

**Return of Organization Exempt From Income Tax**

**2005**

Department of the Treasury  
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

The organization may have to use a copy of this return to satisfy state reporting requirements.

**A** For the 2005 calendar year, or tax year beginning **JUL 1, 2005** and ending **JUN 30, 2006**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type See Specific Instructions	<b>C</b> Name of organization <b>ISLAND INSTITUTE</b>		<b>D</b> Employer identification number <b>22-2786731</b>
		Number and street (or P.O. box if mail is not delivered to street address) Room/suite <b>386 MAIN STREET, P.O. BOX 648</b>		<b>E</b> Telephone number <b>207-594-9209</b>
		City or town, state or country, and ZIP + 4 <b>ROCKLAND, ME 04841</b>		<b>F</b> Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____
		* Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).		<b>H and I are not applicable to section 527 organizations.</b> <b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> If "Yes," enter number of affiliates <b>N/A</b> <b>H(c)</b> Are all affiliates included? <b>N/A</b> <input type="checkbox"/> Yes <input type="checkbox"/> No (If "No," attach a list.) <b>H(d)</b> Is this a separate return filed by an organization covered by a group ruling? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>I</b> Group Exemption Number <b>N/A</b>

**G** Website: **WWW.ISLANDINSTITUTE.ORG**

**J** Organization type (check only one)  501(c) ( **3** ) (insert no.  4947(a)(1) or  527

**K** Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.

**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 **9,665,785.**

**M** Check  if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances**

Revenue	<b>1</b> Contributions, gifts, grants, and similar amounts received:				
	<b>a</b> Direct public support	<b>1a</b>	<b>4,018,086.</b>		
	<b>b</b> Indirect public support	<b>1b</b>			
	<b>c</b> Government contributions (grants)	<b>1c</b>			
	<b>d</b> Total (add lines 1a through 1c) (cash \$ <b>3,891,908.</b> noncash \$ <b>126,178.</b> )	<b>1d</b>		<b>4,018,086.</b>	
	<b>2</b> Program service revenue including government fees and contracts (from Part VII, line 93)	<b>2</b>		<b>113,920.</b>	
	<b>3</b> Membership dues and assessments	<b>3</b>		<b>73,447.</b>	
	<b>4</b> Interest on savings and temporary cash investments	<b>4</b>		<b>7,861.</b>	
	<b>5</b> Dividends and interest from securities	<b>5</b>		<b>98,861.</b>	
	<b>6 a</b> Gross rents	<b>6a</b>			
	<b>b</b> Less: rental expenses	<b>6b</b>			
	<b>c</b> Net rental income or (loss) (subtract line 6b from line 6a)	<b>6c</b>			
<b>7</b> Other investment income (describe _____)	<b>7</b>				
<b>8 a</b> Gross amount from sales of assets other than inventory	(A) Securities	<b>8a</b>	<b>95,407.</b>		
	(B) Other	<b>8b</b>	<b>226,409.</b>		
	Less: cost or other basis and sales expenses	<b>8c</b>	<b>-131,002.</b>		
	<b>d</b> Net gain or (loss) (combine line 8c, columns (A) and (B)) <b>STMT 2</b>	<b>8d</b>		<b>-125,851.</b>	
<b>9</b> Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>	<b>a</b> Gross revenue (not including \$ _____ of contributions reported on line 1a)	<b>9a</b>			
	<b>b</b> Less: direct expenses other than fundraising expenses	<b>9b</b>			
	<b>c</b> Net income or (loss) from special events (subtract line 9b from line 9a)	<b>9c</b>			
<b>10 a</b> Gross sales of inventory, less returns and allowances		<b>10a</b>	<b>346,642.</b>		
	<b>b</b> Less: cost of goods sold <b>STATEMENT 5</b>	<b>10b</b>	<b>190,290.</b>		
	<b>c</b> Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a) <b>STMT 4</b>	<b>10c</b>		<b>156,352.</b>	
<b>11</b> Other revenue (from Part VII, line 10b)	<b>11</b>		<b>153.</b>		
<b>12</b> Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	<b>12</b>		<b>4,342,829.</b>		
Expenses	<b>13</b> Program services (from line 44, column (B))	<b>13</b>		<b>1,846,914.</b>	
	<b>14</b> Management and general (from line 44, column (C))	<b>14</b>		<b>547,116.</b>	
	<b>15</b> Fundraising (from line 44, column (D))	<b>15</b>		<b>652,869.</b>	
	<b>16</b> Payments to affiliates (attach schedule)	<b>16</b>			
	<b>17</b> Total expenses (add lines 16 and 44, column (A))	<b>17</b>		<b>3,046,899.</b>	
Net Assets	<b>18</b> Excess or (deficit) for the year (subtract line 17 from line 12)	<b>18</b>		<b>1,295,930.</b>	
	<b>19</b> Net assets or fund balances at beginning of year (from line 73, column (A))	<b>19</b>		<b>15,869,006.</b>	
	<b>20</b> Other changes in net assets or fund balances (attach explanation) <b>SEE STATEMENT 6</b>	<b>20</b>		<b>447,512.</b>	
	<b>21</b> Net assets or fund balances at end of year (combine lines 18, 19, and 20)	<b>21</b>		<b>17,612,448.</b>	

