



**Combined Financial Statements
and Supplemental Information**

**The Quebec-Labrador Foundation, Inc. and
Quebec-Labrador Foundation (Canada), Inc.**

August 31, 2018 and 2017



**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

***Combined Financial Statements
and Supplemental Information***

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Independent Auditors' Report

To the Board of Directors
The Quebec-Labrador Foundation, Inc. and
Quebec-Labrador Foundation (Canada), Inc.

We have audited the accompanying combined financial statements of The Quebec-Labrador Foundation, Inc. and Quebec-Labrador Foundation (Canada), Inc. (collectively “the Organizations”), which comprise the combined statements of financial position as of August 31, 2018 and 2017, and the related combined statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organizations as of August 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Maye Heyman McCann P.C.

June 26, 2019
Boston, Massachusetts

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Combined Statements of Financial Position

	<i>August 31,</i>	
	<i>2018</i>	<i>2017</i>
Assets		
Cash and cash equivalents	\$ 324,603	\$ 89,825
Contributions receivable, net	133,835	380,121
Accounts receivable	7,603	53,297
Prepaid expenses and other assets	14,368	19,361
Investments	7,064,395	7,077,748
Property and equipment, net	44,146	70,977
Total assets	\$ 7,588,950	\$ 7,691,329
Liabilities and Net Assets		
Liabilities:		
Line of credit	\$ 394,017	\$ 397,000
Accounts payable	95,442	137,132
Deferred revenue	57,961	51,669
Accrued expenses and other liabilities	25,543	21,370
Note payable	17,166	26,954
Total liabilities	590,129	634,125
Net assets:		
Unrestricted	330,232	130,114
Temporarily restricted	1,770,653	1,953,866
Permanently restricted	4,897,936	4,973,224
Total net assets	6,998,821	7,057,204
Total liabilities and net assets	\$ 7,588,950	\$ 7,691,329

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Combined Statements of Activities and Changes in Net Assets

Years Ended August 31,

	<i>2018</i>			<i>2017</i>	
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>	<i>Total</i>
Public support, revenue and transfers:					
Public support:					
Contributions, grants and other support	\$ 697,302	\$ -	\$ -	\$ 697,302	\$ 764,473
Government contracts	91,622	-	-	91,622	236,958
Program related	19,941	-	-	19,941	147,189
Total public support	808,865	-	-	808,865	1,148,620
Revenue and transfers:					
Other income	2,888	-	-	2,888	18,711
Amount appropriated under endowment spending policy	738,265	-	-	738,265	433,652
Contributions designated for future use	-	-	-	-	394,000
Net assets released from restrictions	160,488	-	-	160,488	159,487
Total revenue and transfers	901,641	-	-	901,641	1,005,850
Total public support, revenue and transfers	1,710,506	-	-	1,710,506	2,154,470
Operating expenses:					
Conservation and stewardship	473,396	-	-	473,396	633,637
Leadership programs	510,433	-	-	510,433	757,111
Special projects	191,970	-	-	191,970	233,812
Community service	45,436	-	-	45,436	64,639
Culture and heritage	95,883	-	-	95,883	91,366
Publications	87,892	-	-	87,892	95,448
Total programs	1,405,010	-	-	1,405,010	1,876,013
Management and general	222,923	-	-	222,923	162,055
Fundraising and development	117,567	-	-	117,567	111,939
Total operating expenses	1,745,500	-	-	1,745,500	2,150,007
Change in net assets from operations	(34,994)	-	-	(34,994)	4,463
Other income (expenses):					
Contributions designated for future use to operating support	-	-	-	-	(394,000)
Investment income	5,935	138,034	-	143,969	194,112
Net realized and unrealized gains on investments	25,917	602,735	-	628,652	638,076
Reclassification of endowment funds	50,000	-	(50,000)	-	-
Additional endowment spending appropriation, pending draw	-	(738,265)	-	(738,265)	(433,652)
Spending draw receivable	215,000	(215,000)	-	-	-
Bequests	66,516	-	-	66,516	190,000
Contributions	-	128,883	1,000	129,883	122,036
Net assets released from restrictions	-	(160,488)	-	(160,488)	(159,487)
Gain on disposal of fixed assets	3,047	-	-	3,047	-
Increase (decrease) in net assets before foreign currency translations	331,421	(244,101)	(49,000)	38,320	161,548
Gain (loss) on foreign currency translations	(131,303)	60,888	(26,288)	(96,703)	3,358
Increase (decrease) in net assets after foreign currency translations	200,118	(183,213)	(75,288)	(58,383)	164,906
Net assets, beginning of the year	130,114	1,953,866	4,973,224	7,057,204	6,892,298
Net assets, end of the year	\$ 330,232	\$ 1,770,653	\$ 4,897,936	\$ 6,998,821	\$ 7,057,204

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Combined Statement of Activities and Changes in Net Assets

