

Islesboro Economic Sustainability Corporation

Board of Directors Meeting

Monday December 14th, 2020 – 3PM via Teleconference
Public Welcome

Zoom Meeting Info

<https://zoom.us/j/97508205965?pwd=RHp0V2dyS3JMWnVJSzhpZVJKc1FCZz09>

Meeting ID: 975 0820 5965

Passcode: 806941

Dial by your location: +1 312 626 6799 US (Chicago), +1 929 205 6099 US (New York), +1 301 715 8592 US (Washington D.C), +1 346 248 7799 US (Houston), +1 669 900 6833 US (San Jose), +1 253 215 8782 US (Tacoma)

Agenda (Board Book Materials Posted on www.sustain04848.com)

- All Participants on Call to Mute Their Lines
- Call to Order & Establish Quorum when everyone can hear and be heard.
- Opening Comments
- Approve Minutes of September 16th
- Recurring Reports
 - Financial Reports
 - Balance Sheet and P/Ls
 - Loan #1 is *Current*
 - Fundraising Report
- Business:
 - Review and Discuss Actions
 - Review Auditor Report for FY20
 - Final Board Review of Annual Report to be Presented to Select Board
 - Progress on 111,113,115 Main Rd
 - Vote to Authorize Purchase of 111,113,115 Main Rd
 - Brainstorm Board Activity & Priorities for New Year
- Other Business?
- Wrap Up Comments
- Adjourn

Islesboro Economic Sustainability Corporation

Board of Directors Meeting – September 16th, 2020 - 3PM Via teleconference Minutes

- Call to Order - All Participants could hear and be heard.
 - Present – R. Heinen, G. Jones, T. Tutor, G. Pendleton, L. Chiles, B. Hughes and J. Anderson – the entire board. Public: A. Gillies
- Approve Minutes of July 21st Meeting – Moved by T. Tutor, Seconded by G. Jones and approved without objection.
- Recurring Reports on the Financials and Fundraising in the meeting Board Book
 - A. Gillies reviewed our progress to date. Discussion ensued. Action to form a Fundraising subcommittee with A. Gillies as an advisor.
- Business
 - Brooks Stevens of Camden national presented an overview of an *Investment Policy* and how CNB might help. Discussion ensued. No action was taken, but there was a consensus for a goal to build an *Investment Policy* without focusing on CNB as the sole vendor – flexibility would be important.
 - Annual Meeting Business
 - Election of Officers – Motion by T. Tutor to nominate R. Heinen as chair, T. Tutor as Vice-chair and B. Hughes as Treasurer and leave Secretary unfilled until more board members were appointed. Seconded by G. Jones. A roll call vote resulted in unanimous approval.
 - Discussion on the appointment of the two open seats resulted in an action for T. Tutor to update and send the director job description to the Select Board.
 - *Confidentiality* and *Conflict of Interest* statements – all signed.
 - Proposed P & S for 111-113-115 Main Road
 - T. Tutor reviewed the progress to date. Discussion ensued. Topics included: future of the gas tank facility and its position as the sole public gas pump, a long-term plan for the property under IESC ownership, how best to help with a larger vision for the town center area along with ICC and neighbors, the critical need for a pro-forma ownership financial plan, future of the garage use. Actions were for

the subcommittee of T. Tutor, G. Pendleton and R. Heinen to continue the effort while B. Hughes would help with the pro-forma plan.

