				
Board designated	270,213	-	-	270,213
Undesignated	149,697	-	-	149,697
Designated - property and equipment	1,085,510	-	-	1,085,510
Temporarily restricted	-	966,269	-	966,269
Permanently restricted	-	-	660,833	660,833
Total net assets	1,505,420	966,269	660,833	3,132,522
Total liabilities and net assets	\$ 1,601,961	\$ 966,269	\$ 660,833	\$ 3,229,063

See accountant's report and accompanying notes to financial statements.

In January 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (the "Staff Position"). The Staff Position provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Staff Position also requires additional disclosures about an organization's endowment funds (both donor restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The New England Electric Railway Historical Society's endowment consists of eight (8) individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Statement of Financial Position - December 31, 2013

	2013			
For the years ended December 31	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets:				
Cash and cash equivalents	\$ 339,332	\$ 739,445	\$ 1,310	\$ 1,080,087
Investments	121,970	63,482	534,631	720,083
Other receivables	239	-	-	239
Prepaid expenses	9,665	90	-	9,755
Inventories	61,874	230	-	62,104
Property and equipment net	<u>1,144,309</u>	<u>-</u>	<u>-</u>	<u>1,144,309</u>
Total assets	<u>\$ 1,677,389</u>	<u>\$ 803,247</u>	<u>\$ 535,941</u>	<u>\$ 3,016,577</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 11,540	\$ -	\$ -	\$ 11,540
Accrued payroll and taxes	4,893	-	-	4,893
Current portion of long-term debt	13,274	-	-	13,274
Deferred revenue	9,676	-	-	9,676
Other accrued liabilities	39,559	-	-	39,559
Long-term debt	<u>25,914</u>	<u>-</u>	<u>-</u>	<u>25,914</u>
Total liabilities	104,856	-	-	104,856
Net assets:				
Unrestricted:				
Board designated	292,862	-	-	292,862
Undesignated	174,550	-	-	174,550
Designated - property and equipment	1,105,121	-	-	-
Temporarily restricted	-	803,247	-	803,247
Permanently restricted	<u>-</u>	<u>-</u>	<u>535,941</u>	<u>535,941</u>
Total net assets	<u>1,572,533</u>	<u>803,247</u>	<u>535,941</u>	<u>2,911,721</u>
Total liabilities and net assets	\$ 1,677,389	\$ 803,247	\$ 535,941	\$ 3,016,577

See accountant's report and accompanying notes to financial statements.

The Board of Trustees of the New England Electric Railway Historical Society has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets:

- the original value of gifts donated to the permanently restricted endowment funds,
- the original value of subsequent gifts to the permanently restricted endowment funds, and,
- accumulations, which are defined as the continuous growth of capital by retention of interest or earnings, to the permanently restricted endowment funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In the absence of specific direction, the accumulations are made to the funds in which they occur.

The remaining portion of any donor-restricted endowment funds that are not classified in permanently restricted net assets is classi-

fied as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the various funds,
- the purposes of the donor-restricted endowment funds,
- general economic conditions,
- the possible effect of inflation and deflation,
- the expected total return from income and the appreciation of investments,
- other resources of the Society, and,
- the Society's investment policies.

Investment Return Objectives, Risk Parameters and Strategies:

The Society has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%,

while growing the funds if possible. Therefore, the Society expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Society has a spending policy of appropriating, for current expenses, each year in December, no more than 5.00-percent of the average balance of its board-designated endowment fund and donor-designated endowment funds as of September 30 of the current year, and September 30 for the past two years.

In addition, the withdrawals shall not draw the balance of the fund below sum of all principal permanently contributed to the Fund over the years.

In establishing this policy, the Society considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, currently all of which must be maintained

