

**Return of Organization Exempt From Income Tax**

**2006**

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 2006 calendar year, or tax year beginning **JUL 1, 2006** and ending **JUN 30, 2007**

<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>E</b> Telephone number <b>207-594-9209</b>
		<b>386 MAIN STREET, P.O. BOX 648</b>		<b>F</b> Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (Specify)
		City or town, state or country, and ZIP + 4 <b>ROCKLAND, ME 04841</b>		

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

*H and I are not applicable to section 527 organizations.*

**H(a)** Is this a group return for affiliates?  Yes  No

**H(b)** If "Yes," enter number of affiliates **N/A**

**H(c)** Are all affiliates included? **N/A**  Yes  No (If "No," attach a list.)

**H(d)** Is this a separate return filed by an organization covered by a group ruling?  Yes  No

**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 is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

**I** Group Exemption Number **N/A**

**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 **10,949,780.**

**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**

		1a		1b		1c		1d		1e	
Revenue	<b>1</b> Contributions, gifts, grants, and similar amounts received:										
	<b>a</b> Contributions to donor advised funds										
	<b>b</b> Direct public support (not included on line 1a)	<b>4,472,736.</b>									
	<b>c</b> Indirect public support (not included on line 1a)										
	<b>d</b> Government contributions (grants) (not included on line 1a)										
	<b>e</b> Total (add lines 1a through 1d) (cash \$ <b>3,650,517.</b> noncash \$ <b>822,219.</b> )	<b>4,472,736.</b>									
	<b>2</b> Program service revenue including government fees and contracts (from Part VII, line 93)	<b>128,654.</b>									
	<b>3</b> Membership dues and assessments	<b>80,804.</b>									
	<b>4</b> Interest on savings and temporary cash investments	<b>17,130.</b>									
	<b>5</b> Dividends and interest from securities	<b>302,905.</b>									
	<b>6 a</b> Gross rents <b>SEE STATEMENT 1</b>	<b>6a</b>		<b>5,700.</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>5,700.</b>										
<b>7</b> Other investment income (describe )											
<b>8 a</b> Gross amount from sales of assets other than inventory	(A) Securities		(B) Other								
	<b>4,266,896.</b>	<b>8a</b>	<b>1,284,300.</b>								
	<b>4,259,635.</b>	<b>8b</b>	<b>1,684,554.</b>								
	<b>7,261.</b>	<b>8c</b>	<b>-400,254.</b>								
<b>d</b> Net gain or (loss). Combine line 8c, columns (A) and (B) <b>STMT 2</b>	<b>STMT 3</b>										
<b>8d</b>	<b>-392,993.</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 1b)	<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>382,885.</b>								
<b>b</b> Less: cost of goods sold <b>STATEMENT 5</b>	<b>10b</b>		<b>217,034.</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>10c</b>	<b>165,851.</b>										
<b>11</b> Other revenue (from Part VII, line 103)	<b>11</b>										
<b>11</b>	<b>7,770.</b>										
<b>12</b> Total revenue Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	<b>12</b>										
<b>12</b>	<b>4,788,557.</b>										
Expenses	<b>13</b> Program services (from line 44, column (B))	<b>13</b>									
	<b>13</b>	<b>2,003,818.</b>									
	<b>14</b> Management and general (from line 44, column (C))	<b>14</b>									
	<b>14</b>	<b>640,869.</b>									
	<b>15</b> Fundraising (from line 44, column (D))	<b>15</b>									
<b>15</b>	<b>556,927.</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>17</b>	<b>3,201,614.</b>										
Net Assets	<b>18</b> Excess or (deficit) for the year. Subtract line 17 from line 12	<b>18</b>									
	<b>18</b>	<b>1,586,943.</b>									
	<b>19</b> Net assets or fund balances at beginning of year (from line 73, column (A))	<b>19</b>									
	<b>19</b>	<b>17,612,448.</b>									
<b>20</b> Other changes in net assets or fund balances (attach explanation)	<b>20</b>										
<b>20</b>	<b>1,180,019.</b>										
<b>21</b> Net assets or fund balances at end of year. Combine lines 18, 19, and 20	<b>21</b>										
<b>21</b>	<b>20,379,410.</b>										

