



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

FINANCIAL REPORT



JUNE 30, 2024

Independently Audited By



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Islesboro Economic Sustainability Corporation  
Islesboro, Maine

### Report on the Audit of the Financial Statements

#### Opinion

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 years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2024 and 2023, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Islesboro Economic Sustainability Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Islesboro Economic Sustainability Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Islesboro Economic Sustainability Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Islesboro Economic Sustainability Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

  
Royer Advisors & Accountants

Royer Advisors and Accountants  
Certified Public Accountants  
Falmouth, Maine  
July 9, 2025



## **ISLESBORO ECONOMIC SUSTAINABILITY CORPORATION**

(a component unit of the Town of Islesboro)

### **Management's Discussion and Analysis**

June 30, 2024

#### **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:

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

#### **2024 Financial Highlights**

The net position for the Corporation is \$1,837,505 which is an increase of \$28,566. The Corporation continues to receive some donations.

The Corporation has met their initial fundraising goal and has switched their focus to activities that support their mission.

**PO Box 108  
ISLESBORO, ME 04848  
IESC04848@GMAIL.COM**

## Comparison of Financial Statements for the Current Year

### Condensed Statement of Net Position

	<u>2024</u>	<u>2023</u> Restated	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 898,806	\$ 1,075,231	\$ (176,425)	-16.4%
Non-current Assets	<u>1,127,584</u>	<u>916,064</u>	<u>211,520</u>	23.1%
Total Assets	<u>2,026,390</u>	<u>1,991,295</u>	<u>35,095</u>	1.8%
Liabilities	7,875	-	7,875	100.0%
Deferred Inflows from Leases	181,010	182,356	(1,346)	100.0%
Investment in Capital Assets	652,758	588,713	64,045	10.9%
Unrestricted	<u>1,184,747</u>	<u>1,220,226</u>	<u>(35,479)</u>	-2.9%
Total Net Position	<u>\$ 1,837,505</u>	<u>\$ 1,808,939</u>	<u>\$ 28,566</u>	1.6%

#### *Current Assets*

There was a net decrease in Investments due to more loans given to businesses during the year.

### Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u> Restated	<u>\$ Change</u>	<u>% Change</u>
Operating Revenue	\$ 31,936	\$ 16,176	\$ 15,760	97.4%
Operating Expenses	<u>(34,684)</u>	<u>(79,861)</u>	<u>45,177</u>	-56.6%
Net Operating Income	(2,748)	(63,685)	60,937	-95.7%
Non-Operating Revenue	<u>31,314</u>	<u>28,386</u>	<u>2,928</u>	10.3%
Change in Net Position	28,566	(35,299)	63,865	-180.9%
Beginning Net Position	<u>1,808,939</u>	<u>1,844,238</u>	<u>(35,299)</u>	-1.9%
Ending Net Position	<u>\$ 1,837,505</u>	<u>\$ 1,808,939</u>	<u>\$ 28,566</u>	1.6%

#### *Operating Revenue*

This item consists of loan interest and rental income received by the Corporation. About 81% of the operating revenue is rental income.

#### *Operating Expenses*

The reason for the decrease in operating expenses is there were fewer repairs and maintenance costs associated with the property that was purchased in the prior year. The larger expenses were capitalizable items.

#### *Non-Operating Revenue*

This item is made up of donations and investment earnings this year, and earnings were better this year.

## **Capital Assets**

The Corporation recorded purchases of \$74,320, and depreciation expense of \$10,275. As of June 30, 2024, the capital assets' net amount was \$652,758.

## **Currently Known Facts and Decisions**

The Corporation has met its goal of raising \$2M in working capital and is no longer fundraising. We continue to inform the community of what we do, and if they want to support this mission, they can contribute. We received one contribution of \$50,000 during FY2025.

The Corporation continues to offer a small business loan program available to island businesses and anticipates that it will continue to offer these. The Board has authorized small loans for up to 5 years. The Board has not set a limit on the total amount of funds at risk, but evaluates the funds at risk and the status of the loan portfolio at each regular board meeting. We now require a Surety Note for any loan over \$5,000.

Our largest expenditure in 2024 covered a renovation of the Island Market. Interior work including a new HVAC system, safer stairway into the basement, an enclosed loading dock; exterior work landscaping and paving the parking area will be concluded in 2025.

## **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 Tom Tutor, Islesboro Economic Sustainability Corporation, P.O. Box 108, Islesboro, ME 04848.