Statement of Activities and Changes in Net Assets

	December 31, 2014				December 31, 2013			
	Unrestricted	Tempor- arily Restricted	Perman- ently Restricted	Total	Unrestricted	Tempor- arily Restricted	Perman- ently Restricted	Total
Revenue:								
Earned revenue:								
Admissions	\$ 136,297	\$ -	\$ -	\$ 136,297	\$ 126,400	\$ -	\$ -	\$ 126,400
Annual membership dues	38,341	-	-	38,341	31,134	-	-	31,134
Revenue from auxiliary operation	<u>190,801</u>	<u>2,835</u>	<u>-</u>	<u>193,636</u>	<u>74,402</u>	<u>30,272</u>	<u>-</u>	<u>104,674</u>
Total earned revenue	365,439	2,835	-	368,274	231,936	30,272	-	262,208
Contributed support:								
Grants	-	89,850	-	89,850	450	15,349	-	15,799
Contributions & bequests	79,308	275,355	102,922	457,585	129,725	196,574	58,418	384,717
Contributions-in-kind	6,850	52,263	-	59,113	26,971	48,612	-	75,583
Contributed Services	<u>4,133</u>	<u>-</u>	<u>-</u>	<u>4,133</u>	<u>15,685</u>	<u>-</u>	<u>-</u>	<u>15,685</u>
Total contributed support	90,291	417,468	102,922	610,681	172,831	260,535	58,418	491,784
Other revenue:								
Interest and dividend income	3,268	1,882	12,001	17,151	7,532	1,714	9,724	18,970
Realized and unrealized gains (losses) on investments	7,718	4,164	33,495	45,377	10,246	9,020	66,497	85,763
Miscellaneous income	<u>27,726</u>	<u>1,702</u>	<u>-</u>	<u>29,428</u>	<u>50,065</u>	<u>37</u>	<u>-</u>	<u>50,102</u>
Total other revenue	\$ 38,712	\$ 7,748	\$ 45,496	\$ 91,956	\$ 67,843	\$ 10,771	\$ 76,221	\$ 154,835
Net assets released from restrictions:	<u>288,555</u>	<u>(265,029)</u>	<u>(23,526)</u>	<u>-</u>	<u>298,851</u>	<u>(277,419)</u>	<u>(21,432)</u>	<u>-</u>
Total support and revenue	782,997	163,022	124,892	1,070,911	771,461	24,159	113,207	908,827
Expenses:								
Program services								
Curatorial and exhibits	<u>313,827</u>	<u>-</u>	<u>-</u>	<u>313,827</u>	<u>370,527</u>	<u>-</u>	<u>-</u>	<u>370,527</u>
Supporting services								
Membership	26,716	-	-	26,716	20,233	-	-	20,233
General & administrative	312,209	-	-	312,209	296,566	-	-	296,566
Fundraising	41,721	-	-	41,721	16,355	-	-	16,355
Auxiliary operation	<u>155,637</u>	<u>-</u>	<u>-</u>	<u>155,637</u>	<u>98,317</u>	<u>-</u>	<u>-</u>	<u>98,317</u>
Total support services	536,283	-	-	536,283	431,471	-	-	431,471
Total expenses	\$ 850,110	\$ -	\$ -	\$ 850,110	\$ 801,998	\$ -	\$ -	\$ 801,998
Change in net assets	(67,113)	163,022	124,892	220,801	(30,537)	24,159	113,207	106,829
Net assets, beginning of year	<u>1,572,533</u>	<u>803,247</u>	<u>535,941</u>	<u>2,911,721</u>	<u>1,603,070</u>	<u>779,088</u>	<u>422,734</u>	<u>2,804,892</u>
Net assets, end of year	1,505,420	966,269	660,833	3,132,522	1,572,533	803,247	535,941	2,911,721

See accountant's report and accompanying notes to financial statements.

in perpetuity because of donor-restrictions, and the possible effects of inflation. The Society expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 3.00-percent

annually, which is consistent with the Society's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Statement of Functional Expenses

2014

Year Ended December 31, 2014	Curatorial & Exhibits	Membership	General & Administrative	Fund Raising	Auxiliary Operation	Total Expenses
Salaries and related expenses	\$ 121,751	\$ -	\$ 130,499	\$ 8,925	\$ 60,134	\$ 321,309
Contributed services	-	-	3,409	-	-	3,409
Professional fees	11,299	-	29,664	30,388	108	71,459
Utilities	8,039	-	29,111	-	488	37,638
Conservation and maintenance	109,793	-	12,685	-	-	122,478
Taxes and fees	40	-	4,056	-	573	4,669
Insurance	-	-	18,389	-	-	18,389
Rent and equipment rental	2,358	-	7,942	-	261	10,561
Administration	6,682	25,952	63,714	2,408	-	98,756
Interest	-	-	1,927	-	-	1,927
Miscellaneous	11,347	-	-	-	38,938	50,285
Cost of goods sold	-	-	-	-	45,283	45,283
Total expenses before depreciation	271,309	25,952	301,396	41,721	145,785	786,163
Depreciation	42,518	764	10,813	-	9,852	63,947
Total expenses	\$ 313,827	\$ 26,716	\$ 312,209	\$ 41,721	\$ 155,637	\$ 850,110