Year Ended August 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support, revenue and transfers:				
Public support:				
Contributions, grants and other support	\$ 764,473	\$ -	\$ -	\$ 764,473
Government contracts	236,958	-	-	236,958
Program related	147,189	-	-	147,189
Total public support	1,148,620	-	-	1,148,620
Revenue and transfers:				
Other income	18,711	-	-	18,711
Amount appropriated under endowment spending policy	433,652	-	-	433,652
Contributions designated for future use	394,000	-	-	394,000
Net assets released from restrictions	159,487	-	-	159,487
Total revenue and transfers	1,005,850	-	-	1,005,850
Total public support, revenue and transfers	2,154,470	-	-	2,154,470
Operating expenses:				
Conservation and stewardship	633,637	-	-	633,637
Leadership programs	757,111	-	-	757,111
Special projects	233,812	-	-	233,812
Community service	64,639	-	-	64,639
Culture and heritage	91,366	-	-	91,366
Publications	95,448	-	-	95,448
Total programs	1,876,013	-	-	1,876,013
Management and general	162,055	-	-	162,055
Fundraising and development	111,939	-	-	111,939
Total operating expenses	2,150,007	-	-	2,150,007
Change in net assets from operations	4,463	-	-	4,463
Other income (expenses):				
Contributions designated for future use to operating support	(394,000)	-	-	(394,000)
Investment income	9,975	184,137	-	194,112
Net realized and unrealized gains on investments	32,808	605,268	-	638,076
Amount appropriated under endowment spending policy	(12,549)	(421,103)	-	(433,652)
Bequests	190,000	-	-	190,000
Contributions	-	122,036	-	122,036
Gain on disposal of fixed assets	-	(159,487)	-	(159,487)
Increase (decrease) in net assets before foreign currency translations	(169,303)	330,851	-	161,548
Gain (loss) on foreign currency translations	6,598	(32,565)	29,325	3,358
Increase (decrease) in net assets after foreign currency translations	(162,705)	298,286	29,325	164,906
Net assets, beginning of the year	292,819	1,655,580	4,943,899	6,892,298
Net assets, end of the year	\$ 130,114	\$ 1,953,866	\$ 4,973,224	\$ 7,057,204

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Combined Statements of Cash Flows

	<i>Years Ended August 31,</i>	
	<i>2018</i>	<i>2017</i>
Cash flows from operating activities:		
Increase (decrease) in net assets after foreign currency translations	\$ (58,383)	\$ 164,906
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	31,746	37,366
Gain on disposal of fixed assets	(3,047)	-
Realized and unrealized gains on investments	(628,652)	(638,076)
Currency translation loss	32,136	20,965
Changes in operating assets and liabilities:		
Contributions receivable	246,286	(258,382)
Accounts receivable	45,694	(16,000)
Prepaid expenses and other assets	4,993	117,388
Accounts payable, accrued expenses and other liabilities	(37,517)	78,058
Deferred revenue	6,292	(15,297)
	<u>(360,452)</u>	<u>(509,072)</u>
Net cash used in operating activities	(360,452)	(509,072)
Cash flows from investing activities:		
Proceeds from sale of investments	3,086,814	3,448,715
Purchases of restricted investments	(2,471,515)	(3,135,025)
Proceeds from sale of fixed assets	11,019	-
Purchases of property and equipment	(18,317)	(38,448)
	<u>608,001</u>	<u>275,242</u>
Net cash provided by investing activities	608,001	275,242
Cash flows from financing activities:		
Net borrowing (payment) on line of credit	(2,983)	147,000
Proceeds on note payable	-	20,943
Repayments on note payable	(9,788)	(6,556)
	<u>(12,771)</u>	<u>161,387</u>
Net cash provided by (used in) financing activities	(12,771)	161,387
Net increase (decrease) in cash and cash equivalents	234,778	(72,443)
Cash and cash equivalents, beginning of the year	<u>89,825</u>	<u>162,268</u>
Cash and cash equivalents, end of the year	\$ <u>324,603</u>	\$ <u>89,825</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 17,580</u>	<u>\$ 16,723</u>

See Independent Auditors' Report and accompanying notes to the combined financial statements.

THE QUEBEC-LABRADOR FOUNDATION, INC. AND QUEBEC-LABRADOR FOUNDATION (CANADA), INC.

Notes to Combined Financial Statements

Note 1 - Nature of Operations

The Quebec-Labrador Foundation (“QLF”) operates as two separate organizations in the United States and Canada (collectively referred to as “the Organizations”). The Quebec-Labrador Foundation is a not-for-profit organization in the U.S. and a Registered Charity in Canada. QLF’s Mission is defined in two parts: a regional component (New England and eastern Canada); and an international component, which ties our regional model to a global network. The Organizations’ Mission follows. *The Quebec-Labrador Foundation exists to promote global leadership development, to support the rural communities and environment of eastern Canada and New England, and to create models for stewardship of natural resources and cultural heritage that can be shared worldwide.* The Organizations’ programs demonstrate a commitment and focus on leadership development through community service; community-based conservation; and the stewardship of natural resources and cultural heritage. The Organizations’ contributions and grants are primarily from the general public, private foundations, and government agencies in the United States and Canada.

Note 2 - Summary of Significant Accounting Policies

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Statement Preparation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of grantor or donor-imposed restrictions. Accordingly, net assets of the Organizations and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to grantor or donor-imposed restrictions or for which restrictions have expired. Contributions which are limited to the use of various programs of the Organizations are reflected as unrestricted revenue if these funds are received and spent during the same year and if they support the activities of the Organizations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets

Net assets subject to explicit or implicit grantor or donor-imposed restrictions that may or will be met either by actions of the Organizations and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities and changes in net assets as net assets released from restrictions.

Permanently Restricted Net Assets

Net assets subject to grantor or donor-imposed restrictions that they be maintained permanently, but may permit the Organizations to use or expend part or all of the economic benefits derived from the donated assets.

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Principles of Combination

The combined financial statements include the accounts of The Quebec-Labrador Foundation, Inc. (the “U.S. Organization”) and Quebec-Labrador Foundation (Canada), Inc. (the “Canadian Organization”). Inter-Organization balances have been eliminated in combination.

Basis of Accounting

The accompanying combined financial statements have been prepared using accounting principles generally accepted in the United States of America.