## **BASIC FINANCIAL STATEMENTS**

**Islesboro Economic Sustainability Corporation**

## Statement of Net Position

As of June 30,

	<b>2024</b>	<b>2023</b>
		Restated
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 267,416	\$ 268,981
Investments	520,722	715,697
Accrued Interest Receivable	3,088	1,798
Current Portion of Notes Receivable	82,842	63,925
Current Portion of Leases Receivable	24,738	12,704
Prepaid Expenses	-	12,126
Total Current Assets	<u>898,806</u>	<u>1,075,231</u>
<b>Non-current Assets</b>		
Notes Receivable, less current portion	316,955	156,568
Leases Receivable, less current portion	157,871	170,783
<b>Capital Assets</b>		
Land	120,808	120,808
Construction Work in Progress	39,674	-
Buildings	419,655	419,655
Equipment	<u>104,241</u>	<u>69,595</u>
Accumulated Depreciation	<u>(31,620)</u>	<u>(21,345)</u>
Net Capital Assets	<u>652,758</u>	<u>588,713</u>
Total Non-current Assets	<u>1,127,584</u>	<u>916,064</u>
<b>Total Assets</b>	<u>2,026,390</u>	<u>1,991,295</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	7,875	-
<b>Deferred Inflows of Resources</b>		
Deferred Inflows from Leases	181,010	182,356
<b>Net Position</b>		
Investment in Capital Assets	652,758	588,713
Unrestricted	<u>1,184,747</u>	<u>1,220,226</u>
<b>Total Net Position</b>	<u>\$ 1,837,505</u>	<u>\$ 1,808,939</u>

**Islesboro Economic Sustainability Corporation**  
 Statement of Revenues, Expenses, and Changes in Net Position  
 For Years Ended June 30,

	<b>2024</b>	<b>2023</b>
	Restated	
<b>Operating Revenues</b>	\$ 31,936	\$ 16,176
<b>Operating Expenses</b>		
Advertising and Marketing	226	291
Insurance	9,068	7,644
Professional Services	7,980	14,761
Office Expense	970	915
Property Taxes	4,926	6,577
Rent & Lease	-	2,000
Repairs and Maintenance	1,048	36,225
Utilities	-	1,474
Miscellaneous	191	507
Depreciation	10,275	9,467
Total Operating Expenses	<u>34,684</u>	<u>79,861</u>
<b>Net Operating Expenses</b>	(2,748)	(63,685)
<b>Non-operating Revenue</b>		
Public Support	5,000	15,300
Investment Earnings	26,314	13,086
Total Non-operating Revenue	<u>31,314</u>	<u>28,386</u>
<b>Change in Net Position</b>	28,566	(35,299)
<b>Net Position - At Beginning of Year</b> (restated)	<u>1,808,939</u>	<u>1,844,238</u>
<b>Net Position - At End of Year</b>	<u>\$ 1,837,505</u>	<u>\$ 1,808,939</u>

**Islesboro Economic Sustainability Corporation**Statement of Cash Flows  
For Years Ended June 30,

	<b>2024</b>	<b>2023</b>
		Restated
<b>Cash Flows from Operating Activities</b>		
Cash Received from Contributors and Lessees	\$ 31,468	\$ 28,239
Cash Payments to Suppliers and Contractors	<u>(4,408)</u>	<u>(82,520)</u>
Net Cash Provided (Used) by Operating Activities	27,060	(54,281)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of Capital Assets	(74,320)	(79,065)
<b>Cash Flows from Investing Activities</b>		
Purchase of Investments	(300,000)	-
Proceeds from Investments	518,734	85,000
Additions to Notes Receivable	(284,000)	(148,000)
Repayments of Notes Receivable	104,696	38,421
Amounts Added to Investments	(25,049)	(13,085)
Contributions Received	5,000	15,300
Interest Income Received	<u>26,314</u>	<u>13,086</u>
Net Cash Provided (Used) by Investing Activities	45,695	(9,278)
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,565)	(142,624)
<b>Cash and Cash Equivalents - At Beginning of Year</b>	268,981	411,605
<b>Cash and Cash Equivalents - At End of Year</b>	<u>\$ 267,416</u>	<u>\$ 268,981</u>
<b>Supplemental Disclosure of Cash Flows Information</b>		
Cash Components:		
Operating	267,416	268,981
	<u>\$ 267,416</u>	<u>\$ 268,981</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Net Operating Loss	\$ (2,748)	\$ (63,685)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	10,275	9,467
(Increase) Decrease in Accounts Receivable	-	12,531
(Increase) Decrease in Leases Receivable	24,214	12,499
(Increase) Decrease in Prepaid Expenses	12,126	(12,126)
(Decrease) Increase in Accounts Payable	7,875	-
(Decrease) Increase in Deferred Inflows	<u>(24,682)</u>	<u>(12,967)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 27,060</u>	<u>\$ (54,281)</u>