2013

Year Ended December 31, 2013	Curatorial & Exhibits	Membership	General & Administrative	Fund Raising	Auxiliary Operation	Total Expenses
Salaries and related expenses	\$ 159,804	\$ -	\$ 122,324	\$ 5,067	\$ 27,744	\$ 314,939
Contributed services	-	-	4,165	-	-	4,165
Professional fees	6,084	-	28,637	7,050	505	42,276
Utilities	9,204	733	26,497	-	256	36,690
Conservation and maintenance	111,083	395	18,041	-	124	129,643
Taxes and fees	-	-	4,582	-	-	4,582
Insurance	-	-	18,862	-	-	18,862
Rent and equipment rental	1,945	-	7,496	-	-	9,441
Administration	24,161	16,740	52,463	4,238	8,821	106,423
Interest	-	-	2,666	-	-	2,666
Miscellaneous	16,297	1,601	-	-	-	17,898
Cost of goods sold	-	-	-	-	50,917	50,917
Total expenses before depreciation	328,578	19,469	285,733	16,355	88,367	738,502
Depreciation	41,949	764	10,833	-	9,950	63,496
Total expenses	\$ 370,527	\$ 20,233	\$ 296,566	\$ 16,355	\$ 98,317	\$ 801,998

Endowment net asset composition by type of fund as of December 31, 2014 is as follows:

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor restricted endowment funds	\$ -	\$ -	\$ 660,833	\$ 660,833
Board designated endowment funds	126,784	-	-	126,784
Total funds	\$ 126,784	\$ -	\$ 660,833	\$ 787,617

Changes in endowment net assets as of December 31, 2014 are as follows:

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, begin of year	\$ 121,970	\$ -	\$ 535,941	\$ 657,911
Contributions and additions	-	-	102,922	102,922
Investment income	2,732	-	12,001	14,733
Net apprec. (deprec.)	7,718	-	33,495	41,213
Net assets released from restrictions	(5,636)	-	(23,526)	(29,162)
Endowment net assets, end of year	\$ 126,784	\$ -	\$ 660,833	\$ 787,617

Statement of Cash Flows

For the years ending December 31	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ 220,801	\$ 106,829
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	63,947	63,496
Net realized and unrealized (gain) loss on investments	(45,242)	(85,763)
Gains (losses) on sale of property and equipment	-	5,300
Changes in operating assets and liabilities:		
Other receivables	239	986
Prepaid expenses	(2,859)	(571)
Inventories	(3,128)	5,645
Accounts payable	6,122	98
Accrued payroll and taxes	(864)	(4,765)
Deferred revenue	(1,231)	5,269
Other accrued liabilities	996	(34,097)
Net cash provided by (used in) operating activities	238,781	62,427
Cash flows from investing activities:		
Purchases of investments	(87,992)	(97,605)
Sales of investments	-	43,717
Cash paid for purchase of property and equipment	(30,998)	(25,351)
Net cash provided by (used in) investing activities	(118,990)	(79,239)
Cash flows from financing activities:		
Proceeds from (principal payments on) long-term debt	(13,338)	(12,517)
Net cash provided by (used in) financing activities	(13,338)	(12,517)
Net increase (decrease) in cash	106,453	(29,329)
Cash at beginning of year	1,080,087	1,109,416
Cash at end of year	\$ 1,186,540	\$ 1,080,087
Supplemental cash flow disclosures:		
Income taxes paid (refunded)	-	-
Interest expense paid	\$ 2,666	\$ 2,666

Schedule of non cash investing and financing activities:

There were no noncash investing and financing activities for the years ended December 31, 2014 and 2013

See accountant's report and accompanying notes to financial statements.