Fair Value Measurements

The Organizations report certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item. Recurring fair value measures include the Organizations’ investment accounts. Nonrecurring measures include contributions receivable. Fair value standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. In addition, the Organizations report certain investments using the net asset value per share as determined by their investment managers under the so-called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when criteria for using the method are met. Fair value standards also require the Organizations to classify financial instruments (but for those measured using NAV) into a three-level hierarchy, based on the priority of inputs to the valuation technique.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on a stock exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest and credit risks. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Organizations' financial instruments, see Note 4 - Investments and Fair Value of Financial Instruments.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid instruments with a maturity of three months or less at date of purchase. The Organizations maintain their cash balances in several financial institutions, which management believes are of high credit quality. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000 per bank for interest-bearing deposits. The Canadian Deposit Insurance Company (CDIC) insures deposits up to C\$100,000. Financial instruments which potentially subject the Organizations to credit risk include cash balances at banks, which may at times exceed the related FDIC or CDIC deposit limits. The Organizations monitor their exposure associated with cash and cash equivalents and have not experienced any losses in such accounts.

Included in cash and cash equivalents is \$57,600 and \$43,861 of cash to be used for restricted purposes at August 31, 2018 and 2017, respectively.

Revenue Recognition and Reporting

The Organizations report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities and changes in net assets as net assets released from restriction. The Organizations' policy is to report as unrestricted support contributions with donor-imposed restrictions when these restrictions are met in the same year that the contribution was received. Contributions are recognized as revenue when they are received or unconditionally pledged. The Organizations receive contributed services in the form of volunteer labor and donations of goods and services to conduct certain programs funded by government contracts. In accordance with accounting principles generally accepted in the United States of America, contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services of volunteers which do not meet these criteria are not recorded in the financial statements. No contributed services were recognized as revenue for the years ended August 31, 2018 and 2017.

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributions and Contributions Receivable

Contributions of assets other than cash are recorded at their estimated fair value at the date received. The initially recorded fair value is considered a Level 2 fair value approach. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk-free rate of return as a starting point and then increasing that rate to account for the inherent risk associated with the expected future cash flows of these unconditional promises to give. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Unconditional promises to give with payments due in future periods are recorded as temporarily restricted support unless explicit donor stipulations or circumstances surrounding the receipt of the promise to give make clear that the donor intended it to be used to support activities of the current period.

Grants and Contracts

The Organizations expend resources under government and private sector contracts and grants for specific purposes that are subject to review and audit by grantors or their representatives. Such audits could result in requests for reimbursement to the grantor by the Organizations if expenditures are disallowed. Management does not anticipate such an event. However, management believes that such requests for reimbursement, if made, would not have a significant impact on the financial position of the Organizations. Revenue from cost reimbursement contracts and grants is recognized as related costs are incurred on the projects.

Accounts Receivable

Accounts receivable are carried at their net realizable value. Accounts receivable balances are comprised of amounts due from government agencies for the reimbursement of services provided and taxes paid, and amounts due from co-tenants for the reimbursement of supplies. Revenue is recognized when the work has been performed or when the expense has been incurred. Collectability and aging of accounts receivable are based on contractual terms. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experiences applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as a reduction of bad debt expense when received. Accounts receivable are considered past due if any portion of the receivable is outstanding more than 90 days. Interest is not charged on receivables. Management has reviewed accounts receivable as of August 31, 2018 and 2017, and considers accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is recorded.

Deferred Revenue

Deferred revenue represents revenues collected but not earned as of August 31. This is primarily composed of advance payments on government contracts. Deferred revenue is recorded as a liability until it is earned. Once earned, the liability is reduced and revenue is recorded.

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Investments

The Organizations record investments at fair value. Fair value is determined as per the fair value policies described later in this section.

Realized gains and losses on sales of securities are calculated on a security-by-security basis using the cost of the security as of the date of sale. Interest, dividends and realized capital gains which occur within investment funds are reported as investment income when these events occur, regardless of whether the proceeds of such transactions and events are received in cash or in-kind. In the case of limited partnership interests held for investment and other alternative investment vehicles, the Organizations report the net effects of transactions and other events affecting the fair value of these investments as unrealized gains and losses until funds are withdrawn or holdings are liquidated.

Investment returns are reported as increases or decreases in unrestricted net assets or:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- as increases in temporarily restricted net assets if the terms of the gift or state law impose restrictions on the current use of the income or net gains or as decreases, up to any existing unrealized appreciation.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Fair value of donated fixed assets is effectively recorded using a Level 3 market approach. Expenditures that significantly add to the productivity or extend the economic life of the assets are capitalized. Other expenditures for repairs and maintenance are charged to operations in the year the costs are incurred. Property and equipment is depreciated on the straight-line basis over the following estimated useful lives.

Furniture, fixtures, equipment and vehicles	3-5 years
Capitalized website costs	3 years
Leasehold improvements	Lesser of term of lease or 5 years

Website Costs

The costs of website development during the planning stage are expensed as incurred. Website development costs incurred during the application and infrastructure development phase including external direct costs of materials and services consumed in developing the software and creating graphics and website content are capitalized and amortized over the estimated useful lives beginning after all substantial testing is complete and the website is operational.

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Organizations are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and the tax laws of Canada on income directly related to Organization purposes, and is also exempt from Massachusetts income tax. Accordingly, no provision for income taxes is made in the financial statements.

Given the limited taxable activities of the Organizations, management has concluded that disclosure relative to tax provisions is not necessary.

Uncertain Tax Positions

The Organizations account for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions.

The Organizations have identified their tax status as a tax exempt entity and their determination as to income being related or unrelated as their only significant tax positions; however, the Organizations have determined that such tax positions do not result in an uncertainty requiring recognition. The Organizations are not currently under examination by any taxing jurisdiction. The Organizations’ United States Federal and state tax returns, and Canadian tax returns, are generally open for examination for three years following the date filed.