**RECEIVED**  
MAY 21 2008  
OGDEN, UT  
SEE STATEMENT 6

SCANNED JUL 07 2008

673

**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
22a Grants paid from donor advised funds (attach schedule) (cash \$ <u>0</u> noncash \$ <u>0</u> ) If this amount includes foreign grants, check here <input type="checkbox"/>				
22b Other grants and allocations (attach schedule) (cash \$ <u>89,840</u> noncash \$ <u>0</u> ) If this amount includes foreign grants, check here <input type="checkbox"/>			STATEMENT 9	
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A <b>STMT 8</b>	249,316.	108,931.	39,698.	100,687.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	0.	0.	0.	0.
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
26 Salaries and wages of employees not included on lines 25a, b, and c	1,279,694.	875,904.	196,733.	207,057.
27 Pension plan contributions not included on lines 25a, b, and c	17,716.	12,894.	2,711.	2,111.
28 Employee benefits not included on lines 25a - 27	121,688.	81,712.	18,876.	21,100.
29 Payroll taxes	119,175.	77,105.	18,430.	23,640.
30 Professional fundraising fees				
31 Accounting fees	15,450.		15,450.	
32 Legal fees	10,156.		10,156.	
33 Supplies	157,889.	40,755.	8,233.	108,901.
34 Telephone	31,528.	18,347.	12,126.	1,055.
35 Postage and shipping	90,596.	74,029.	736.	15,831.
36 Occupancy	56,501.		56,501.	
37 Equipment rental and maintenance	17,959.	1,939.	16,020.	
38 Printing and publications	173,768.	162,372.	252.	11,144.
39 Travel	105,556.	95,379.	1,073.	9,104.
40 Conferences, conventions, and meetings	25,685.	18,701.	546.	6,438.
41 Interest	4,438.		4,438.	
42 Depreciation, depletion, etc (attach schedule)	103,104.	66,919.	17,585.	18,600.
43 Other expenses not covered above (itemize):				
a				
b				
c				
d				
e				
f				
g <b>SEE STATEMENT 7</b>	531,555.	278,991.	221,305.	31,259.
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	3,201,614.	2,003,818.	640,869.	556,927.

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

**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 \$ 89,840. ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	1,073,649.
<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"/>	104,357.
<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"/>	564,150.
<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"/>	204,872.
<b>e</b> Other program services (attach schedule) <u>SEE STATEMENT 11</u>	
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	56,790.
<b>f</b> <u>Total of Program Service Expenses</u> (should equal line 44, column (B), Program services) ►	2,003,818.

Form 990 (2006)