- Discuss Cross Insurance Proposal or D&O Insurance
 - The proposal was included in the Board Book. Discussion ensued. Moved by T. Tutor, Seconded by G. Jones and approved without objection.
- Other Business
 - T. Tutor reviewed his thoughts and activities re the importance of renewable energy to our long-term sustainability. He reviewed his discussions on solar energy for the island. An action was for T. Tutor to convene an informal discussion on this with IESC, Energy Committee and J. Kauer.
- Adjourn at 4:11

Islesboro Economic Sustainability Corporation

PROFIT AND LOSS

July 1 - December 8, 2020

	TOTAL
Income	
Donations	42,636.91
Interest Received	572.06
Total Income	\$43,208.97
GROSS PROFIT	\$43,208.97
Expenses	
Insurance	1,368.00
Legal & Professional Services	5,780.61
Other Business Expenses	64.00
Total Expenses	\$7,212.61
NET OPERATING INCOME	\$35,996.36
NET INCOME	\$35,996.36

Islesboro Economic Sustainability Corporation

BALANCE SHEET

As of December 8, 2020

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Checking (5715)	16,980.16
MoneyMarket (5798)	1,167,661.00
Total Bank Accounts	\$1,184,641.16
Other Current Assets	
Receivables	38,743.15
Undeposited Funds	200.00
Total Other Current Assets	\$38,943.15
Total Current Assets	\$1,223,584.31
Other Assets	
Notes Receivable	46,705.27
Total Other Assets	\$46,705.27
TOTAL ASSETS	\$1,270,289.58
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Uncleared checks	0.00
Total Other Current Liabilities	\$0.00
Total Current Liabilities	\$0.00
Total Liabilities	\$0.00
Equity	
Retained Earnings	1,234,293.22
Net Income	35,996.36
Total Equity	\$1,270,289.58
TOTAL LIABILITIES AND EQUITY	\$1,270,289.58

Fund Raising Report – December 14th, 2020

Islesboro Economic Sustainability Corporation

- **Goals:**
 - Raise \$1.5-2M in working capital during 2020 and 2021 to fund IESC projects and provide financial assistance to Islesboro’s essential services and businesses.
 - Can say publicly... “100% of the Islesboro community has helped IESC.”
 - Maintain and increase donor base year to year for additional project funding
- **Contribution Process:**
 - Contributions made to: Town of Islesboro, designated for the IESC
 - Janet Anderson, Town Manager...
 - Sends contributor a thank you acknowledgement for tax purposes.
 - Gathers contributions into a Select Board warrant to authorize passing on the contributions to the IESC. *NB: The Select Board acts under an annually approved Town Meeting warrant authorizing the Select Board. Janet has asked the town attorney for guidance - should have an IESC-specific warrant.*
 - Cuts a check to the IESC along with a list of the contributors and their contact information.
 - IESC
 - Deposits the check
 - Records each contribution in the QuickBooks general ledger.
 - Records the contributor’s contact information in the IESC donor database.
- **Implementation:**
 - Arch Gillies aided us via 1x1 approaches to a list of more than 50 potential contributors he has reason to believe are committed to the future of Islesboro.
 - IIN articles & www.sustain04848.com website mention how to make contributions.
 - Fund raising subcommittee 11/23/20 summary
 - Strategy: No broad fundraising campaign at this point as not an optimal time to raise money given macro/global issues. Wait ‘til we have a specific need.
 - Send a short EOY letter with personal notes along with the annual report to donors and using it for potentially prospects opportunistically
- **Results to Date:**
 - \$1,281,206 received to date via 46 contributions, distributed as follows:
 - \$0-\$499 = 6
 - \$500-\$999 = 2
 - \$1,000-\$1,999 = 9
 - \$2,000-\$4,999 = 3
 - \$5,000-\$9,999 = 13
 - \$20,000 - \$49,999 = 6
 - \$50,000 and above = 7

**ISLESBORO ECONOMIC
SUSTAINABILITY CORPORATION**
(a component unit of the Town of Islesboro)

FINANCIAL REPORT



JUNE 30, 2020

Independently Audited By

Berry · Talbot · Royer
CERTIFIED PUBLIC ACCOUNTANTS

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Preliminary Draft

INDEPENDENT AUDITORS' REPORT

Board of Directors
Islesboro Economic Sustainability Corporation
Islesboro, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Islesboro Economic Sustainability Corporation, a component unit of the Town of Islesboro, as of and for six months ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Islesboro Economic Sustainability Corporation as of June 30, 2020, and the respective changes in financial position and cash flows for the six months then ended in conformity with accounting principles generally accepted in the United States of America.

Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
[Report Date]

Preliminary Draft

Islesboro Economic Sustainability Corporation
(a component unit of the Town of Islesboro)
Management's Discussion and Analysis
June 30, 2020

Statement Overview of Financial Report

The Corporation is a not-for-profit corporation organized under the Maine NonProfit Corporations Act that generates income that is exempt from federal taxation under section 115 of the Internal Revenue Code (IRC). The Corporation's primary activities consist of rendering a variety of services to administer certain economic development programs on behalf of the Town of Islesboro (the Town) relating to the attraction, retention and expansion of commerce and industry in the Town. These services and programs include encouragement of construction, acquisition, rehabilitation, and improvement of commercial and industrial enterprises within the Town, and the provision of financial assistance to qualifying business enterprises as a means of helping to create and retain employment therein.

The Corporation uses a proprietary fund. The Corporation's fund is financed and operated in a manner similar to private businesses.

This Management's Discussion and Analysis (MD&A) serves as an introduction to the audited basic financial statements and notes. The MD&A is the Corporation management's analysis of its financial condition and performance. It is presented to give the reader more insight on the Corporation's finances.

The Corporation's basic financial statements include:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to the Basic Financial Statements

Comparison of Financial Statements for the Current Year

Condensed Statements of Net Position

	<u>2020</u>
Current Assets	\$ 1,234,293
Restricted	-
Unrestricted	<u>1,234,293</u>
Total Net Position	<u>\$ 1,234,293</u>

Current Assets

There was a net increase in Cash and Cash Equivalents due to the volume of contributions that were received during the reporting period.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2020</u>
Operating Revenue	\$ 1,239,335
Operating Expenses	<u>(5,415)</u>
Net Operating Income	1,233,920
Non-Operating Revenue	<u>373</u>
Change in Net Position	1,234,293
Beginning Net Position	<u>-</u>
Ending Net Position	<u><u>\$ 1,234,293</u></u>

Operating Revenue

This item consists of contributions received by the Corporation.

Non-Operating Revenue

This item is made up of interest earnings.

Currently Known Facts and Decisions

Although the Corporation has not signed a purchase and sale agreement, the Board has been actively negotiating the purchase of 111, 113 and 115 Main Road, commonly called the Island Market property. This property has three buildings: the Island Market building which the Corporation will lease to the Island Market business owners, a full-time home for rent to a family (likely the market business owners), and a storage barn that will also be leased.

The second item worth noting is that the Corporation continues a fundraising process toward a goal of \$1.5-2.0M raised by end of 2021.

The Corporation continues to offer a small business loan program available to island businesses and anticipate that it will continue to offer these. The Board has an evaluation process, and can offer small loans for up to 5 years. The Board has not yet set a limit on the total amount of funds at risk, but the Board will likely do that as part of an investment policy.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Islesboro Economic Sustainability Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Roger Heinen, Islesboro Economic Sustainability Corporation, P.O. Box 76, Islesboro, ME 04848.

Preliminary Draft

BASIC FINANCIAL STATEMENTS

Islesboro Economic Sustainability Corporation
Statements of Net Position
As of June 30,

	<u>2020</u>
ASSETS	
Current Assets:	
Cash	\$ 1,234,293
NET POSITION	
Restricted	-
Unrestricted	<u>1,234,293</u>
TOTAL NET POSITION	<u>\$ 1,234,293</u>

Preliminary Draft

Islesboro Economic Sustainability Corporation
 Statements of Revenues, Expenses, and Changes in Net Position
 For Six Months Ended June 30,

	2020
OPERATING REVENUES	
Contributions	\$ 1,239,335
Total Operating Revenues	1,239,335
OPERATING EXPENSES	
General and Administration	
Professional Services	4,626
Office Expense	789
Total Operating Expenses	5,415
NET OPERATING INCOME	1,233,920
NON-OPERATING REVENUES	
Interest Income (Undesignated)	373
CHANGE IN NET POSITION	1,234,293
NET POSITION - AT JANUARY 1, 2020	-
NET POSITION - AT END OF YEAR	\$ 1,234,293