SCANNED JUL 13 2007

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**Part II Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash \$ <u>69,317.</u> noncash \$ <u>0.</u> ) If this amount includes foreign grants, check here <input type="checkbox"/>			<b>STATEMENT 9</b>	
	22 69,317.	69,317.		
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc. **	25 271,361.	117,468.	42,935.	110,958.
26 Other salaries and wages	26 1,255,740.	851,262.	135,886.	268,592.
27 Pension plan contributions	27 8,831.	7,161.	713.	957.
28 Other employee benefits	28 134,340.	88,365.	15,270.	30,705.
29 Payroll taxes	29 127,240.	81,074.	14,840.	31,326.
30 Professional fundraising fees	30			
31 Accounting fees	31 15,000.		15,000.	
32 Legal fees	32 8,078.		8,078.	
33 Supplies	33 109,135.	55,562.	8,700.	44,873.
34 Telephone	34 16,363.	6,466.	8,596.	1,301.
35 Postage and shipping	35 85,636.	67,346.	2,407.	15,883.
36 Occupancy	36 42,778.		42,778.	
37 Equipment rental and maintenance	37 22,468.	4,823.	17,645.	
38 Printing and publications	38 146,046.	138,133.	52.	7,861.
39 Travel	39 54,605.	41,666.	901.	12,038.
40 Conferences, conventions, and meetings	40 27,959.	23,979.	275.	3,705.
41 Interest	41 3,949.		3,949.	
42 Depreciation, depletion, etc. (attach schedule)	42 133,660.	83,540.	20,589.	29,531.
43 Other expenses not covered above (itemize):				
a _____	43a			
b _____	43b			
c _____	43c			
d _____	43d			
e _____	43e			
f _____	43f			
g <b>SEE STATEMENT 7</b>	43g 514,393.	210,752.	208,502.	95,139.
44 Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44 3,046,899.	1,846,914.	547,116.	652,869.

Joint Costs. Check  if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No

If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ;

(iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

\*\* SEE STATEMENT 8

**Part III** Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ► <u>SEE STATEMENT 10</u>	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	
<b>a</b> <u>COMMUNITY INITIATIVES: ISLAND SCHOOL CONFERENCES, GRANTS, FELLOWSHIPS, SCHOLARSHIPS, AFFORDABLE HOUSING, AND COMMUNITY AND ECONOMIC DEVELOPMENT.</u>	
(Grants and allocations \$ <u>69,317.</u> ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<u>1,076,444.</u>
<b>b</b> <u>ECOLOGICAL SERVICES AND MARINE SCIENCES: AQUACULTURE MODELING, FISHERIES ECOSYSTEM MANAGEMENT MODELING, AND FIELD RESEARCH.</u>	
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<u>125,551.</u>
<b>c</b> <u>INFORMATION: ISLAND JOURNAL, MONTHLY NEWSPAPER, TECHNICAL BULLETINS, EDUCATIONAL AND HISTORICAL PUBLICATIONS, AND GEOGRAPHIC INFORMATION SYSTEMS.</u>	
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<u>474,049.</u>
<b>d</b> <u>ARCHIPELAGO SHOP: PROVIDE A VENUE FOR ISLAND AND COASTAL ARTISTS LIVING IN REMOTE COMMUNITIES TO OFFER ARTWORK AND CRAFTS EVOKING THE COASTAL MAINE HERITAGE.</u>	
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<u>170,870.</u>
<b>e</b> Other program services (attach schedule) (Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>f</b> <u>Total of Program Service Expenses (should equal line 44, column (B), Program services)</u> ►	<u>1,846,914.</u>

**Part IV Balance Sheets** (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
<b>Assets</b>	45 Cash - non-interest-bearing	79,747.	45	72,449.
	46 Savings and temporary cash investments	6,654.	46	8,094.
	47 a Accounts receivable	76,004.		
	b Less: allowance for doubtful accounts	1,582.	75,575.	47c 74,422.
	48 a Pledges receivable	3,010,634.		
	b Less: allowance for doubtful accounts	146,614.	2,453,154.	48c 2,864,020.
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees		50	
	51 a Other notes and loans receivable			
	b Less: allowance for doubtful accounts			51c
	52 Inventories for sale or use	207,552.	52	208,197.
	53 Prepaid expenses and deferred charges	27,487.	53	34,374.
	54 Investments - securities <b>STMT 11 STMT 15</b> <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	8,322,960.	54	10,004,702.
	55 a Investments - land, buildings, and equipment: basis			
	b Less: accumulated depreciation			55c
56 Investments - other		56		
57 a Land, buildings, and equipment: basis	4,105,872.			
b Less: accumulated depreciation <b>STMT 12</b>	823,055.	3,612,031.	57c 3,282,817.	
58 Other assets (describe <b>▶ SEE STATEMENT 13</b> )	1,438,976.	58	1,495,564.	
<b>59 Total assets</b> (must equal line 74). Add lines 45 through 58	16,224,136.	59	18,044,639.	
<b>Liabilities</b>	60 Accounts payable and accrued expenses	226,484.	60	303,962.
	61 Grants payable	38,400.	61	44,400.
	62 Deferred revenue	3,097.	62	5,051.
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable <b>STMT 14</b>		64b	32,706.
	65 Other liabilities (describe <b>▶ ANNUITY OBLIGATIONS</b> )	87,149.	65	46,072.
<b>66 Total liabilities.</b> Add lines 60 through 65)	355,130.	66	432,191.	
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/></b> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	9,359,919.	67	11,065,009.
	68 Temporarily restricted	864,591.	68	458,927.
	69 Permanently restricted	5,644,496.	69	6,088,512.
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/></b> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
<b>73 Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	15,869,006.	73	17,612,448.	
<b>74 Total liabilities and net assets/fund balances.</b> Add lines 66 and 73	16,224,136.	74	18,044,639.	