**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	72,449.	45	196,683.
	46 Savings and temporary cash investments	8,094.	46	739.
	47 a Accounts receivable	47a 144,640.		
	b Less: allowance for doubtful accounts	47b 1,582.	74,422.	47c 143,058.
	48 a Pledges receivable	48a 2,618,804.		
	b Less: allowance for doubtful accounts	48b 135,303.	2,864,020.	48c 2,483,501.
	49 Grants receivable			49
	50 a Receivables from current and former officers, directors, trustees, and key employees			50a
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)			50b
	51 a Other notes and loans receivable	51a 475,000.		
	b Less: allowance for doubtful accounts	51b		51c 475,000.
	52 Inventories for sale or use		208,197.	52 229,183.
	53 Prepaid expenses and deferred charges		34,374.	53 46,204.
	54 a Investments - publicly-traded securities STMT 16 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		9,229,201.	54a 11,365,539.
	b Investments - other securities STMT 15 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		775,501.	54b 2,342,493.
	55 a Investments - land, buildings, and equipment: basis	55a		
	b Less accumulated depreciation	55b		55c
	56 Investments - other			56
57 a Land, buildings, and equipment, basis	57a 2,506,906.			
b Less: accumulated depreciation STMT 12	57b 933,407.	3,282,817.	57c 1,573,499.	
58 Other assets, including program-related investments (describe ► SEE STATEMENT 13 )		1,495,564.	58 1,797,253.	
59 <b>Total assets</b> (must equal line 74). Add lines 45 through 58		18,044,639.	59 20,653,152.	
<b>Liabilities</b>	60 Accounts payable and accrued expenses			303,962. 60 213,514.
	61 Grants payable			44,400. 61
	62 Deferred revenue			5,051. 62 3,500.
	63 Loans from officers, directors, trustees, and key employees			63
	64 a Tax-exempt bond liabilities			64a
	b Mortgages and other notes payable STMT 14		32,706.	64b 20,773.
	65 Other liabilities (describe ► ANNUITY OBLIGATIONS )		46,072.	65 35,955.
66 <b>Total liabilities.</b> Add lines 60 through 65		432,191.	66 273,742.	
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted			11,065,009. 67 12,113,635.
	68 Temporarily restricted			458,927. 68 1,050,471.
	69 Permanently restricted			6,088,512. 69 7,215,304.
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> 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
73 <b>Total net assets or fund balances.</b> Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)		17,612,448.	73 20,379,410.	
74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73		18,044,639.	74 20,653,152.	





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? 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.)	82a	X
82b N/A		
83 a Did the organization comply with the public inspection requirements for returns and exemption applications? b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83a 83b	X X
84 a Did the organization solicit any contributions or gifts that were not tax deductible? b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84a 84b	X N/A
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? b Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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.	85a 85b	N/A N/A
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 b Gross receipts, included on line 12, for public use of club facilities	86a 86b	N/A N/A
87 501(c)(12) organizations. Enter: a Gross income from members or shareholders b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	87a 87b	N/A N/A
88 a 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 b At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	88a 88b	X X
89 a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>0.</u> ; section 4912 <u>0.</u> ; section 4955 <u>0.</u> 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 c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <u>0.</u> d Enter: Amount of tax on line 89c, above, reimbursed by the organization <u>0.</u> e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? f All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract? g For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89b 89c 89d 89e 89f 89g	X X X X X
90 a List the states with which a copy of this return is filed <b>NONE</b> b Number of employees employed in the pay period that includes March 12, 2006	90b	39
91 a The books are in care of <b>AARON FUCHS</b> Telephone no. <b>207-594-9209</b> Located at <b>386 MAIN STREET, P.O. BOX 648, ROCKLAND, ME</b> ZIP + 4 <b>04841</b>		
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)? If "Yes," enter the name of the foreign country <b>N/A</b> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X

**Part VI Other Information** (continued) **Yes** **No**

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c    
 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

**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	99,971.			28,683.
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					80,804.
95 Interest on savings and temporary cash investments			14	17,130.	
96 Dividends and interest from securities			14	302,905.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	5,700.	
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	-392,993.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					165,851.
103 Other revenue:					
a <b>MISCELLANEOUS</b>			01	7,770.	
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		99,971.		-59,488.	275,338.
105 Total (add line 104, columns (B), (D), and (E))					315,821.