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Islesboro Economic Sustainability Corporation
 Statements of Cash Flows
 For the Six Months Ended June 30,

	2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 1,239,335
Cash Payments to Suppliers and Contractors	<u>(5,415)</u>
Net Cash Provided by Operating Activities	1,233,920
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income Received	<u>373</u>
Net Cash Provided by Investing Activities	<u>373</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
	1,234,293
 CASH AND CASH EQUIVALENTS - AT JANUARY 1, 2020	
	<u>-</u>
 CASH AND CASH EQUIVALENTS - AT END OF YEAR	
	<u><u>\$ 1,234,293</u></u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION	
Cash Components:	
Operating	<u>1,234,293</u>
	<u><u>\$ 1,234,293</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income	<u><u>\$ 1,233,920</u></u>

Islesboro Economic Sustainability Corporation

(a component unit of the Town of Islesboro)

Notes to the Basic Financial Statements

Six Months Ended June 30, 2020

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

This summary of significant accounting policies of the Islesboro Economic Sustainability Corporation, hereinafter called the Corporation, is presented to assist in understanding the representations of the Corporation's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Business

The Corporation is a not-for-profit corporation organized under the Maine NonProfit Corporations Act that generates income that is exempt from federal taxation under section 115 of the Internal Revenue Code (IRC). The Corporation's primary activities consist of administering certain economic development programs on behalf of the Town of Islesboro (the Town) relating to the attraction, retention and expansion of commerce and industry in the Town. These services and programs include encouragement of construction, acquisition, rehabilitation, and improvement of commercial and industrial enterprises within the Town, and the provision of financial assistance to qualifying business enterprises as a means of helping to create and retain employment therein.

Basis of Accounting

The Corporation follows enterprise fund reporting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or the economic asset used. In its accounting and financial reporting, the Corporation follows the pronouncements of the Governmental Accounting Standards Board (GASB).

Basis of Presentation

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. In the initial six months of operations, the principal operating revenues of the Corporation's proprietary funds are the donations. Operating expenses include project and program costs and general administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating income and expenses.

Revenue Recognition

The Corporation's revenue is comprised of donations.

Cash and Investments

For purposes of the statement of cash flows, the Corporation includes cash on hand, deposits in banks including certificates of deposits, and money market funds.

Maine statutes authorize investments in obligations of the U. S. Treasury and U. S. Agencies, and repurchase agreements. The Corporation invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid, and attain a reasonable market rate of return. Investments are reported at cost; there is no significant difference between the fair value and cost of investments.

Islesboro Economic Sustainability Corporation
(a component unit of the Town of Islesboro)
Notes to the Basic Financial Statements
Six Months Ended June 30, 2020

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (Continued)

Net Position Classifications

Net position is required to be classified into the following components:

Restricted – This component consists of constraints placed on the use of net position which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the bank’s failure, the Corporation will not be able to recover the value of its deposits and investments that are in the possession of an outside party. The Corporation does not have a deposit policy for custodial credit risk.

Cash Deposits

As of June 30, 2020, the Corporation reported a bank balance of \$1,234,293. Of the Corporation’s bank balances, \$250,000 was covered by FDIC insurance and \$984,293 was exposed to custodial credit risk. The balance exposed to custodial credit risk was uninsured and uncollateralized.

NOTE 3: INCOME TAX STATUS

The Corporation qualifies as a tax-exempt organization under the provisions of the Internal Revenue Code Section 115 and, accordingly, its revenue is not subject to any State or Federal income taxes.

NOTE 4: OTHER DISCLOSURES

Litigation

The Corporation is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the Corporation has defensible positions, and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the Corporation.