**Part V-A Current Officers, Directors, Trustees, and Key Employees** (continued) **Yes No**

75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings <span style="float: right;">▶ 19</span>			
b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b		X
c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to this organization through common supervision or common control? <b>Note.</b> Related organizations include section 509(a)(3) supporting organizations. If "Yes," attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization.	75c		X
d Does the organization have a written conflict of interest policy?	75d	X	

**Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits** (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
NONE				
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**Part VI Other Information** (See the instructions.) **Yes No**

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76		X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77		X
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X	
b If "Yes," has it filed a tax return on Form 990-T for this year?	78b	X	
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a		X
b If "Yes," enter the name of the organization <u>N/A</u> and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt			
81 a Enter direct or indirect political expenditures. (See line 81 instructions.)	81a	0.	
b Did the organization file Form 1120-POL for this year?	81b		X

Part VI Other Information (continued) Yes No

82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? 82a X
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III) 82b

83 a Did the organization comply with the public inspection requirements for returns and exemption applications? 83a X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions? 83b X

84 a Did the organization solicit any contributions or gifts that were not tax deductible? 84a X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? 84b N/A

85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? 85a N/A
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? 85b N/A

If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.
c Dues, assessments, and similar amounts from members 85c N/A
d Section 162(e) lobbying and political expenditures 85d N/A
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f N/A

g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? 85g N/A
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? 85h N/A

86 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12 86a N/A
b Gross receipts, included on line 12, for public use of club facilities 86b N/A

87 501(c)(12) organizations. Enter: a Gross income from members or shareholders 87a N/A
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) 87b N/A

88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX 88 X

89 a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 0.; section 4912 0.; section 4955 0.
b 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction 89b X

c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 0.
d Enter: Amount of tax on line 89c, above, reimbursed by the organization 0.

90 a List the states with which a copy of this return is filed NONE
b Number of employees employed in the pay period that includes March 12, 2005 90b 41

91 a The books are in care of AARON FUCHS Telephone no. 207-594-9209
Located at 386 MAIN STREET, P.O. BOX 648, ROCKLAND, ME ZIP + 4 04841

b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? 91b X
If "Yes," enter the name of the foreign country N/A
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c X
If "Yes," enter the name of the foreign country N/A

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A

Table with 3 columns: Question ID, Yes, No. Row 91b: Yes, No. Row 91c: Yes, No.

**Part VII Analysis of Income-Producing Activities** (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a <b>PUBLICATIONS / INFORMATION</b>	541800	79,458.			30,462.
b <b>SPONSORSHIPS</b>					4,000.
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					73,447.
95 Interest on savings and temporary cash investments			14	7,861.	
96 Dividends and interest from securities			14	98,861.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	-125,851.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					156,352.
103 Other revenue:					
a <b>MISC.</b>			01	153.	
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		79,458.		-18,976.	264,261.
105 Total (add line 104, columns (B), (D), and (E))					324,743.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	SEE STATEMENT 18

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

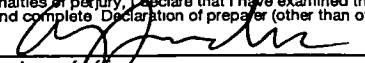
**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See the instructions.)


(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here:  Date: 5/15/07 Type or print name and title: A. FUCHS VP. BUS. DEVT.

Paid Preparer's Use Only: Preparer's signature:  Date: 5/14/07 Check if self-employed:  Preparer's SSN or PTIN: Firm's name (or yours if self-employed), address, and ZIP + 4: RUNYON KERSTEEN OUELLETTE 20 LONG CREEK DRIVE SOUTH PORTLAND, ME 04106 EIN: Phone no.: 207-773-2986

**Organization Exempt Under Section 501(c)(3)**

(Except Private Foundation) and Section 501(e), 501(f), 501(k),  
501(n), or 4947(a)(1) Nonexempt Charitable Trust

**2005**

Department of the Treasury  
Internal Revenue Service

**Supplementary Information-(See separate instructions.)**

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization <b>ISLAND INSTITUTE</b>	Employer identification number <b>22 2786731</b>
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**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
ROB SNYDER 386 MAIN STREET, PO BOX 648, ROCKLAND	VP PROGRAMS 40.00	72,800.	7,930.	
PHILIP WALZ 386 MAIN STREET, PO BOX 648, ROCKLAND	DEVELOP DIR. 40.00	71,280.	5,742.	
NORENE BISHOP 386 MAIN STREET, PO BOX 648, ROCKLAND	FINANCE DIR. 40.00	72,000.	6,702.	
DAVID PLATT 386 MAIN STREET, PO BOX 648, ROCKLAND	PUBLIC. DIR. 40.00	61,650.	6,677.	
Total number of other employees paid over \$50,000 ▶		0		

**Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services ▶		0

**Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services**  
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other services ▶		0