Operations

The combined statement of activities and changes in net assets reports the change in net assets from operating and non-operating activities. Non-operating activities consist of: contributions designated for future use to operating support; endowment earnings in excess of spending policy transferred to unrestricted as well as any reclassifications of endowment funds and additional endowment spending appropriations, pending draw from investment; gain (loss) on foreign currency translation; temporarily and permanently restricted contributions; releases from restrictions and bequests. All other activities are reported as operating.

Foreign Operations

Certain of the Organizations’ operations are conducted in Canada through the Canadian Organization. As of August 31, 2018 and 2017, net assets of the Canadian Organization amounting to \$1,460,933 and \$1,629,753, respectively, are included in total net assets in the Organizations’ combined statement of financial position.

Foreign Currency Translation

The functional currency of the Organizations’ Canadian operation is its local currency (“CAD”), which differs from its reporting currency in the combined financial statements. Accordingly, monetary assets and liabilities are translated to U.S. dollars (“USD”) at current rates. Revenue and expense items are translated at average annual rates. Endowment investments are invested in U.S. currency financial instruments and translation gains or losses are allocated to the Canadian Organization. Net gains (losses) from foreign currency translations totaling (\$96,703) and \$3,358 during the years ended August 31, 2018 and 2017, respectively, are included in the combined statement of activities and changes in net assets.

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity 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, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates and assumptions. Significant management estimates included in the financial statements relate to the allowance for contributions receivable and accounts receivable, useful lives of depreciable assets, fair value of alternative investments, intercompany management fee, functional allocation of expenses and the validity and completeness of satisfaction of donor restrictions.

Publication and Advertising Costs

The Organizations expense publication and advertising costs the first time the publication is issued or the advertising takes place. Publication and advertising costs of \$63,169 and \$47,294 were incurred during the years ended August 31, 2018 and 2017, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the combined statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Related Party Expenses

The U.S. Organization charges the Canadian Organization a management fee for bookkeeping and accounting services. The charge is recognized as non-operating revenues and expenses on the combining statement of activities and changes in net assets. Management fees in connection with these services totaled \$86,600 and \$85,000 for the years ended August 31, 2018 and 2017, respectively, and is eliminated on combination.

Subsequent Events

The Organizations have evaluated subsequent events through June 26, 2019, the date that the financial statements were authorized to be issued.

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 3 - Contributions Receivable

Contributions receivable consisted of the following at August 31:

	<i>2018</i>	<i>2017</i>
Gross amounts due in:		
Less than one year	\$ 90,045	\$ 278,516
One to five years	45,980	109,299
	136,025	387,815
Less: discount to present value	(2,190)	(7,694)
Contributions receivable, net	\$ 133,835	\$ 380,121

Contributions receivable that are expected to be collected after one year have been discounted at 5% and are reflected at their net present value. As of August 31, 2018, amounts due from five contributors totaled \$130,370 and represented 96% of gross year-end receivables. As of August 31, 2017, amounts due from four contributors totaled \$329,108 and represented 85% of gross year-end receivables.

Note 4 - Investments and Fair Value of Financial Instruments

The valuation of the Organizations' investments according to the fair value hierarchy consisted of the following at August 31:

	<i>2018</i>		
	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Cash	\$ 597,979	\$ -	\$ 597,979
Fixed income funds:			
General bond funds	403,543	-	403,543
Equity funds:			
Large cap	1,519,987	-	1,519,987
Small to mid cap	822,577	-	822,577
International equities and funds	2,364,066	-	2,364,066
Preferred securities	317,679	-	317,679
Growth fund	424,037	-	424,037
Alternative investments:			
Real estate investment trust	-	614,527	614,527
Total investments	\$ 6,449,868	\$ 614,527	\$ 7,064,395

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 4 - Investments and Fair Value of Financial Instruments (Continued)

	<i>2017</i>		
	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Cash	\$ 190,644	\$ -	\$ 190,644
Money market fund	1,414	-	1,414
Fixed income funds:			
General bond funds	306,425	-	306,425
Equity funds:			
Large cap	1,924,979	-	1,924,979
Small to mid cap	742,454	-	742,454
International equities and funds	2,595,137	-	2,595,137
Preferred securities	314,490	-	314,490
Growth fund	423,827	-	423,827
Alternative investments:			
Real estate investment trust	-	578,378	578,378
Total investments	\$ <u>6,499,370</u>	\$ <u>578,378</u>	\$ <u>7,077,748</u>

Some of the Organizations' investment funds contain clauses that, under certain circumstances, the fund managers may limit distributions from the related fund. The Organizations have not experienced such limitations over distributions from their funds during the years ended August 31, 2018 and 2017.

Management has no intentions or plans to liquidate any net asset value practical expedient investments at other than net asset value per share.

The Organizations had no unfunded commitments to investments at August 31, 2018.

Subsequent to August 31, 2018, the U.S. Organization transferred \$215,000 of investments to cash to pay down the line of credit as approved by the Board of Directors as an additional endowment spending appropriation (see Notes 6 and 11).

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 5 - Property and Equipment

Property and equipment consisted of the following at August 31:

	<i>2018</i>	<i>2017</i>
Furniture, fixtures and equipment	\$ 88,749	\$ 79,288
Vehicles	23,725	60,456
Capitalized website costs	55,737	55,737
Leasehold improvements	19,727	10,871
	<u>187,938</u>	<u>206,352</u>
Less: accumulated depreciation and amortization	<u>(143,792)</u>	<u>(135,375)</u>
	<u>\$ 44,146</u>	<u>\$ 70,977</u>

Note 6 - Line of Credit

The U.S. Organization maintains a working capital line of credit (the “Line”) with a bank payable upon demand. The Line is secured by marketable securities. Borrowings on the Line are limited to \$400,000. The rate of interest on the Line is the Wall Street Journal prime rate with a floor of 4.50%. The interest rate on the Line was 4.50% per annum at both August 31, 2018 and 2017.