Note 5 - Property and Equipment

The following summarizes land, buildings, and equipment at December 31:

Property and Equipment	2014	2013
Construction in progress	\$ 15,458	\$ 4,710
Land improvements	451,981	451,981
Buildings and improvements	1,608,582	1,608,582
Machinery and equipment	250,329	230,079
Track and wire	295,160	295,160
	\$ 2,621,510	\$ 2,590,512
Accumulated depreciation	(1,510,150)	(1,446,203)
Property and equipment, net	\$ 1,111,360	\$ 1,144,309

Note 6 - Long-Term Debt

Long-term debt consisted of the following at December 31:

Long-term Debt	2014	2013
Note payable to bank, interest at 5.75%, payable in monthly installments of interest and principal of \$436. Monthly interest and principal payments are based on a 7 year amortization schedule	\$ 10,351	\$ 15,078
Note payable to bank, refinanced in 2009 for 5 years, interest at 5.75%, payable in monthly installments of interest and principal of \$830. Monthly interest and principal payments are based on a 7 year amortization schedule. The loan is collateralized by all business assets of the Society.	\$ 15,499	\$ 24,110
	\$ 25,850	\$ 39,188
Less: current portion	14,136	13,274
Total long-term debt	\$ 11,714	\$ 25,914

Aggregate maturities of long-term debt for the five years subsequent to December 31, 2014 are as follows:

Aggregate Maturities	Total
2015	14,136
2016	11,152
2017	562
Total	\$ 25,850

Note 7 - Restrictions and Limitations of Net Asset Balances

Permanently restricted asset balances represent funds that must be maintained in perpetuity as endowment. The income earned on these funds may be used for the general operations of the Society.

Temporarily restricted net assets consisted of the following at December 31:

Temporarily Restricted Net Assets	2014	2013
Program activities:		
Restoration of vehicle collection	\$ 473,037	\$ 503,396
Museum development	393,198	260,481
Miscellaneous	100,034	39,370
Total temporarily restricted net assets	\$ 966,269	\$ 803,247

At December 31, 2014 and 2013, certain unrestricted net assets had been designated by the Board of Trustees for the following purposes:

Board Designated Net Assets	2014	2013
Restoration of vehicle collection	\$ 11,828	\$ 11,828
Endowment	126,784	121,970
Museum Development	111,405	111,313
Miscellaneous	20,196	47,751
Total board designated net assets	\$ 270,213	\$ 292,862

Note 8 - Contributions In-kind and Contributed Services

The Society recognizes various types of in-kind support, including donations of materials, supplies, office expenses, and other items. Generally accepted accounting principles in the United States of America requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by

donation. In 2014, there were 384 hours of service that did meet those criteria. Management estimates the fair value of those services to be \$15,685. However, most of the services received by the Society do meet those criteria. Management estimates the fair value of the services not meeting the criteria to be \$249,645 for 2014 and \$242,663 for 2013, with a total of 16,643 volunteer hours for 2014 and 16,178 volunteer hours for 2013.

Directors and officers have made a significant contribution of their time to the Society and its programs. No amounts have been recognized in the accompanying statement of activities and changes in net assets because the criteria for recognition of such efforts under generally accepted accounting principles have not been satisfied.

The amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in expenses and, in a couple cases, as additions to fixed assets.

Note 9 - Commitments and Contingencies

The Society maintains operating space in Lowell, Massachusetts as a small museum store and office space under an operating lease agreement for purposes of operating the National Streetcar Museum and displays. The agreement does not include a rental payment but does call for the Society to be responsible for all utilities, and is for a term of five years, ending June 30, 2012. The Society is still maintaining a presence in Lowell; however, a new lease agreement has not yet been signed. There was no rent paid for the years ended December 31, 2014 and 2013.

The Society maintains a storage facility in Lowell, Massachusetts under a month-to-month lease agreement for purposes of operating the National Streetcar Museum and displays. Rent expense for the years ended December 31, 2014 and 2013 was \$1,200.

In February 2008, the Society entered into a 60-month operating lease agreement for a copier. Rental payments are \$99 per month plus tax. Rent Expense for the year ended December 31, 2014 was \$744.

In June 2014 the Society entered into a 60-month operating lease agreement for a copier. Rental payments are \$129 per month plus tax. Rent Expense for the year ended December 31, 2014 was \$699.

Total minimum annual rentals are as follows:

	Total
2015	\$ 1,678
2016	1,678
2017	1,678
2018	1,678
2019	979
Total	\$ 7,691

During November 2013, the Society entered into a \$36,000 agreement to obtain capital campaign consulting services over a one-year period. During 2014 and 2013, \$33,000 and \$3,000 was paid under this agreement.