<b>Part III Statements About Activities</b> (See page 2 of the instructions.)	<b>Yes</b>	<b>No</b>
<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.	<b>1</b>	<b>X</b>
<b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?	<b>2a</b>	<b>X</b>
b Lending of money or other extension of credit?	<b>2b</b>	<b>X</b>
c Furnishing of goods, services, or facilities?	<b>2c</b>	<b>X</b>
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? <b>SEE PART V-A, FORM 990</b>	<b>2d</b>	<b>X</b>
e Transfer of any part of its income or assets?	<b>2e</b>	<b>X</b>
<b>3 a</b> Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)	<b>3a</b>	<b>X</b>
b Do you have a section 403(b) annuity plan for your employees?	<b>3b</b>	<b>X</b>
c During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?	<b>3c</b>	<b>X</b>
<b>4 a</b> Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	<b>4a</b>	<b>X</b>
b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?	<b>4b</b>	<b>X</b>

<b>Part IV Reason for Non-Private Foundation Status</b> (See pages 3 through 6 of the instructions.)
The organization is not a private foundation because it is: (Please check only <b>ONE</b> applicable box.)
<b>5</b> <input type="checkbox"/> A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
<b>6</b> <input type="checkbox"/> A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
<b>7</b> <input type="checkbox"/> A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
<b>8</b> <input type="checkbox"/> A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
<b>9</b> <input type="checkbox"/> A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(ii). Enter the hospital's name, city, and state ► _____
<b>10</b> <input type="checkbox"/> An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the <b>Support Schedule</b> in Part IV-A.)
<b>11a</b> <input checked="" type="checkbox"/> An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the <b>Support Schedule</b> in Part IV-A.)
<b>11b</b> <input type="checkbox"/> A community trust. Section 170(b)(1)(A)(v). (Also complete the <b>Support Schedule</b> in Part IV-A.)
<b>12</b> <input type="checkbox"/> An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the <b>Support Schedule</b> in Part IV-A.)
<b>13</b> <input type="checkbox"/> An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). Check the box that describes the type of supporting organization: ► <input type="checkbox"/> Type 1 <input type="checkbox"/> Type 2 <input type="checkbox"/> Type 3

(a) Name(s) of supported organization(s)	(b) Line number from above

<b>14</b> <input type="checkbox"/> An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions.)
---

**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.  
 Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	7,528,382.	3,827,259.	4,361,775.	2,682,118.	18,399,534.
16 Membership fees received	72,139.	82,690.	62,365.	60,451.	277,645.
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	478,082.	519,191.	463,914.	562,302.	2,023,489.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	45,386.	16,964.	20,191.	33,748.	116,289.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets	1,942.	8,170.	SEE STATEMENT 20 16,551.	525.	27,188.
23 Total of lines 15 through 22	8,125,931.	4,454,274.	4,924,796.	3,339,144.	20,844,145.
24 Line 23 minus line 17	7,647,849.	3,935,083.	4,460,882.	2,776,842.	18,820,656.
25 Enter 1% of line 23	81,259.	44,543.	49,248.	33,391.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 376,413.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2001 through 2004 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 1,906,855.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 18,820,656.
d Add: Amounts from column (e) for lines: 18 116,289. 19 27,188. 22 27,188. 26b 1,906,855.					26d 2,050,332.
e Public support (line 26c minus line 26d total)					26e 16,770,324.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 89.1059%
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: N/A	(2004)	(2003)	(2002)	(2001)	
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: N/A	(2004)	(2003)	(2002)	(2001)	
c Add: Amounts from column (e) for lines: 15 16 17 20 21					27c N/A
d Add: Line 27a total and line 27b total					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)			27f N/A		
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h N/A %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

**Part V Private School Questionnaire** (See page 7 of the instructions.)

N/A

**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)		
_____			
_____			
_____			
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)	32d	
_____			
_____			
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?	33a	
b	Admissions policies?	33b	
c	Employment of faculty or administrative staff?	33c	
d	Scholarships or other financial assistance?	33d	
e	Educational policies?	33e	
f	Use of facilities?	33f	
g	Athletic programs?	33g	
h	Other extracurricular activities? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)	33h	
_____			
_____			
34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.)

N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

Check  **a** if the organization belongs to an affiliated group. Check  **b** if you checked "a" and "limited control" provisions apply.

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations												
		<b>N/A</b>													
<b>36</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>													
<b>37</b>	Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>													
<b>38</b>	Total lobbying expenditures (add lines 36 and 37)	<b>38</b>													
<b>39</b>	Other exempt purpose expenditures	<b>39</b>													
<b>40</b>	Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>													
<b>41</b>	Lobbying nontaxable amount. Enter the amount from the following table -														
	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"><b>If the amount on line 40 is -</b></td> <td style="width: 50%;"><b>The lobbying nontaxable amount is -</b></td> </tr> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 40</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </table>	<b>If the amount on line 40 is -</b>	<b>The lobbying nontaxable amount is -</b>	Not over \$500,000	20% of the amount on line 40	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000	<b>41</b>	
<b>If the amount on line 40 is -</b>	<b>The lobbying nontaxable amount is -</b>														
Not over \$500,000	20% of the amount on line 40														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
<b>42</b>	Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>													
<b>43</b>	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	<b>43</b>													
<b>44</b>	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	<b>44</b>													

**Caution:** If there is an amount on either line 43 or line 44, you must file Form 4720.

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
<b>45</b> Lobbying nontaxable amount					0.
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					0.
<b>47</b> Total lobbying expenditures					0.
<b>48</b> Grassroots nontaxable amount					0.
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					0.
<b>50</b> Grassroots lobbying expenditures					0.