**Note:** Line 105 plus line 1e, 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).
▼	<b>SEE STATEMENT 19</b>

**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).

**Part XI** Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13). **N/A**

**106** Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
<b>Totals</b>				

**107** Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
<b>Totals</b>				

**108** Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes	No

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

Signature of officer: *Philip Conkling* Date: *5/14/08*  
 Type or print name and title: *Philip Conkling, President*

Paid Preparer's Use Only

Preparer's signature: *Sam Eng* Date: *5/12/08* Check if self-employed:   
 Firm's name (or yours if self-employed), address, and ZIP + 4: **RUNYON KERSTEEN OUELLETTE**  
**20 LONG CREEK DRIVE**  
**SOUTH PORTLAND, ME 04106**  
 Preparer's SSN or PTIN (See Gen Inst X):  
 EIN:   
 Phone no.: **207-773-2986**

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**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

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

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

OMB No 1545-0047

**2006**

Name of the organization **ISLAND INSTITUTE** Employer identification number **22 2786731**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 2 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
<u>ROB SNYDER</u> <u>386 MAIN STREET, PO BOX 648, ROCKLAND</u>	<u>VP PROGRAMS</u> <u>40.00</u>	<u>72,800.</u>	<u>8,272.</u>	
<u>PHILIP WALZ</u> <u>386 MAIN STREET, PO BOX 648, ROCKLAND</u>	<u>DEVELOP DIR.</u> <u>40.00</u>	<u>72,280.</u>	<u>8,180.</u>	
<u>AARON FUCHS</u> <u>386 MAIN STREET, PO BOX 648, ROCKLAND</u>	<u>FINANCE DIR.</u> <u>40.00</u>	<u>75,000.</u>	<u>5,580.</u>	
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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
<u>NONE</u>		
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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
<u>NONE</u>		
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Total number of other contractors receiving over \$50,000 for other services .....	▶ 0	

**Part III Statements About Activities** (See page 2 of the instructions.)

		Yes	No
1	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.		X
2	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?		X
b	Lending of money or other extension of credit?		X
c	Furnishing of goods, services, or facilities?		X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE PART V-A, FORM 990	X	
e	Transfer of any part of its income or assets?		X
3	a Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)	X	
b	Did the organization have a section 403(b) annuity plan for its employees?		X
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement		X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?		X
4	a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g		X
b	Did the organization make any taxable distributions under section 4966? N/A		
c	Did the organization make a distribution to a donor, donor advisor, or related person? N/A		
d	Enter the total number of donor advised funds owned at the end of the tax year ▶		N/A
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶		N/A
f	Enter the total number of separate funds or accounts owned at the end of the year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶		0.
g	Enter the aggregate value of assets in all funds or accounts included on line 4f at the end of the tax year ▶		0.

**Part IV Reason for Non-Private Foundation Status** (See pages 4 through 7 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5  A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6  A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8  A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state **▶**
- 10  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 **Support Schedule** in Part IV-A.)
- 11a  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)(v). (Also complete the **Support Schedule** in Part IV-A.)
- 11b  A community trust. Section 170(b)(1)(A)(v). (Also complete the **Support Schedule** in Part IV-A.)
- 12  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 **Support Schedule** in Part IV-A.)
- 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:  
 Type I                       Type II                       Type III-Functionally Integrated                       Type III-Other

**Provide the following information about the supported organizations.** (See page 7 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
<b>Total</b> <span style="float: right;"><b>▶</b></span>					