Islesboro Economic Sustainability Corporation
(a component unit of the Town of Islesboro)
Notes to the Basic Financial Statements
Six Months Ended June 30, 2020

NOTE 5: SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Corporation's financial position, operations, and cash flows, depending on the duration and severity of the outbreak.

In July 2020, the Corporation obtained a line of credit in the amount of \$1,000,000. The interest rate for each advance is fixed at the time of each advance, equal to the corresponding Federal Home Loan Bank advance rate plus two and one-half percent (2.50%) per annum. Each advance under the line shall be for a term of not more than five years. Beginning one month from the date of each advance and continuing on the same date of each month thereafter, monthly payments of principal and interest will be due.

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through [Report Date], the date the financial statements were available to be issued.

Preliminary Draft

Islesboro Economic Sustainability Corporation

Our First Annual Report to the Community - December 2020

The creation of IESC in late 2019 was timely. As 2020 began, the IESC embarked on the big idea that private donation dollars could seed a working capital fund to support essential island services and businesses that underpin a vital, full time community. Such a fund could support local entrepreneurs creating on-island jobs and attracting new families by providing information, business expansion loans and direct investments in infrastructure projects.

Then, like the rest of the world, our big idea collided with the COVID pandemic.

By March Islesboro had shifted attention to protecting the community and the small number of islanders who prop up a viable island life – ferry, health center, public safety, town services, school, markets, deliveries of essential goods. Concern rose that a pandemic summer might precede a severe island economic disruption. Could islanders survive a winter if summer work was less than normal? Though the summer was not at all normal, Islesboro proved resilient. In fact, aided by our municipal broadband and Maine’s low COVID infection rate, many families chose to hunker down in extended on island stays. Many properties changed hands and new families arrived. School enrollment increased.

While the short-term impact of the pandemic is somewhat measurable, the long-term impact on the island remains a bit of a question. COVID has affected island life in ways that defy prediction. The IESC intends to be a part of our answer and our mission appears even more critical. Though the island has many success stories where effort, entrepreneurship and money combined to make critical things happen, our approach is to build a repeatable, self-sustaining business model to deliver success stories in the post COVID world.

As an example, helping the transition of the Island Market business into new ownership became a “must do now” item for us. Our role is to invest in and secure the Island Market property so the business can have a long-term home. This property acquisition by IESC will help ensure that the town center continues to provide affordable commercial spaces critical to the sustainability of the island.

Other island businesses have not lost our attention. We launched a business-expansion loan program as well as the Islesboro Incubator program to match experienced island business mentors with island business needs.

We owe a sincere thank you to all the generous community members who despite the pandemic showed their belief in Islesboro’s potential. Thank you to all those who stepped up to help us finance Islesboro sustainability. As of December 2020 we have raised nearly \$1.28M toward our two-year goal of amassing \$1.5-2M in working capital.

This first annual report details our year of accomplishments and our objectives for the future. We have also included a report from our outside auditors.

We invite you to learn more about the IESC and its mission and share your thoughts, suggestions and questions. Visit our website www.sustain04848.com for more information.

Sincerely,

IESC Board of Directors

Roger Heinen, Tom Tutor, Bonnie Hughes, Janet Anderson, Lois Chiles, Gladstone Jones, Gabriel Pendleton

Founding Principles

On November 20th, 2019, the voters of Islesboro established the IESC as a *quasi-municipal, non-profit corporation* to be a catalyst for developing the essential services and businesses needed to attract families, jobs and a vibrant summer community that are needed to sustain their island community. The IESC set out to:

- Promote, finance and develop *essential-to-Islesboro-sustainability* services and businesses
 - Define, with Select Board and community, the *essential-to-Islesboro-sustainability* priorities
 - Establish programs that benefit the entire community
 - Help finance private investments to expand businesses, mixed-income housing, etc.
 - Purchase, sell, lease, finance and/or develop real-estate projects, i.e., town-center leased commercial space or community infrastructure
 - Leverage and lobby for Town, State & Federal economic development benefits
- Operate without reliance on tax-payer general funds – property-tax neutral
 - Raise \$1.5-2M in working capital via non-taxable donations, private and/or public grants
 - Recycle income (i.e., lease, interest income) for subsequent expenses and projects
 - Govern via by a 9-member board appointed by the Select Board
 - Majority of members must be residents or taxpayers and always include a Select Board member and the town manager
 - Members serve at the pleasure of the Select Board and can be removed at any time and for any reason
 - *Sunshine* rules - meetings, reports, financials, deliverables
 - Formal financial controls, bylaws, policies, processes and outside audits
 - Operate with minimal overhead expenses and no employees
 - Remain on mission and distinct from *Islesboro Island Trust, Islesboro Affordable Properties, Islesboro Community Fund, Islesboro Community Center*

Accomplishments in 2020

Establish Corporate Underpinnings

- Set up:
 - Day to day checking and a money market account at Camden National
 - www.sustain04848.com with the information and a document repository for public meeting minutes, agendas, bylaws and other public documents.
 - Email addresses for the board, information, etc.
 - QuickBooks accounting system
- Drafted and approved bylaws
- Engaged attorneys – Jensen Baird Gardner Henry
- Engaged an outside accounting firm – Barry Talbot, Royer - CPA
- Attained corporate liability insurance – Cross Insurance
- Established a mailing presence via Post Office Box 108, Islesboro, ME 04848
- Defined our
 - *Financial Controls and Policies* for such things as bank accounts, Quickbooks, donation processing, reporting
 - Loan applications and vetting process

Answer- What Are the Essential Businesses?

Step one in our mission is to build a community consensus on exactly what Islesboro's essential businesses and services are. IESC conducted a town-wide survey on Essential Services during February and March of 2020 and tabulated the responses March 20. Our first survey yielded good context for IESC planning with several obvious areas of community-wide concern. More than 50% of respondents deemed the following *necessary services*.

- Dental hygienist and veterinarian, which are not presently available on island
- Year-round store (96%), boat yards, plumbers, electricians, carpenters and auto repair. Hardware store & ATM were just under 50%
- Markets. Locally grown produce and restaurants/cafes just under 50%
- Reliable, affordable ferry, mainland ferry parking and automobile fuel
- Rentals and Homes in a wide price range

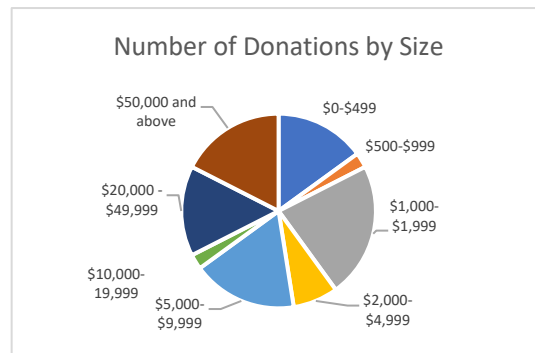
In open responses to choose one specific project for IESC to pursue, continuity of general store, affordable ferry, rental housing and dependable, affordable independent power were the most repeated items.

Raise \$1.5-2M in Working Capital

IESC achieves its mission by utilizing a working capital fund seeded exclusively with private non-taxable donations. This fund revolves, recycles income and leverages economic development funding available from private foundations, the state of Maine and the federal government. The IESC operates without property tax funding or support. This financial architecture implies asking for money as projects and needs demand.

We began fund raising to seed our working capital fund in late December 2019 with a goal of amassing \$1.5-2M within two calendar years. Arch Gillies generously signed on as the chief whip for our fundraising efforts. Eventually we'd like to be able to say that everyone in the Islesboro community supports the IESC mission and has made a contribution whether a few dollars or a significant gift. To that end, we began our efforts with personal contacts to potential donors. In addition, we began to educate the broader community on the importance of supporting the IESC. Early on the Gilder Foundation challenged us with a generous matching grant of \$500,000. We surpassed that challenge grant in mid-year.

As of December 2020, donations totaling \$1.281M have been received from forty individuals and foundations.