The outstanding balance on borrowings from the bank was \$394,000 and \$397,000 at August 31, 2018 and 2017, respectively. The U.S. Organization is subject to certain financial covenants as outlined in the borrowing agreement.

Subsequent to year end, the U.S. Organization paid down the line of credit to \$0.

Note 7 - Note Payable

Note payable consisted of the following at August 31:

	<i>2018</i>	<i>2017</i>
Note payable to a company, due in monthly installments of \$355, interest at 2.49% per annum through December 2022, secured by a vehicle.	\$ 17,166	\$ 20,943
Note payable to a company, due in monthly installments of \$546, interest at 0% per annum through July 2018, secured by a vehicle.	<u>-</u>	<u>6,011</u>
	<u>\$ 17,166</u>	<u>\$ 26,954</u>

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 7 - Note Payable (Continued)

The aggregate principal payments on the note are as follows for the years ending August 31:

2019	\$	3,873
2020		3,970
2021		4,070
2022		4,173
2023		<u>1,080</u>
Total	\$	<u>17,166</u>

Note 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or future periods as follows at August 31:

	<i>2018</i>	<i>2017</i>
Contributions receivable and donations restricted by donors for use in specific programs:		
Purpose restrictions:		
Conservation and stewardship	\$ <u>57,260</u>	\$ <u>43,861</u>
Time restrictions:		
Net contributions receivable, due in future years	<u>80,556</u>	<u>123,362</u>
Reinvested endowment gains:		
General endowment	553,172	872,191
Conservation and stewardship	514,254	440,526
Leadership programs	447,613	379,479
Community service	106,036	85,840
Special projects	<u>11,762</u>	<u>8,607</u>
	<u>1,632,837</u>	<u>1,786,643</u>
Total temporarily restricted net assets	\$ <u>1,770,653</u>	\$ <u>1,953,866</u>

Contributions receivable relating to annual fund contributions intended for operating use in the current year of \$53,279 and \$256,760 are recorded as unrestricted net assets at August 31, 2018 and 2017, respectively.

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 9 - Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions as specified by the donors as follows for the years ended August 31:

	<i>2018</i>	<i>2017</i>
Satisfaction of time restrictions	\$ 45,344	\$ 71,953
Satisfaction of purpose restrictions:		
Conservation and stewardship	115,144	87,534
Total net assets released	\$ 160,488	\$ 159,487

Note 10 - Permanently Restricted Net Assets

Permanently restricted net assets are comprised of the following at August 31:

	<i>2018</i>	<i>2017</i>
General endowment	\$ 2,918,967	\$ 2,941,683
Conservation and stewardship	930,980	929,980
Leadership programs	758,417	761,989
Community service	289,572	289,572
Special projects	-	50,000
	\$ 4,897,936	\$ 4,973,224

Translation of foreign currency accounted for (\$26,288) and \$29,325 of the change in permanently restricted net assets for the years ended August 31, 2018 and 2017, respectively (see Note 11).

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 11 - Endowment Assets and Those Functioning as Endowment Assets

Endowment

The following is the composition of endowment assets and those functioning as endowment assets by net asset class at August 31:

		<i>2018</i>			
		<u><i>Unrestricted</i></u>	<u><i>Temporarily Restricted</i></u>	<u><i>Permanently Restricted</i></u>	<u><i>Total</i></u>
Donor-restricted endowment funds	\$	-	\$ 1,632,837	\$ 4,897,936	\$ 6,530,773
Board designated endowment funds		<u>319,630</u>	<u>-</u>	<u>-</u>	<u>319,630</u>
Total endowment net assets	\$	<u>319,630</u>	<u>1,632,837</u>	<u>4,897,936</u>	<u>6,850,403</u>
		<i>2017</i>			
		<u><i>Unrestricted</i></u>	<u><i>Temporarily Restricted</i></u>	<u><i>Permanently Restricted</i></u>	<u><i>Total</i></u>
Donor-restricted endowment funds	\$	(851)	\$ 1,786,643	\$ 4,973,224	\$ 6,759,016
Board designated endowment funds		<u>299,540</u>	<u>-</u>	<u>-</u>	<u>299,540</u>
Total endowment net assets	\$	<u>298,689</u>	<u>1,786,643</u>	<u>4,973,224</u>	<u>7,058,556</u>

The Organizations' endowment funds are comprised of approximately eighteen individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. The Organizations' Board designated funds represent amounts received from donors without specific donor stipulations that the funds be restricted in perpetuity. Management has elected to invest these funds in the endowment in order to maximize their investment return until they are expended.

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 11 - Endowment Assets and Those Functioning as Endowment Assets (Continued)

Endowment (Continued)

The following represents the required disclosure relative to the composition of endowment assets and those functioning as endowment assets at August 31:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, September 1, 2016	\$ 249,970	\$ 1,457,477	\$ 4,943,899	\$ 6,651,346
Investment income	9,975	184,137	-	194,112
Net realized and unrealized gains	32,808	605,268	-	638,076
Amount appropriated under endowment spending policy	(12,549)	(421,103)	-	(433,652)
Currency translation adjustments	<u>18,485</u>	<u>(39,136)</u>	<u>29,325</u>	<u>8,674</u>
Endowment net assets, August 31, 2017	298,689	1,786,643	4,973,224	7,058,556
Endowment contributions payable	-	-	1,000	1,000
Reclassification	-	-	(50,000)	(50,000)
Investment income	6,568	138,033	-	144,601
Net realized and unrealized gains	28,678	602,731	-	631,409
Amount appropriated under endowment spending policy	-	(738,265)	-	(738,265)
Additional endowment spending appropriation, pending draw	-	(215,000)	-	(215,000)
Currency translation adjustments	<u>(14,305)</u>	<u>58,695</u>	<u>(26,288)</u>	<u>18,102</u>
Endowment net assets, August 31, 2018	\$ <u>319,630</u>	\$ <u>1,632,837</u>	\$ <u>4,897,936</u>	\$ <u>6,850,403</u>

During the year ended August 31, 2018, the Organizations reclassified \$50,000 of donor funds from permanently restricted net assets to unrestricted net assets. The reclassification was made in accordance with the donor's intentions.