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
<b>a</b> Volunteers		<b>X</b>	
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines c through h.)		<b>X</b>	
<b>c</b> Media advertisements		<b>X</b>	
<b>d</b> Mailings to members, legislators, or the public		<b>X</b>	
<b>e</b> Publications, or published or broadcast statements		<b>X</b>	
<b>f</b> Grants to other organizations for lobbying purposes		<b>X</b>	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body		<b>X</b>	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		<b>X</b>	
<b>i</b> Total lobbying expenditures (Add lines c through h.)			0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.



2005 DEPRECIATION AND AMORTIZATION REPORT

FORM 990 PAGE 2

990

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
1	ISLANDS AND LAND	VARIES		.000	16	2,013,957.			2,013,957.			0.
2	BUILDINGS	VARIES	VARIES	###	16	1,428,268.			1,428,268.	225,781.		59,752.
3	BOATS	VARIES	VARIES	###	16	175,788.			175,788.	145,727.		8,536.
4	OFFICE EQUIPMENT	VARIES	VARIES	###	16	171,108.			171,108.	127,898.		24,185.
5	ELECTRONIC EQUIPMENT	VARIES	VARIES	###	16	316,751.			316,751.	181,382.		49,794.
	* TOTAL 990 PAGE 2					4,105,872.		0.	4,105,872.	680,788.	0.	142,267.
	DEPR											

## FOOTNOTES

STATEMENT 1

## OFFICER COMPENSATION

## PHILIP CONKLING - PRESIDENT

SALARY	147,622.
INSURANCE	5,934.
RETIREMENT	4,429.
TOTAL	<u>157,985.</u>

## PETER RALSTON - EXECUTIVE VP

SALARY	104,418.
INSURANCE	5,825.
RETIREMENT	3,133.
TOTAL	<u>113,376.</u>

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**FORM 990**                      **GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES**                      **STATEMENT**                      **2**

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<u>DESCRIPTION</u>	<u>GROSS SALES PRICE</u>	<u>COST OR OTHER BASIS</u>	<u>EXPENSE OF SALE</u>	<u>NET GAIN OR (LOSS)</u>
VARIOUS INVESTMENTS	4,911,408.	4,906,257.	0.	5,151.
TO FORM 990, PART I, LINE 8	4,911,408.	4,906,257.	0.	5,151.

FORM 990                      GAIN (LOSS) FROM SALE OF OTHER ASSETS                      STATEMENT      3

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
VARIOUS FIXED ASSETS	VARIOUS	VARIOUS	PURCHASED					
NAME OF BUYER								
VARIOUS				95,407.	226,409.	0.	0.	-131,002.
TO FM 990, PART I, LN 8				95,407.	226,409.	0.	0.	-131,002.

FORM 990

INCOME AND COST OF GOODS SOLD  
INCLUDED ON PART I, LINE 10

STATEMENT 4

## INCOME

1. GROSS RECEIPTS . . . . .	346,642	
2. RETURNS AND ALLOWANCES . . . . .		
3. LINE 1 LESS LINE 2 . . . . .		346,642
4. COST OF GOODS SOLD (LINE 13) . . . . .	190,290	
5. GROSS PROFIT (LINE 3 LESS LINE 4) . . . . .		156,352

## COST OF GOODS SOLD

6. INVENTORY AT BEGINNING OF YEAR . . . . .	62,714	
7. MERCHANDISE PURCHASED . . . . .	189,478	
8. COST OF LABOR . . . . .		
9. MATERIALS AND SUPPLIES . . . . .		
10. OTHER COSTS . . . . .	9,342	
11. ADD LINES 6 THROUGH 10 . . . . .		261,534
12. INVENTORY AT END OF YEAR . . . . .	71,244	
13. COST OF GOODS SOLD (LINE 11 LESS LINE 12). . . . .		190,290

FORM 990	COST OF GOODS SOLD - OTHER COSTS	STATEMENT	5
DESCRIPTION		AMOUNT	
DEPRECIATION AND OTHER		9,342.	
TOTAL INCLUDED ON FORM 990, PART I, LINE 10B		9,342.	

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	6
DESCRIPTION		AMOUNT	
UNREALIZED GAIN ON INVESTMENTS		352,013.	
CHANGE IN BENEFICIAL INTEREST IN PERPETUAL TRUST		95,499.	
TOTAL TO FORM 990, PART I, LINE 20		447,512.	

FORM 990	OTHER EXPENSES			STATEMENT	7
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING	
SCHOLARSHIP EXPENSE	70,112.	70,112.	0.	0.	
MEMBERSHIP BENEFITS	51,957.	1,346.	665.	49,946.	
INSURANCE	38,262.	0.	38,262.	0.	
CONSULTANTS AND TEMPORARY SERVICES	83,706.	22,037.	22,069.	39,600.	
LOAN GUARANTEE COSTS	29,650.	1,864.	27,786.	0.	
OTHER EXPENSES	107,387.	74,024.	27,770.	5,593.	
DIRECT PROGRAM COSTS	41,369.	41,369.			
INVESTMENT FEES	91,950.		91,950.		
TOTAL TO FM 990, LN 43	514,393.	210,752.	208,502.	95,139.	