- 14  An organization organized and operated to test for public safety. Section 509(a)(4). (See page 7 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) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	3,607,220.	7,528,382.	3,827,259.	4,361,775.	19,324,636.
16 Membership fees received	73,447.	72,139.	82,690.	62,365.	290,641.
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	463,669.	478,082.	519,191.	463,914.	1,924,856.
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	106,722.	45,386.	16,964.	20,191.	189,263.
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	153.	1,942.	8,170.	16,551.	26,816.
23 Total of lines 15 through 22	4,251,211.	8,125,931.	4,454,274.	4,924,796.	21,756,212.
24 Line 23 minus line 17	3,787,542.	7,647,849.	3,935,083.	4,460,882.	19,831,356.
25 Enter 1% of line 23	42,512.	81,259.	44,543.	49,248.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 396,627.
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 2002 through 2005 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 2,045,385.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 19,831,356.
d Add: Amounts from column (e) for lines: 18 189,263. 19 _____					26d 2,261,464.
22 26,816. 26b 2,045,385.					26e 17,569,892.
e Public support (line 26c minus line 26d total)					26f 88.5965%
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					
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					
(2005) (2004) (2003) (2002)					
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					
(2005) (2004) (2003) (2002)					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____					27c N/A
17 _____ 20 _____ 21 _____					27d N/A
d Add: Line 27a total _____ and line 27b total _____					27e N/A
e Public support (line 27c total minus line 27d total)					27f N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)					27g N/A %
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27h N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, 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 9 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.)		
<hr/> <hr/> <hr/>			
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	
<hr/> <hr/> <hr/>			
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	
<hr/> <hr/> <hr/>			
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 10 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 -		
	<b>If the amount on line 40 is -</b>		
	Not over \$500,000		
	Over \$500,000 but not over \$1,000,000		
	Over \$1,000,000 but not over \$1,500,000		
	Over \$1,500,000 but not over \$17,000,000		
	Over \$17,000,000		
	<b>The lobbying nontaxable amount is -</b>		
	20% of the amount on line 40		
	\$100,000 plus 15% of the excess over \$500,000		
	\$175,000 plus 10% of the excess over \$1,000,000		
	\$225,000 plus 5% of the excess over \$1,500,000		
	\$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 13 of the instructions.)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(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 13 of the instructions.)

**N/A**

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>b</b> Paid staff or management (Include compensation in expenses reported on lines c through h )			
<b>c</b> Media advertisements			
<b>d</b> Mailings to members, legislators, or the public			
<b>e</b> Publications, or published or broadcast statements			
<b>f</b> Grants to other organizations for lobbying purposes			
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body			
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
<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.



2006 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	Current Year Deduction
1	ISLANDS AND LAND	VARIES		.000	16	360,919.			360,919.			0.
2	BUILDINGS	VARIES	SL	.000	16	1,437,910.			1,437,910.	292,781.		40,575.
3	BOATS	VARIES	SL	.000	16	175,788.			175,788.	154,263.		5,881.
4	OFFICE EQUIPMENT	VARIES	SL	.000	16	171,108.			171,108.	152,083.		16,447.
5	ELECTRONIC EQUIPMENT	VARIES	SL	.000	16	361,181.			361,181.	231,177.		40,200.
	* TOTAL 990 PAGE 2 DEPR					2,506,906.		0.	2,506,906.	830,304.	0.	103,103.

Page 2, Line 22b - Grants & Allocations

### Scholarship Fund

Last	First	AWARD
Alexander	Kinner	250
Anderson	Caitlin	1,000
Beckman	Eric	850
Bennard	Cassie	2,000
Blank	Meagan	1,000
Bolduc	Jonathan	1,000
Charpentier	Joseph	5,000
Conlan	Niall	1,000
Conlan	Briana Mae	850
Cunningham	Jonathan	1,500
Davidson	Meagan	1,000
Diffin	Rory	1,500
Drury	Flora	5,000
Friedman	Charles	1,000
Gorham	Nathan	1,500
Gray	Martha	1,000
Gray	Seth	850
Grindle	Joel	850
Gross	Annie	250
Hamilton	Loretta	850
Hodder	Emmett	1,500
Hopkins	Philip	850
Horr	Gabriel	500
Jackson	Oakley	2,000
Johnson	Viktoria	1,000
MacVane	Lauren	250
May	Micah	250
Mesko	Farley	1,000
Michael	Shannon	2,000
Myers	Brenden	2,000
Newman	Sarah	500
Norton	Wesley	5,000
Osgood	Nicole	1,500
Phipps	Katie	500
Pike	David	850
Presgraves	Sophi	500
Radis	Katherine	850
Radis	Molly	850
Rosen	Emma	2,000
Schiff-Buxton	Oceana	500
Schmidt	Colin	1,500
Schnell	Jessica	1,500
Shaw	Ella	850
Spurling	Christina	1,000
Spurling	Marya	850
Staples	Christie	250
Staples	Eric	250
Stone	Suzanne	2,000
Thomas	Emily	1,000
Thomas	Rachel	1,000