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 11 - Endowment Assets and Those Functioning as Endowment Assets (Continued)

Interpretation of Relevant Law

The Board of Directors has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), as adopted by the State of New York, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organizations classify as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organizations in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the Organizations consider the following eight factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the institution and the endowment funds, (3) general economic conditions, (4) the possible effect of inflation or deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organizations, (7) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organizations, and (8) the investment policy of the institution.

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Organizations to retain as a fund of perpetual duration. Deficiencies of this nature are reported in temporarily restricted net assets. The aggregate deficiency between the fair value of the investments of the endowment fund and the levels required by donor stipulation are \$0 and \$851 at August 31, 2018 and 2017, respectively. This deficiency resulted from an unfavorable market fluctuation.

Return Objectives and Risk Parameters

The Organizations’ investment portfolio is managed to provide for the long-term support of the Organizations. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed upon levels of risk. It is the goal of the aggregate long-term investments to generate an average annual real total return, net of investment management fees, of 4.4%, as measured over rolling five-year periods.

Strategies Employed for Achieving Objectives

To satisfy their long-term rate-of-return objectives, the Organizations rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organizations target a diversified asset allocation of 85% equity securities and alternative investments and 15% fixed income securities and cash equivalents.

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 11 - Endowment Assets and Those Functioning as Endowment Assets (Continued)

Spending Policy and How the Investment Objectives Relate to the Spending Policy

As approved by their Board of Directors, the Organizations have a policy of appropriating for distribution each year a percentage of their endowment funds' average fair value over the previous 12 quarters through June 30. For the fiscal years ended August 31, 2018 and 2017, the Board of Directors authorized a spending rate equal to 4.4%, which resulted in a spending rate appropriation of approximately \$300,000. The Board of Directors has approved a spending rate of 5.0% for fiscal year ending August 31, 2019, with a calculated endowment appropriation of approximately \$340,000. In establishing this policy, the Organizations considered the long-term expected return on their endowments. Accordingly, over the long-term, the Organizations expect the current spending policy to allow their endowments to grow at the total return less the spending policy. This is consistent with the Organizations' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. A portion of the Organizations' cumulative investment income and net appreciation is allocated to operations in accordance with the Organizations' investment policies and procedure.

In addition to the amounts appropriated under the spending policy, the Board of Directors approved the transfer of management fees as well as may approve additional appropriations, as necessary. During FY18, the Board of Directors approved an additional appropriation of \$610,613. Of this, \$400,000 was appropriated to unrestricted to pay off the line of credit; \$100,000 was used for operations; \$60,613 was appropriated to transfer to the Canadian Organization; and \$50,000 for seed funding for a program initiative. As of August 31, 2018, there was \$215,000 of endowment draw payable for amounts appropriated by the Board, but not yet transferred out of investments to cash.

The following summarizes the transfer of endowment earnings to unrestricted for the years ended August 31:

	<i>2018</i>	<i>2017</i>
Spending policy	\$ 299,884	\$ 308,533
Management fees	25,414	25,119
Additional board approved appropriation	610,613	100,000
Other transfers	<u>17,354</u>	<u>-</u>
	<u>\$ 953,265</u>	<u>\$ 433,652</u>

Note 12 - Commitments and Contingencies

Leases - General

The Organizations lease certain equipment under operating leases expiring at various times through November 30, 2020. Expense under these leases was \$6,124 and \$7,468 during the years ended August 31, 2018 and 2017, respectively.

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Notes to Combined Financial Statements

Note 12 - Commitments and Contingencies (Continued)

Lease Agreement for Office Space - Ipswich, Massachusetts, USA

The U.S. Organization has a lease agreement for its office space in Ipswich, Massachusetts through September 30, 2019 and a sublease agreement for additional space through December 31, 2019. Rent expense under these operating leases was \$48,550 and \$39,015 for the years ended August 31, 2018 and 2017, respectively. Management intends to renew these agreements in the normal course of business.

Lease Agreement for Office Space - Montreal, Canada

The Canadian Organization had a lease agreement for its office space in Montreal, Canada which expired on May 31, 2018, and on June 1, 2018 entered into a new agreement for office space through May 31, 2021. Rent expense under these agreements was \$14,518 and \$15,727 for the years ended August 31, 2018 and 2017, respectively.

Future Lease Payments

Future minimum rental payments under non-cancelable operating leases with initial lease terms longer than one year are as follows for the years ending August 31:

2019	\$	53,973
2020		24,398
2021		<u>10,067</u>
	\$	<u><u>88,438</u></u>

Legal

The Organization is involved in various legal proceedings arising in the normal course of business. Management believes that the resolution of these matters will not have a material effect on the combined financial statements.

Note 13 - Retirement Plan

The U.S. Organization sponsors a defined contribution retirement plan (the "Plan") for eligible employees. The Organization's contribution to the Plan was \$23,327 and \$20,295 for the years ended August 31, 2018 and 2017, respectively. Approximately \$0 and \$9,500 of the contribution to the Plan is included in accrued expenses and other liabilities at August 31, 2018 and 2017, respectively.