Note 10 - Subsequent Events

Subsequent events have been evaluated by management through June 12, 2015, which is the date the financial statements were available to be issued. There were no other material subsequent events as of June 12, 2015 that require disclosure in the financial statements.

Independent Auditor’s Report

**To the Board of Trustees
New England Electric Railway Historical Society
Kennebunkport, ME**

We have audited the financial statements of New England Electric Railway Historical Society as of and for the years ended December 31, 2014 and 2013, and have issued our report thereon dated June 12, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cumming, Hammond & McNamee, P.A.

**Certified Public Accountants
Kennebunk, Maine**

December 3, 2014

Trustee Recognition Awards - 2013

Each Spring the Board of Trustees carefully reviews a short list of noteworthy candidates. Those coming under such close scrutiny at the time are not a slate of nominees for annual election, nor are they appointees to Museum posts. Rather, they are being considered as recipients of the Society's highest honor: The Trustee Recognition Award. This award is conferred annually upon an individual, group, or entity that has markedly impacted the Society—and its Seashore Trolley Museum and National Streetcar Museum at Lowell—in an extraordinarily beneficial manner.

Trustee Recognition Award recipients are not made known until the Annual Meeting in April, at which time the framed Award is presented to the recipients and the individualized text of each Award is read aloud to all those assembled.

At the year's Annual Meeting, held on April 20, 2013, the Trustee Recognition Awards were presented to the following uncommon individuals:

Karen Dooks

Karen had long been a diligent volunteer in a wide array of activities at Seashore. She has a well-deserved reputation for lending a helping hand—without being asked—wherever it is needed. Many times she has worked to plan and prepare meals—from barbecues to muffins—for Seashore events. She has been a regular volunteer during the Museum's Ice Cream Nights on summer weekday evenings. Also, she has been an active member of the Library Committee, and a participant in restoration projects in the Town House Shop.

Karen had been especially attentive to details affecting the public appearance of the Museum's Visitors Center, improving them wherever she can. These tireless efforts even stretched to refinishing the meeting table in the Board Room.

John Mercurio

John has spent countless hours volunteering for the Seashore Trolley Museum in widely differing areas. Currently he serves as Chairman of the Education Committee, playing a leading role in this very important aspect of the Museum's mission. He also brings his years of industry experience to the position of Insurance Coordinator, a nearly invisible but vital role for the Society, and which he handles with consistent professionalism. He has also spent years interacting with our public as a member of the Operations Department, often leading tours of visitors around the property, and also serving as an Operator and a Dispatcher.

John has been undaunted by large projects, as evidenced by his persistent work refinishing the extensive exterior of the Visitors Center building.

Thomas Tello

Tom for years has served as a dedicated volunteer at the Seashore Trolley Museum, regularly pitching in, often without being asked, on a wide variety of tasks that help keep the Museum running smoothly. He will quietly but diligently return our facilities to order after special events. During the popular annual Christmas Prelude event Tom regularly takes the lead in the preparing and serving refreshments. He also often participates in preparing food for other Museum events.

His activities stretch to construction, including completion of an accessible rest room in the Shop and reconfiguration of the food service area in the Visitors Center. Tom has also regularly helped with the critical corporate function of conducting elections.

He has also worked with the Track Department and helped with events such as Pumpkin Patch and Members' Day.

Dann Chamberlin

Dann has for many years played key leadership roles both in restoration of important cars in the Seashore Trolley Museum's collection and in the Society's Board and administration. A native of Chicago with cherished memories of the region's electric railways, Dann assumed a sponsorship role in the restoration of Chicago Surface Lines city car 225. He also was a key team member in the restoration of Chicago, Aurora & Elgin interurban 434, from a line he experienced regularly in his youth. His focus then shifted to the other side of the Atlantic, leading the restoration project for Blackpool, England double deck tram 144.

For years Dann served as Editor of the Society's member magazine, The Dispatch, faithfully maintaining the demanding publication schedule. As President of the Society, Dann worked to improve communications and harmony. He was eloquent in his verbal and written thanks to volunteers for their efforts on the Society's behalf. He also worked to support the younger generation of volunteers, who are so critical to the Museum's future.

For all the efforts and dedication on behalf of the New England Electric Railway Historical Society and its Museum, we acknowledge and honor the devotion and service of these four volunteers..

Special Recognition Award - John L. Middleton, Jr.