Page 2, Line 22b - Grants & Allocations - continued

Thormann	Curtis	5,000
Turner	Jenny	250
Tutor	Thomas	1,500
Walsh	James	250
Walsh	Robert	250
Whitener	Zachary	850
Whitman	Michael	500
Wood	Jackman	250
		71,700

**McLane Scholarship**

Last	First	AWARD
Bracy	Amanda	500
Charpentier	Jessica	400
Curtin	Conor	500
DeMichele	E	500
Dyer	Elizabth	1,000
Floyd		350
Gray	Joshua	700
Hopkins	Kassandra	200
Jackson	Louisa	500
Martin	John	200
Martin	Francis	200
Murphy	Megan	844
Osgood	Carolyn	500
Palmer		650
Papkee	Erica	500
Payne	Lee	200
Payne	William	200
Warren	Robert	586
Warren	Jimmy	1,000
Warren	Fiona	200
Warren	Francis	200
		9,930

**Island Community Funds**

Island	AWARD	
Chebeague	1,000	
Great Cranberry	1,500	
Great Cranberry	1,500	
Islesford, Frenchboro (Long Island)	748	
Maine Island Librarians Association	562	
Peaks, Cliff	750	
Swan's	750	
Swan's	1,000	
Swan's	400	
		8,210

Total Grants and Allocations 89,840

FORM 990	RENTAL INCOME	STATEMENT	1
KIND AND LOCATION OF PROPERTY		ACTIVITY NUMBER	GROSS RENTAL INCOME
SUB-LEASE - PLATFORM SHOES FORUM		1	5,700.
TOTAL TO FORM 990, PART I, LINE 6A			5,700.

FORM 990	GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES			STATEMENT	2
DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)	
VARIOUS INVESTMENTS	4,266,896.	4,259,635.	0.	7,261.	
TO FORM 990, PART I, LINE 8	4,266,896.	4,259,635.	0.	7,261.	

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

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED		
VARIOUS LAND	VARIOUS	07/31/06	PURCHASED		
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
CHEWONKI FOUNDATION, INC	1,284,300.	1,684,554.	0.	0.	-400,254.
TO FM 990, PART I, LN 8	1,284,300.	1,684,554.	0.	0.	-400,254.

FORM 990

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

STATEMENT 4

INCOME

1. GROSS RECEIPTS . . . . .	382,885	
2. RETURNS AND ALLOWANCES . . . . .		
3. LINE 1 LESS LINE 2 . . . . .		382,885
4. COST OF GOODS SOLD (LINE 13) . . . . .	217,034	
5. GROSS PROFIT (LINE 3 LESS LINE 4) . . . . .		165,851

COST OF GOODS SOLD

6. INVENTORY AT BEGINNING OF YEAR . . . . .	71,244	
7. MERCHANDISE PURCHASED . . . . .	237,325	
8. COST OF LABOR . . . . .		
9. MATERIALS AND SUPPLIES . . . . .		
10. OTHER COSTS . . . . .	7,807	
11. ADD LINES 6 THROUGH 10 . . . . .		316,376
12. INVENTORY AT END OF YEAR . . . . .	99,342	
13. COST OF GOODS SOLD (LINE 11 LESS LINE 12). . . . .		217,034

FORM 990	COST OF GOODS SOLD - OTHER COSTS	STATEMENT	5
DESCRIPTION		AMOUNT	
DEPRECIATION AND OTHER		7,807.	
TOTAL INCLUDED ON FORM 990, PART I, LINE 10B		7,807.	