Supplemental Information



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*Independent Auditors' Report
on Supplemental Information*

To the Board of Directors
The Quebec-Labrador Foundation, Inc. and
Quebec-Labrador Foundation (Canada), Inc.

We have audited the combined financial statements of The Quebec-Labrador Foundation, Inc. and Quebec-Labrador Foundation (Canada), Inc. (collectively “the Organizations”) as of and for the years ended August 31, 2018 and 2017, and have issued our report thereon date June 26, 2019, which contained an unmodified opinion on those combined financial statements. Our audits were performed for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position and of activities and changes in net assets and Quebec-Labrador Foundation (Canada), Inc. statements of financial position (USD and CAD) and of activities and changes in net assets (USD and CAD) are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Mayer Hoffman McCann P.C.

June 26, 2019
Boston, Massachusetts

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Combining Statement of Financial Position

August 31, 2018

	<i>QLF</i>	<i>QLF Canada</i>	<i>Eliminating Entries</i>	<i>Total</i>
Assets				
Cash and cash equivalents	\$ 309,831	\$ 14,772	\$ -	\$ 324,603
Contributions receivable, net	30,655	103,180	-	133,835
Accounts receivable	(2,920)	10,523	-	7,603
Due from affiliated entity	137,404	-	(137,404)	-
Prepaid expenses and other current assets	10,235	4,133	-	14,368
Investments	5,532,948	1,531,447	-	7,064,395
Property and equipment, net	44,146	-	-	44,146
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 6,062,299	\$ 1,664,055	\$ (137,404)	\$ 7,588,950
Liabilities and Net Assets				
Liabilities:				
Line of credit	\$ 394,017	\$ -	\$ -	\$ 394,017
Accounts payable	87,685	7,757	-	95,442
Deferred revenue	-	57,961	-	57,961
Accrued expenses and other current liabilities	25,543	-	-	25,543
Due to affiliated entity	-	137,404	(137,404)	-
Note payable	17,166	-	-	17,166
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	524,411	203,122	(137,404)	590,129
Net assets:				
Unrestricted	163,287	166,945	-	330,232
Temporarily restricted	1,181,739	588,914	-	1,770,653
Permanently restricted	4,192,862	705,074	-	4,897,936
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net assets	5,537,888	1,460,933	-	6,998,821
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net assets	\$ 6,062,299	\$ 1,664,055	\$ (137,404)	\$ 7,588,950

**THE QUEBEC-LABRADOR FOUNDATION, INC. AND
QUEBEC-LABRADOR FOUNDATION (CANADA), INC.**

Combining Statement of Activities and Changes in Net Assets

For the Year Ended August 31, 2018

	<i>QLF</i>			<i>QLF Canada</i>				<i>Eliminating Entries</i>	<i>Combined Total</i>	
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>			<i>Total</i>
Public support, revenue and transfers:										
Public support:										
Contributions, grants and other support	\$ 662,961	\$ -	\$ -	\$ 662,961	\$ 34,341	\$ -	\$ -	\$ 34,341	\$ -	\$ 697,302
Government contracts	26,311	-	-	26,311	65,311	-	-	65,311	-	91,622
Program related	19,682	-	-	19,682	259	-	-	259	-	19,941
Total public support	708,954	-	-	708,954	99,911	-	-	99,911	-	808,865
Revenue and transfers:										
Other income	2,888	-	-	2,888	-	-	-	-	-	2,888
Amount appropriated under endowment spending policy	595,105	-	-	595,105	143,160	-	-	143,160	-	738,265
Net assets released from restrictions	101,311	-	-	101,311	59,177	-	-	59,177	-	160,488
Total revenue and transfers	699,304	-	-	699,304	202,337	-	-	202,337	-	901,641
Total public support, revenue and transfers	1,408,258	-	-	1,408,258	302,248	-	-	302,248	-	1,710,506
Operating expenses:										
Conservation and stewardship	391,258	-	-	391,258	82,138	-	-	82,138	-	473,396
Leadership programs	482,653	-	-	482,653	27,780	-	-	27,780	-	510,433
Special projects	189,288	-	-	189,288	2,682	-	-	2,682	-	191,970
Community service	45,773	-	-	45,773	(337)	-	-	(337)	-	45,436
Culture and heritage	468	-	-	468	95,415	-	-	95,415	-	95,883
Publications	68,618	-	-	68,618	19,274	-	-	19,274	-	87,892
Total programs	1,178,058	-	-	1,178,058	226,952	-	-	226,952	-	1,405,010
Management and general	189,439	-	-	189,439	33,484	-	-	33,484	-	222,923
Fundraising and development	115,785	-	-	115,785	1,782	-	-	1,782	-	117,567
Total operating expenses	1,483,282	-	-	1,483,282	262,218	-	-	262,218	-	1,745,500
Change in net assets from operations	(75,024)	-	-	(75,024)	40,030	-	-	40,030	-	(34,994)
Other income (expenses):										
Investment income	361	113,243	-	113,604	5,574	24,791	-	30,365	-	143,969
Net realized and unrealized gains on investments	1,574	494,486	-	496,060	24,343	108,249	-	132,592	-	628,652
Reclassification of endowment funds	50,000	-	(50,000)	-	-	-	-	-	-	-
Intercompany management fee revenue (expense)	86,600	-	-	86,600	(86,600)	-	-	(86,600)	-	-
Amount appropriated under endowment spending policy	-	(595,105)	-	(595,105)	-	(143,160)	-	(143,160)	-	(738,265)
Additional endowment spending appropriation, pending draw	215,000	(215,000)	-	-	-	-	-	-	-	-
Bequests	66,516	-	-	66,516	-	-	-	-	-	66,516
Contributions	-	115,050	1,000	116,050	-	13,833	-	13,833	-	129,883
Net assets released from restrictions	-	(101,311)	-	(101,311)	-	(59,177)	-	(59,177)	-	(160,488)
Gain on disposal of fixed assets	3,047	-	-	3,047	-	-	-	-	-	3,047
Increase (decrease) in net assets before foreign currency translations	348,074	(188,637)	(49,000)	110,437	(16,653)	(55,464)	-	(72,117)	-	38,320
Gain (loss) on foreign currency translations	-	-	-	-	(131,303)	60,888	(26,288)	(96,703)	-	(96,703)
Increase (decrease) in net assets after foreign currency translations	348,074	(188,637)	(49,000)	110,437	(147,956)	5,424	(26,288)	(168,820)	-	(58,383)
Net assets, beginning of the year	(184,787)	1,370,376	4,241,862	5,427,451	314,901	583,490	731,362	1,629,753	-	7,057,204
Net assets (deficit), end of the year	\$ 163,287	\$ 1,181,739	\$ 4,192,862	\$ 5,537,888	\$ 166,945	\$ 588,914	\$ 705,074	\$ 1,460,933	\$ -	\$ 6,998,821