Hold Public Board Meetings

The board held nine public board meetings in 2020. Meeting agendas are posted via the town’s communications and social media. Agendas and minutes are available on the website.

Purchase of the Berry (Island Market) Property

In November 2020, the IESC Board entered into a *Purchase and Sale Agreement* with the Berry’s to purchase the property commonly referred to as the Island Market located at 111,113 and 115 Main Road for \$550,000. Our motivation in purchasing the property is twofold. First, the IESC is able to offer a long-term lease to the new proprietors of the Island Market business. Second, this town center keystone property offers the IESC the opportunity to house the Island market business for the foreseeable future and eventually expand the inventory of small commercial lease space on the island. For the near term the home will be rented to a full-time island family. Our financial goal is to cover the cost of capital invested.

Establish Small Business Loan Program

The IESC board kicked off an island business loan program focused on providing small business expansion loans and Covid relief. We are not a bank and thus not in a position to offer complete financing packages. Rather our program focuses on help for small equipment purchases or down-payment assistance. As of December 2020, we have one outstanding loan extended at minimal interest for 5 years to help an island entrepreneur purchase some needed equipment. This loan is current as of this date.

Launch the Islesboro Incubator

The IESC organized an informal group of people with business experience who are willing to offer advice, assistance and coaching to island entrepreneurs. For example: legal, financial, bookkeeping and record keeping, employment and payroll, small team management, communication and advertising, customer relations, website design

Work with Other Organizations and Island Efforts

The IESC Board has been supportive of many efforts and ideas aimed at improving the Islesboro economic vitality. Among these are several examples:

- Helping the Arcadia Alliance of Belfast with their proposal to the Maine DOT to embrace electric high-speed ferries and possibly a passenger route to/from Belfast.
- Discussing with the town's energy committee and local entrepreneurs how we might work together to sustain Islesboro's long-term energy needs with an eye toward affordability and self-reliance.
- Discussing with other island organizations how to increase composting, and trash repurposing.
- Discussing island economic vitality with other island economic development groups and the Island Institute.
- Discussing the future of the Island Market Post Office area.

An Eye Toward the Future – Our Objectives for 2021

Everyone in the Islesboro Community Supports the IESC

We must achieve our goal of seeding a \$1.5-2M working capital fund while being able to acknowledge support by 100% of the community. Our tactics will rely personal fundraising as well as soliciting broad community support via public appeals. Key to this will be communicating the importance of the IESC mission to newly arrived islanders. Once we have amassed this initial seed fund we will raise money on an as needed basis.

Focus on the Essential Services and Businesses

We must maintain a current community consensus on the list of essential businesses and services. We suspect that post-pandemic viewpoints are somewhat different now and will redo the survey in January. We must also find a way to encourage and nurture a wealth of good ideas. Not only on essential services and businesses, but also ways to facilitate a more sustainable and self-reliant community.

Expand and Refine the IESC Loan Program

We must redouble our efforts to explain what our loan program is and can be in terms of help for island businesses wishing to expand or create on-island jobs. Putting our capital to work is an important goal.

Build a Vision for the Future of the Island Market Property

We must solidify our own plans for how best to use the Island Market property in support of the town center, island businesses and our financial goals. Our plan for that property will look toward ways to maximize the commercial use of the property for small island businesses needing space to operate. Ultimately, we and the surrounding property owners, the ICC, Second Baptist Church need to develop a town center model with an eye toward a cohesive community that will best serve the island residents and its visitors.

Work with Regional and State Economic Development Organizations

We must initiate relationships with Maine and regional economic development organizations so that the town, the IESC and the island businesses can access and utilize additional economic development benefits.

Define an Investment Policy

We must codify how best to allocate our financial resources. This policy will include instructions for where and how to invest our financial assets so as to preserve value; how to analyze and decide whether or not to seek loans or mortgages that might leverage our assets; how much of our assets might be committed to a loan program; goals to guide the analysis of financial investments.