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	6
DESCRIPTION		AMOUNT	
UNREALIZED GAIN ON INVESTMENTS		997,100.	
CHANGE IN BENEFICIAL INTEREST IN PERPETUAL TRUST		182,919.	
TOTAL TO FORM 990, PART I, LINE 20		1,180,019.	

FORM 990	OTHER EXPENSES			STATEMENT	7
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING	
SCHOLARSHIP EXPENSE	12,191.	12,191.			
MEMBERSHIP BENEFITS	18,988.	4,284.	203.	14,501.	
INSURANCE	21,506.		21,506.		
CONSULTANTS AND TEMPORARY SERVICES	159,938.	126,555.	31,670.	1,713.	
LOAN GUARANTEE COSTS	119.	119.			
OTHER EXPENSES	204,520.	135,842.	53,633.	15,045.	
INVESTMENT FEES	114,293.		114,293.		
TOTAL TO FM 990, LN 43	531,555.	278,991.	221,305.	31,259.	

FORM 990

OFFICER COMPENSATION ALLOCATION  
PART II, LINE 25A

STATEMENT 8

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
PHILIP CONKLING	137,622.	10,046.		147,668.
A. PROGRAM SERVICES	82,574.	6,028.		88,602.
B. MANAGEMENT AND GENERAL	27,524.	2,009.		29,533.
C. FUNDRAISING	27,524.	2,009.		29,533.

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
PETER RALSTON	92,827.	8,821.		101,648.
A. PROGRAM SERVICES	18,565.	1,764.		20,329.
B. MANAGEMENT AND GENERAL	9,283.	882.		10,165.
C. FUNDRAISING	64,979.	6,175.		71,154.

TOTAL PROGRAM SERVICES				108,931.
TOTAL MANAGEMENT AND GENERAL				39,698.
TOTAL FUNDRAISING				100,687.
TOTAL OFFICER, ETC., COMPENSATION INCLUDED ON PART II, LINE 25A				<u>249,316.</u>

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FORM 990	CASH GRANTS AND ALLOCATIONS TO OTHERS	STATEMENT	9
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CLASS OF ACTIVITY/DONEE'S NAME AND ADDRESS	AMOUNT
SCHOLARSHIP FUND SEE ATTACHED SCHEDULE	71,700.
MCLANE SCHOLARSHIP SEE ATTACHED SCHEDULE	9,930.
ISLAND COMMUNITY FUND AWARDS SEE ATTACHED SCHEDULE	8,210.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22B	89,840.

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FORM 990	STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE PART III	STATEMENT	10
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EXPLANATION

TO BE A VOICE FOR THE BALANCED FUTURE OF THE ISLAND AND THE WATERS OF THE GULF OF MAINE.

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FORM 990	OTHER PROGRAM SERVICES	STATEMENT	11
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DESCRIPTION OF OTHER PROGRAM SERVICES	GRANTS AND ALLOCATIONS	EXPENSES
OTHER PROGRAMS	0.	56,790.
TOTAL TO FORM 990, PART III, LINE E		56,790.



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.	20,773.
TOTAL INCLUDED ON FORM 990, PART IV, LINE 64, COLUMN B		20,773.

FORM 990 OTHER SECURITIES STATEMENT 15

SECURITY DESCRIPTION	COST/FMV	OTHER SECURITIES
MONEY MARKET FUNDS	FMV	2,342,493.
TO FORM 990, LINE 54B, COL B		2,342,493.