## **Islesboro Economic Sustainability Corporation**

(a component unit of the Town of Islesboro)

Notes to the Basic Financial Statements

Year Ended June 30, 2024

### **NOTE 1: SUMMARY OF ACCOUNTING POLICIES**

This summary of significant accounting policies of the Islesboro Economic Sustainability Corporation, hereinafter called IESC or 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. The principal operating revenues of the Corporation's proprietary funds are the rentals of the Corporation's owned property and 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 property rental revenue is recognized on a straight-line basis over the term of the lease and donations are recognized when received.

#### **Cash**

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

#### **Investments**

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 held by IESC are recorded at fair value.

## **Islesboro Economic Sustainability Corporation**

(a component unit of the Town of Islesboro)

Notes to the Basic Financial Statements

Year Ended June 30, 2024

### **NOTE 1: SUMMARY OF ACCOUNTING POLICIES (Continued)**

#### **Notes Receivable**

IESC has provided loans to Town businesses to advance certain economic development objectives. In most cases, the loans are repayable over a five (5) year period.

#### **Leases Receivable**

IESC is the lessor for noncancelable leases of two buildings. One of the leases is for 15 years and the other is for 2 years.

#### **Prepaid Expenses**

Payments made to vendors for goods and services that will benefit periods beyond June 30, 2024 are recorded as prepaid expenses and will be either capitalized or expensed in the subsequent year.

#### **Capital Assets**

Capital assets are defined by IESC as assets with an estimated useful life in excess of one year and a minimum cost of \$2,500. Such assets are recorded at cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Capital assets consist of land (not depreciated), buildings and equipment that are depreciated using the straight-line method over the asset's estimated life, buildings - 20 - 50 years, and equipment - 8 - 20 years. The costs of normal - repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

#### **Net Position Classifications**

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

*Investment in capital assets* - This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

*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 “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.

**Islesboro Economic Sustainability Corporation**

(a component unit of the Town of Islesboro)

Notes to the Basic Financial Statements

Year Ended June 30, 2024

**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.

**Cash Deposits**

The Corporation has a deposit policy for custodial credit risk. Individual bank account or certificates of deposit will not exceed the FDIC insured amount. As of June 30, 2024, the Corporation reported a bank balance of \$267,416. Of the Corporation's bank balances, \$250,000 was covered by FDIC insurance and \$17,416 was exposed to custodial credit risk. The balance exposed to custodial credit risk was uninsured and uncollateralized.

**Investments**

The Corporation's investment policy authorizes the Corporation to invest in short-term certificates of deposits, obligations of the U.S. Treasury, or investment grade fixed income securities rated A or better by Standard & Poor's or Moody's. As of June 30, 2024, \$150,776 of the Corporation's investment balance of \$520,722 was insured by FDIC and the balance of \$369,946 was exposed to custodial credit risk. The balance exposed to custodial credit risk was placed in securities held by the related trust department, but not in the Corporation's name.

At June 30, 2024, the Corporation had the following investments and maturities:

	<u>Fair Value</u>	<u>Not Applicable</u>	<u>≤1</u>	<u>1-5</u>
Cash and Cash Equivalents	\$ 375,077	\$ 150,777	\$ 124,637	99,663
US Agencies	145,645	-	98,161	47,484
	<u>\$ 520,722</u>	<u>\$ 150,777</u>	<u>\$ 222,798</u>	<u>\$ 147,147</u>

**Credit Risk**

At June 30, 2024, the Corporation's investment in US Agencies was rated by Moody's as follows:

**Credit Risk Rating:**  
US Agencies with Aaa Ratings      \$ 145,645

**Concentration of Credit Risk**

At June 30, 2024, the Corporation has individual investments that exceeded 5% of the Corporation's investments as follows:

	<u>Fair Market Value</u>	<u>Percentage</u>
Treasury Notes:		
US Agencies	\$ 145,646	39.37%
Certificates of Deposit:		
JP Morgan Chase	149,555	40.43%
Bankwell Bank	24,914	6.73%
Bank of America	49,830	13.47%

**Islesboro Economic Sustainability Corporation**

(a component unit of the Town of Islesboro)

Notes to the Basic Financial Statements

Year Ended June 30, 2024

**NOTE 2: DEPOSITS AND INVESTMENTS** (Continued)

**Fair Value Measurements** – Fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into these levels: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Certificates of deposits, categorized as Level 1, are valued at the unadjusted prices quoted in active principal markets for identical assets. US Agencies securities, categorized as Level 2, are valued based on models using observable inputs.