FORM 990

OFFICER COMPENSATION ALLOCATION  
PART II, LINE 25

STATEMENT 8

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
PHILIP CONKLING	147,622.	10,363.		157,985.
A. PROGRAM SERVICES	88,574.	6,218.		94,792.
B. MANAGEMENT AND GENERAL	29,524.	2,073.		31,597.
C. FUNDRAISING	29,524.	2,072.		31,596.

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
PETER RALSTON	104,418.	8,958.		113,376.
A. PROGRAM SERVICES	20,884.	1,792.		22,676.
B. MANAGEMENT AND GENERAL	10,442.	896.		11,338.
C. FUNDRAISING	73,092.	6,270.		79,362.

TOTAL PROGRAM SERVICES				117,468.
TOTAL MANAGEMENT AND GENERAL				42,935.
TOTAL FUNDRAISING				110,958.
TOTAL OFFICER, ETC., COMPENSATION INCLUDED ON PARTS V-A AND V-B				271,361.

FORM 990

## CASH GRANTS AND ALLOCATIONS

STATEMENT 9

CLASSIFICATION	DONEE'S NAME	DONEE'S ADDRESS	DONEE'S RELATIONSHIP	AMOUNT
PROGRAM	SEE ATTACHED SCHEDULE		NONE	69,317.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22				69,317.



FORM 990

OTHER NOTES AND LOANS PAYABLE

STATEMENT 14

LENDER'S NAME		TERMS OF REPAYMENT	
CAMDEN NATIONAL BANK		\$1,205/MONTH	
DATE OF NOTE	MATURITY DATE	ORIGINAL LOAN AMOUNT	INTEREST RATE
01/12/06	12/01/08	40,000.	5.25%
SECURITY PROVIDED BY BORROWER		PURPOSE OF LOAN	
BLANKET ASSETS			
RELATIONSHIP OF LENDER			
NONE			

DESCRIPTION OF CONSIDERATION	FMV OF CONSIDERATION	BALANCE DUE
	0.	32,706.
TOTAL INCLUDED ON FORM 990, PART IV, LINE 64, COLUMN B		32,706.

FORM 990

OTHER SECURITIES

STATEMENT 15

SECURITY DESCRIPTION	COST/FMV	OTHER SECURITIES
MONEY MARKET FUNDS	FMV	734,625.
CERTIFICATES OF DEPOSIT	FMV	40,876.
TO FORM 990, LINE 54, COL B		775,501.

FORM 990

OTHER REVENUE NOT INCLUDED ON FORM 990

STATEMENT 16

DESCRIPTION	AMOUNT
COST OF GOODS SOLD	190,290.
CHANGE IN BENEFICIAL INTEREST IN PERPETUAL TRUST	95,499.
TOTAL TO FORM 990, PART IV-A	285,789.

FORM 990

PART V-A - LIST OF OFFICERS, DIRECTORS,  
TRUSTEES AND KEY EMPLOYEES

STATEMENT 17

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
HORACE A. HILDRETH JR. 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	CHAIRMAN 1.00	0.	0.	0.
JOHN BIRD 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	VICE CHAIR 1.00	0.	0.	0.
JOHN P. M. HIGGINS 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TREASURER 1.00	0.	0.	0.
MICHAEL P. BOYD 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	CLERK 1.00	0.	0.	0.
LOUIS W. CABOT 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
DONNA DAMON 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
WILLIAM J. GINN 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	SECRETARY 1.00	0.	0.	0.
POLLY GUTH 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
NANCY HOPKINS-DAVISSON 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
NANCY JORDAN 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
ELDON C. MAYER JR. 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.

NANCY B. PUTNAM 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
PETER QUESADA 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
GEORGE T. SHAW 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
SAMUEL PARKMAN SHAW 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
MATHEW R. SIMMONS 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
MYRON SPRAGUE JR. 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
BARBARA KINNEY SWEET 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
DAVID THOMAS 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	TRUSTEE 1.00	0.	0.	0.
PHILIP CONKLING 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	PRESIDENT 40.00	147,622.	10,363.	0.
PETER RALSTON 386 MAIN STREET, PO BOX 648 ROCKLAND, MAINE 04841	EXECUTIVE VP 40.00	104,418.	8,958.	0.
TOTALS INCLUDED ON FORM 990, PART V-A		252,040.	19,321.	0.

FORM 990      PART VIII - RELATIONSHIP OF ACTIVITIES TO      STATEMENT 18  
 ACCOMPLISHMENT OF EXEMPT PURPOSES

LINE	EXPLANATION OF RELATIONSHIP OF ACTIVITIES
93A	PRODUCED ISLAND AND MARINE ORIENTED PUBLICATIONS AND RAN CONFERENCES AND FORUMS TO EDUCATE THE PUBLIC AND FACILITATE THE RESOLUTION OF CRITICAL MARINE AND ISLAND ISSUES.
93B	EXHIBITS SPONSORED TO EDUCATE AND OUTREACH TO THE GENERAL PUBLIC.
94	DEVELOPED AWARENESS OF MARINE RELATED ISSUES AND THE ROLE OF THE

102 ISLAND INSTITUTE.  
ARCHIPELAGO GIFT SHOP PROVIDES A VENUE FOR ISLAND AND COASTAL ARTISTS  
LIVING IN REMOTE COMMUNITIES TO OFFER ARTWORK AND HANDMADE CRAFTS  
EVOKING THE HERITAGE OF COASTAL MAINE.