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FORM 990	NON-GOVERNMENT SECURITIES	STATEMENT 16
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SECURITY DESCRIPTION	COST/FMV	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	TOTAL NON-GOV'T SECURITIES
CORPORATE STOCKS	FMV	7,990,600.			7,990,600.
MUTUAL FUNDS	FMV			3,374,939.	3,374,939.
TO FORM 990, LINE 54A, COL B		<u>7,990,600.</u>		<u>3,374,939.</u>	<u>11365539.</u>

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FORM 990	OTHER REVENUE NOT INCLUDED ON FORM 990	STATEMENT 17
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DESCRIPTION	AMOUNT
COST OF GOODS SOLD	217,034.
CHANGE IN BENEFICIAL INTEREST IN PERPETUAL TRUST	182,919.
TOTAL TO FORM 990, PART IV-A	<u>399,953.</u>

FORM 990 PART V-A - LIST OF CURRENT OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES STATEMENT 18

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
JOHN BIRD 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	CHAIRMAN 1.00	0.	0.	0.
LOUIS W. CABOT 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	VICE CHAIR 1.00	0.	0.	0.
JOHN P. M. HIGGINS 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TREASURER 1.00	0.	0.	0.
MICHAEL P. BOYD 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	CLERK 1.00	0.	0.	0.
NANCY JORDAN 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	SECRETARY 1.00	0.	0.	0.
DONNA DAMON 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
DAVID THOMAS 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
POLLY GUTH 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
NANCY HOPKINS-DAVISSON 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
LEILA BISHARAT 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
DOUGLAS BOYNTON 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.

NANCY B. PUTNAM 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
PETER QUESADA 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
GEORGE T. SHAW 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
SAMUEL PARKMAN SHAW 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
MATHEW R. SIMMONS 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
MYRON SPRAGUE JR. 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
BARBARA KINNEY SWEET 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
MICHAEL FELTON 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	TRUSTEE 1.00	0.	0.	0.
PHILIP CONKLING 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	PRESIDENT 40.00	137,622.	10,046.	0.
PETER RALSTON 386 MAIN STREET, PO BOX 648 ROCKLAND, ME 04841	EXECUTIVE VP 40.00	92,827.	8,821.	0.
TOTALS INCLUDED ON FORM 990, PART V-A		<u>230,449.</u>	<u>18,867.</u>	<u>0.</u>

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.
94	DEVELOPED AWARENESS OF MARINE RELATED ISSUES AND THE ROLE OF THE ISLAND INSTITUTE.

102 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 20

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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 21
DESCRIPTION	2005 AMOUNT	2004 AMOUNT	2003 AMOUNT	2002 AMOUNT
MISCELLANEOUS	153.	1,942.	8,170.	16,551.
TOTAL TO SCHEDULE A, LINE 22	153.	1,942.	8,170.	16,551.

• If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box

**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 Additional (not automatic) 3-Month Extension of Time.</b> You must file original and one copy		
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):

- Form 990   
  Form 990-EZ   
  Form 990-T (sec 401(a) or 408(a) trust)   
  Form 1041-A   
  Form 5227   
  Form 8870  
 Form 990-BL   
  Form 990-PF   
  Form 990-T (trust other than above)   
  Form 4720   
  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 **AARON FUCHS**  
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, 2008**
- 5 For calendar year \_\_\_\_\_, or other tax year beginning **JUL 1, 2006**, and ending **JUN 30, 2007**
- 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	8a	\$
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.	8b	\$
c <b>Balance Due.</b> 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.	8c	\$ <b>N/A</b>

**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 **[Signature]** Title **CRA** Date **2/5/08**

**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	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>

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

▶ 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).

Section 501(c) corporations required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

*All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.*

**Electronic Filing (e-file).** Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for section 501(c) corporations required to file Form 990-T) However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and 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) and click on *e-file for Charities & Nonprofits*.

<b>Type or print</b>	Name of Exempt Organization <b>ISLAND INSTITUTE</b>	<b>Employer identification number</b> <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 ▶ **AARON FUCHS**  
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 section 501(c) corporation required to file Form 990-T) extension of time until **FEBRUARY 15, 2008**, 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, 2006**, and ending **JUN 30, 2007**.

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

<b>3a</b> 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>3a</b>	\$	
<b>b</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.	<b>3b</b>	\$	
<b>c Balance Due.</b> 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.	<b>3c</b>	\$	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.