QUEBEC-LABRADOR FOUNDATION (CANADA), INC.

Statement of Financial Position (USD and CAD)

August 31, 2018

Assets	USD	CAD
Cash and cash equivalents	\$ 14,772	\$ 19,277
Contributions receivable, net	103,180	134,647
Accounts receivable	10,523	13,732
Prepaid expenses and other current assets	4,133	5,393
Investments	<u>1,531,447</u>	<u>1,998,495</u>
Total assets	\$ <u>1,664,055</u>	\$ <u>2,171,544</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 7,757	\$ 10,123
Deferred revenue	57,961	75,637
Due to U.S. Foundation	<u>137,404</u>	<u>179,308</u>
Total liabilities	<u>203,122</u>	<u>265,068</u>
Net assets:		
Unrestricted	166,945	218,536
Temporarily restricted	588,914	767,872
Permanently restricted	<u>705,074</u>	<u>920,068</u>
Total net assets	<u>1,460,933</u>	<u>1,906,476</u>
Total liabilities and net assets	\$ <u>1,664,055</u>	\$ <u>2,171,544</u>

QUEBEC-LABRADOR FOUNDATION (CANADA), INC.

Statement of Activities and Changes in Net Assets (USD and CAD)

For the Year Ended August 31, 2018

	USD				CAD			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support, revenue and transfers:								
Public support:								
Contributions, grants and other support	\$ 34,341	\$ -	\$ -	\$ 34,341	\$ 43,841	\$ -	\$ -	\$ 43,841
Government contracts	65,311	-	-	65,311	83,379	-	-	83,379
Program related	259	-	-	259	331	-	-	331
Total public support	99,911	-	-	99,911	127,551	-	-	127,551
Revenue and transfers:								
Amounts appropriated under endowment spending policy	143,160	-	-	143,160	182,765	-	-	182,765
Net assets released from restrictions	59,177	-	-	59,177	75,548	-	-	75,548
Total revenue and transfers	202,337	-	-	202,337	258,313	-	-	258,313
Total public support, revenue and transfers	302,248	-	-	302,248	385,864	-	-	385,864
Operating expenses:								
Conservation and stewardship	82,138	-	-	82,138	104,861	-	-	104,861
Leadership programs	27,780	-	-	27,780	35,465	-	-	35,465
Special projects	2,682	-	-	2,682	3,424	-	-	3,424
Community service	(337)	-	-	(337)	(430)	-	-	(430)
Culture and heritage	95,415	-	-	95,415	121,812	-	-	121,812
Publications	19,274	-	-	19,274	24,606	-	-	24,606
Total programs	226,952	-	-	226,952	289,738	-	-	289,738
Management and general	33,484	-	-	33,484	42,747	-	-	42,747
Fundraising and development	1,782	-	-	1,782	2,275	-	-	2,275
Total operating expenses	262,218	-	-	262,218	334,760	-	-	334,760
Change in net assets from operations	40,030	-	-	40,030	51,104	-	-	51,104
Other income (expenses):								
Investment income	5,574	24,791	-	30,365	7,116	31,649	-	38,765
Net realized and unrealized gains on investments	24,343	108,249	-	132,592	31,077	138,196	-	169,273
Intercompany management fees	(86,600)	-	-	(86,600)	(110,558)	-	-	(110,558)
Amount appropriated under endowment spending policy	-	(143,160)	-	(143,160)	-	(182,765)	-	(182,765)
Contributions	-	13,833	-	13,833	-	17,660	-	17,660
Gain on disposal of fixed assets	-	(59,177)	-	(59,177)	-	(75,548)	-	(75,548)
Increase (decrease) in net assets before foreign currency translations	(16,653)	(55,464)	-	(72,117)	(21,261)	(70,808)	-	(92,069)
Gain (loss) on foreign currency translations	(131,303)	60,888	(26,288)	(96,703)	(152,118)	100,403	-	(51,715)
Increase (decrease) in net assets after foreign currency translations	(147,956)	5,424	(26,288)	(168,820)	(173,379)	29,595	-	(143,784)
Net assets, beginning of the year	314,901	583,490	731,362	1,629,753	391,915	738,277	920,068	2,050,260
Net assets, end of the year	\$ 166,945	\$ 588,914	\$ 705,074	\$ 1,460,933	\$ 218,536	\$ 767,872	\$ 920,068	\$ 1,906,476