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FOOTNOTES

STATEMENT 19

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SCHEDULE A, PART III, LINE 3

A PERCENTAGE OF EACH CONTRIBUTION OF \$100 AS WELL AS  
CONTRIBUTIONS DESIGNATED FOR SCHOLARSHIPS ARE PLACED INTO  
A SCHOLARSHIP FUND. SCHOLARSHIPS ARE AWARDED TO ISLAND  
STUDENTS ON A NEED BASIS BY THE RECOMMENDATION OF A  
COMMUNITY-BASED ADVISORY COMMITTEE.

## SCHEDULE A

## OTHER INCOME

STATEMENT 20

DESCRIPTION	2004 AMOUNT	2003 AMOUNT	2002 AMOUNT	2001 AMOUNT
MISCELLANEOUS	1,942.	8,170.	16,551.	525.
TOTAL TO SCHEDULE A, LINE 22	1,942.	8,170.	16,551.	525.

Page 2, Line 22 - Grants and Allocations:

**McLane Scholarship Awards**

Last Name	First Name	Address	Amount
Kabula	Chomba	Long Island	\$ 1,500.00
Jackson	Oakley	Vinalhaven	\$ 1,500.00
Carpenter	Jessica	Frenchboro	\$ 262.00
Murphy	Gordon	Chebeague	\$ 1,500.00
Oakes	Linda	Vinalhaven	\$ 150.00
Jones	Kimberly	Vinalhaven	\$ 500.00
Chilles	Leigham	Vinalhaven	\$ 500.00
Swears	Betsy	Vinalhaven	\$ 500.00
Wadsworth	Betty	Vinalhaven	\$ 350.00
Philbrook	Joan	Vinalhaven	\$ 150.00
Wadsworth	Amy	Vinalhaven	\$ 1,000.00
Felton	Michael	Vinalhaven	\$ 1,500.00
Tinker	Jasmine	Matinicus	\$ 1,000.00
Waterman	Elizabeth	North Haven	\$ 321.75
Cooper	Wendy	North Haven	\$ 313.00
Joyce	Candis	Swan's	\$ 1,000.00
Norton	Wesley Duncan	Peaks	\$ 1,000.00
Payne	William & Lee	Vinalhaven	\$ 800.00
Murray	Eva	Matinicus	\$ 475.00
Warren	Francis & Fiona	Vinalhaven	\$ 800.00
Burns	Karen	Vinalhaven	\$ 1,500.00
<b>Subtotal</b>			<b>\$ 16,621.75</b>

**Maine Community Foundation Awards**

Alexander	Adam	North Haven	\$ 1,250.00
Beckman	Eric	VH	\$ 500.00
Bolduc	Jon	Islesboro	\$ 1,000.00
Cannon	Lana	Peaks	\$ 850.00
Clark	Lynn	Long Island	\$ 1,000.00
Conlan	Brianna	Vinalhaven	\$ 850.00
Damon	Thomas	Chebeague	\$ 1,000.00
Diffin	Rory	Islesboro	\$ 1,500.00
Friedman	Charles	Peaks	\$ 1,500.00
Gallant	Joanne	Islesboro	\$ 1,000.00
Gray	Martha	Great Cranberry	\$ 500.00
Grindle	Joel	Islesboro	\$ 1,000.00
Gross	Annie	VH	\$ 1,000.00
Guptill	Rebecca	Vinalhaven	\$ 850.00
Hamilton	Loretta	Chebeague	\$ 850.00
Harkins	Alexandra	Islesboro	\$ 1,000.00
Hart-Smith	Paige	Peaks	\$ 850.00
Hodges	Alexandra	Peaks	\$ 850.00
Huber	Emmett	Peaks	\$ 850.00
Johnson	Viktoria	Chebeague	\$ 850.00
Johnston	Melissa	Isesboro	\$ 1,250.00
Kaluba	Chomba	Long Island	\$ 1,250.00
Lovell	Elizabeth	NH	\$ 500.00
McCarthy	John	VH	\$ 1,000.00

**Page 2, Line 22 - Grants and Allocations - (Continued):**

McCarthy	Keeley	VH	\$ 850.00
McCarthy	Laura	VH	\$ 1,000.00
Mesko	Farley	Vinalhaven	\$ 1,000.00
Nelson	Natasha	Islesboro	\$ 1,000.00
Presgraves	Sophia	Peaks	\$ 850.00
Radis	Katherine	Peaks	\$ 1,000.00
Radis	Molly	Peaks	\$ 1,000.00
Schnell	Jessica	Monhegan	\$ 850.00
Smith	Kimberly	VH	\$ 250.00
Spurling	Christina	Islesford	\$ 1,250.00
Staples	Christie	Swans	\$ 850.00
Tatro	Gwendolyn	Islesboro	\$ 1,500.00
Tatro	Travis	Islesboro	\$ 1,250.00
Thomas	Rachel	Islesford	\$ 1,500.00
Turner	Jenny	Swans	\$ 500.00
Van Der Steenhoven	Lilly	Peaks	\$ 1,250.00
Van Der Steenhoven	Marieke	Peaks	\$ 1,000.00
Walsh	James	Peaks	\$ 500.00
Walsh	Robert	Peaks	\$ 850.00
Whitman	Michael	Peaks	\$ 1,000.00
Wiley	Nathaniel	Vinalhaven	\$ 250.00
Wood	Jackman	Peaks	\$ 850.00
<b>Subtotal</b>			<b>\$ 43,400.00</b>