**Investment Income**

Investment income includes unrealized gains and losses on investments as well as interest earned on bank accounts, certificates of deposit, and securities.

**NOTE 3: NOTES RECEIVABLE**

The Corporation has provided loans to Town businesses to advance certain economic development objectives consistent with their corporate mission. At June 30, 2024, the loan portfolio consisted of 11 loans that bear an interest rate between 0.5% and 2.0% and mature at various dates through July 31, 2031.

Scheduled maturities of principal for these loans are as follows:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 82,842	\$ 6,371	\$ 89,213
2026	80,149	5,030	85,179
2027	78,335	3,630	81,965
2028	68,185	2,283	70,468
2029	51,866	1,229	53,095
2030 - 2032	<u>38,420</u>	<u>623</u>	<u>39,043</u>
	<u><u>\$ 399,797</u></u>	<u><u>\$ 19,166</u></u>	<u><u>\$ 418,963</u></u>

**NOTE 4: LEASES RECEIVABLE**

The Corporation is the lessor for noncancelable leases of two buildings with one term expiring in 2036 and the other expires in 2025.

<b>Year Ending</b>	<b>Receivable</b>	<b>Deferred Inflow</b>	<b>Total</b>
2025	\$ 24,738	\$ 25,206	\$ 49,944
2026	13,315	13,593	26,908
2027	13,803	13,815	27,618
2028	14,029	14,041	28,070
2029	14,260	14,272	28,532
2030 - 2034	<u>76,616</u>	<u>5,345</u>	<u>81,961</u>
2035 - 2036	<u>25,848</u>	<u>353</u>	<u>26,201</u>
	<u><u>\$ 182,609</u></u>	<u><u>\$ 86,625</u></u>	<u><u>\$ 269,234</u></u>

For the year ended June 30, 2024, the Corporation recognized lease revenue of \$22,682 along with interest revenue related to those leases of \$3,386.

**Islesboro Economic Sustainability Corporation**

(a component unit of the Town of Islesboro)

Notes to the Basic Financial Statements

Year Ended June 30, 2024

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024 was as follows:

	<b>Beginning Balance</b>		<b>Additions</b>	<b>Ending Balance</b>
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 120,808	\$ -	\$ 120,808	
Work in progress	<u>-</u>	<u>39,674</u>	<u>39,674</u>	
Total Capital Assets Not Being Depreciated	120,808	39,674	160,482	
<i>Capital Assets Being Depreciated</i>				
Buildings	419,655	-	419,655	
Equipment	69,595	34,646	104,241	
Total Capital Assets Being Depreciated	489,250	34,646	523,896	
Total Capital Assets Cost	610,058	74,320	684,378	
Accumulated depreciation	<u>(21,345)</u>	<u>(10,275)</u>	<u>(31,620)</u>	
Capital Assets, Net	<u>\$ 588,713</u>	<u>\$ 64,045</u>	<u>\$ 652,758</u>	

**NOTE 6: INCOME TAX STATUS**

The Corporation applied for non-profit status under the provisions of the Internal Revenue Code Section 115. The Corporation is still waiting for confirmation and, accordingly, its revenue is not subject to any State or Federal income taxes.

**NOTE 7: 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.

**Risk Management**

The Corporation is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors, and omissions; and natural disaster for which the Corporation carries commercial insurance. Based on the coverage provided by commercial insurance purchased, the Corporation is not aware of material actual or potential claim liabilities, which is to be recorded at June 30, 2024.

**Islesboro Economic Sustainability Corporation**

(a component unit of the Town of Islesboro)

Notes to the Basic Financial Statements

Year Ended June 30, 2024

**NOTE 8: PRIOR PERIOD RESTATEMENT**

In fiscal year 2024, Management implemented Government Accounting Standard Board (GASB) *Statement No. 87 – Leases*. This required a restatement of the beginning balance of the fiscal year 2023 net position and a corresponding increase in the ending net position totaling \$1,131.

**NOTE 9: RECLASSIFICATIONS**

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation. The reclassifications had no effect on previously reported results of operations or net assets.

**NOTE 10: SUBSEQUENT EVENTS**

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through July 9, 2025, the date the financial statements were available to be issued.