In acknowledgment of his retirement as Vice President of Business Administration—the latest in a long line of key leadership positions he filled—the Board of Trustees of the New England Electric Railway Historical Society presented a special Career Recognition Award to John L. Middleton, Jr.

In addition to his service as Vice President, John also was a member of the Board of Trustees, a member of the Executive Management Team, and an Instructor in the Operations Department. For years he led the Museum's marketing efforts; handled tour groups—both booking their visits and hosting them on arrival; and represented the Museum at trade shows—both in the local area and at remote locations.

He recruited volunteers whenever possible, strengthening the Museum's membership. His roles in the Operations Department have included serving as an Instructor, as Yardmaster, and as regular Dispatcher on Mondays throughout the operating season. He helped many volunteers by means of professional constructive criticism and has shared his wealth of knowledge with dozens of volunteers and staff members throughout the years.



Left: Shown at Annual Meeting are Chairman Jim Schantz, recipient John Mercurio, Executive Director Sally Bates and recipient Tom Tello. KF

Trustee Recognition Awards - 2014

At the year's Annual Meeting, held on April 26, 2014, the Trustee Recognition Awards and a special Executive Director's award were presented to the following uncommon individuals:

Paul Kochs

The Board is Honoring Paul Kochs for being a valuable resource for the improvement of the Museum's campus. Paul is recognized for his comprehensive understanding of the Museum's collection and campus infrastructure, his professional abilities in the construction field, and his aesthetic sensibility. He is often called upon to participate in planning and carrying out projects because of those strengths.

Paul has also served on the Board of Trustees and as Curator during his many years of volunteer service to the Society.

William Mallory

The Board recognizes William Mallory for his dedication to providing Museum visitors with an educational, safe, and enjoyable experience. As a Dispatcher and Motorman, he objectively observes the service we provide the public, and constructively shares his questions and recommendations related to enhancing the visitor experience.

He participated in the development of a docent training manual and is an instructor for the formal docent training program offered in the spring of 2014. Bill has also served the Society on the Board of Trustees.

Donald Stephenson

Donald, a third generation volunteer at Seashore, has been a steady and reliable member of the Operating Department since 1993. He regularly volunteers on Fridays and also on weekends and special events, bringing his dad, Lester with him. Prior to 1993, as a teenager, he came to the Museum almost daily with his grandfather, Irving "Yardbird" Walker, to help Foster Leavitt.

Donald volunteers to be the Instructor whenever we have a BAM, and as Dispatcher when needed. In 2013 he spent many hours cleaning grease from the interior of our trolleys and walkways in and around the barns, buying the necessary materials himself.

He is committed to teaching the history of the trolley and how it has affected our lives. His knowledge and devotion sets a high standard and a leading example for others.

Roger Tobin

The Board is honoring Roger Tobin for his decades-long dedication and service to the Museum in many capacities. Not only is Roger an integral part of the Operations Team, by his consistent presence at the Museum he is a year-round resource for our employees and other volunteers. We appreciate his enthusiastic involvement in planning and staffing for Museum activities and special events; his institutional memory; and his consistent support for the administration of the Museum's campus and its employees. In his interactions with visitors, Roger is an excellent ambassador for the Seashore Trolley Museum, clearly demonstrating his passion for the Museum and our mission.

Executive Director's Award - Michael Curry

The Board is honoring Michael Curry for his year-round service in the capacity of Volunteer Coordinator. Michael became a member and volunteer relatively recently in July, 2012, but has fast become a vital member of the team. He arranged and manages the relationship between the Museum and Long Creek Youth Development Center, leads new volunteers through their orientations, and plays a growing role in volunteer recruitment and the overall coordination of volunteer activities.



Above: The once remarkable expanse of interconnected streetcar networks in the United States is demonstrated by this 100-year old photograph of Bay State Street Railway 4182 (sister of Seashore's 4175, currently under restoration). As the temporary sign along the roof edge notes the car would be traveling from Boston to New York along the Atlantic shore on a journey organized by the New England Street Railway Club. The car's normal rattan upholstered seats were replaced with comfortable wicker arm chairs for the excursion. SL

Below: The Chicago, North Shore & Milwaukee for more than a half-century offered high speed interurban trolley service from downtown Chicago to downtown Milwaukee. Seashore has three cars of the type pictured. Car 710, at left, is a sister to Seashore's 755 which is undergoing restoration, with the roof canvas and trolley boards replaced by a largely volunteer crew in 2014. FP