Emily	Thomas	Islesford	\$ 250.00
Sarai	Johnson	Isle Au Haut	\$ 250.00
Geneva	MacDonald	Isle Au Haut	\$ 250.00
Seth	Gray	Cranberry	\$ 250.00
<b>Subtotal</b>			<b>\$ 1,000.00</b>

**Island Community Fund Grants**

Brackett Memorial United Methodist Church	Peaks	\$ 1,000.00
Swan's Island Educational Society	Swan's	\$ 1,000.00
Islesford School	Islesford	\$ 595.00
Town Of Frenchboro	Frenchboro	\$ 700.00
<b>Subtotal</b>		<b>\$ 3,295.00</b>

**Island Partner Scholarship**

Lovell	Benjamin	Peaks	\$ 5,000.00
<b>Subtotal</b>			<b>\$ 5,000.00</b>

**Total Awards** \$ 69,316.75

## Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

▶ **File a separate application for each return**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)

**Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.**

**Part I Automatic 3-Month Extension of Time** - Only submit original (no copies needed)

**Form 990-T corporations** requesting an automatic 6-month extension - check this box and complete Part I only

*All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.*

**Electronic Filing (e-file).** Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile).

<b>Type or print</b>	Name of Exempt Organization  <b>ISLAND INSTITUTE</b>	Employer identification number  <b>22-2786731</b>
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. <b>386 MAIN STREET, P.O. BOX 648</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>ROCKLAND, ME 04841</b>	

**Check type of return to be filed** (file a separate application for each return):

- |  |   |                                    |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation)                 | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL         | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ         | <input type="checkbox"/> Form 990-T (trust other than above)      | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF         | <input type="checkbox"/> Form 1041-A                              | <input type="checkbox"/> Form 8870 |

- The books are in the care of ▶ **NORENE BISHOP**  
 Telephone No. ▶ **207-594-9209** FAX No. ▶ **207-594-9314**
- If the organization does **not** have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_. If this is for the **whole** group, check this box . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension will cover

**1** I request an automatic 3-month (6-months for a **Form 990-T corporation**) extension of time until **FEBRUARY 15, 2007** to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶  calendar year \_\_\_\_\_ or

▶  tax year beginning **JUL 1, 2005**, and ending **JUN 30, 2006**

**2** If this tax year is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period

**3a** If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ \_\_\_\_\_

**b** If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ \_\_\_\_\_

**c** **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ N/A

**Caution.** If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** and check this box  **X**
- Note:** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

<b>Part II</b>	<b>Additional (not automatic) 3-Month Extension of Time - Must file Original and One Copy.</b>	
Type or print.  File by the extended due date for filing the return See instructions	Name of Exempt Organization <b>ISLAND INSTITUTE</b>	Employer identification number <b>22-2786731</b>
	Number, street, and room or suite no. If a P.O. box, see instructions <b>386 MAIN STREET, P.O. BOX 648</b>	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>ROCKLAND, ME 04841</b>	

**Check type of return to be filed** (File a separate application for each return):

<input checked="" type="checkbox"/> Form 990	<input type="checkbox"/> Form 990-EZ	<input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust)	<input type="checkbox"/> Form 1041-A	<input type="checkbox"/> Form 5227	<input type="checkbox"/> Form 8870
<input type="checkbox"/> Form 990-BL	<input type="checkbox"/> Form 990-PF	<input type="checkbox"/> Form 990-T (trust other than above)	<input type="checkbox"/> Form 4720	<input type="checkbox"/> Form 6069	

**STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- The books are in the care of **NORENE BISHOP**  
 Telephone No. **207-594-9209** FAX No. **207-594-9314**
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ If this is for the **whole group**, check this box  If it is for **part of the group**, check this box  and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until **MAY 15, 2007**

5 For calendar year \_\_\_\_\_, or other tax year beginning **JUL 1, 2005** and ending **JUN 30, 2006**

6 If this tax year is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period

7 State in detail why you need the extension  
**INFORMATION NEEDED TO FILE A COMPLETE AND ACCURATE RETURN IS NOT YET AVAILABLE.**

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ \_\_\_\_\_

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ \_\_\_\_\_

c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ **N/A**

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature *Sam Eng* Title *CPA* Date *2/8/07*

**Notice to Applicant - To Be Completed by the IRS**

- We **have** approved this application. Please attach this form to the organization's return
- We **have not** approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return
- We **have not** approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period
- We **cannot consider** this application because it was filed after the extended due date of the return for which an extension was requested
- Other \_\_\_\_\_

Director \_\_\_\_\_ By: \_\_\_\_\_ Date \_\_\_\_\_

**Alternate Mailing Address** - Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print  523832 05-01-05	Name <b>RUNYON KERSTEEN OUELLETTE</b>
	Number and street (include suite, room, or apt no.) or a P.O. box number <b>20 LONG CREEK DRIVE</b>
	City or town, province or state, and country (including postal or ZIP code) <b>SOUTH PORTLAND, ME 04106</b>