



Governance Reference Manual

Quebec-Labrador Foundation, Inc.

2009

QUEBEC-LABRADOR FOUNDATION: THE ORGANIZATION

The Quebec-Labrador Foundation (QLF) is a private, not-for-profit organization incorporated in the United States (1963), and a registered charity in Canada (1969). QLF has a Board of Trustees, U.S.; a Board of Directors, Canada; and an Advisory Board or Corporation with members from the U.S. and Canada.

QLF was founded in 1961 by The Ven. Robert A. Bryan to provide community service and leadership programs for young people living in formerly isolated fishing communities along the Quebec-Labrador coast. Today, QLF remains an organization that develops leaders and invests in leaders through programs in community service, community-based conservation, and the stewardship of natural resources and cultural heritage.

In the mid-1970s, programs were expanded both geographically and programmatically when QLF offered residential conservation camps and experiential outdoor leadership opportunities for youth and families. In 1977, the Atlantic Center for the Environment was created to develop environmental programs throughout our home region, the Atlantic Region (New England and eastern Canada).

In 1981, the organization began its first international programs that are designed to foster an exchange of experience and to share knowledge and innovations with conservation leaders whose communities face similar challenges and opportunities. Today, QLF International Programs include professional Exchanges for conservation leaders from 65 countries and four regions to include: Europe, Central and Southeast Europe, Latin America and the Caribbean, and the Middle East.

While QLF's program reach has expanded, its Mission remains constant and has for nearly a half century. One of the tasks of the QLF Board Committee on Mission and Programs is to review programs to ensure each maintains its integrity and meets the Mission; that is, *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 applied worldwide.*

. . .

QLF today is a complex organization with two boards, a corporation, 30 staff and consultants operating from our headquarters in Ipswich, Massachusetts; the QLF Canada office in Montreal, Quebec; the New England Field Office in Montpelier, Vermont; and seven Field Desks throughout New England and Atlantic Canada. Our annual budget is \$3 million. Our Endowment is \$6 million. QLF is supported by foundation grants, individual donations, government contracts (U.S. and Canada), and corporate philanthropy.

QLF is fortunate to have board committees that are engaged in all aspects of operations and programs. And, with new regulations for non-profits, QLF and the Committee on Trustees and Governance have taken steps to adhere to compliance policies and governance. This manual documents QLF's governing structure, By-Laws, and new policies to address the 990 requirements, governance, and best practices.

BOARD COMMITTEE CHARTERS
QUEBEC-LABRADOR FOUNDATION, INC.

Title: Trustees of the Quebec-Labrador Foundation, Inc., (U.S.)
Directors of the Quebec-Labrador Foundation, Inc., Canada

The Quebec-Labrador Foundation, Inc. (QLF) is a New York State Not-for-Profit Corporation and a Registered Charity in Canada.

The fundamental role of a Trustee is to use his or her talents and resources to further the interests of QLF in a substantial way. We seek a diverse board who, individually, play widely different roles, yet collectively have major impact on QLF’s programs, administration, operations, management systems, policies, public image, and fundraising. Each Trustee is expected to seek out roles through which he or she, with the help of the QLF staff, can best make a contribution to the organization’s success.

Specific board responsibilities are carried out through the committee structure and through individual initiative in order to effectively promote the Mission of QLF and oversee the principals for good governance and ethical practice. The board has organized itself into the following committees:

Executive Committee (U.S. and Canada)

Responsible for coordinating the efforts of various committees and report to the Board of Trustees, (U.S.) and the Board of Directors, (Canada).

. . .

Audit Committee

Responsible for overseeing the organization’s submission of complete, current, and accurate financial records.

Committee on Finance and Administration

Responsible for overseeing and submitting for board approval, annual financial budgets and monitoring the organization’s progress in meeting those budgets.

Committee on Mission and Programs

Responsible for reviewing and evaluating QLF program groupings no less frequently than every five years to ensure they advance QLF’s Mission and make prudent use of its resources.

Committee on Trustees and Governance

Responsible for the recruitment, education, and evaluation of board members; and reviewing and proposing appropriate good governance and ethical practices.

Executive Compensation Committee

Responsible for the annual CEO evaluation and setting of the CEO’s compensation.

The Half Century Campaign Committee

Responsible for organizing and carrying out *The Half Century Campaign* on behalf of QLF. At the completion of *The Half Century Campaign* (2011), the committee will assume its former title, Development Committee.

Investment Committee

Responsible for overseeing the management of QLF’s endowment.

. . .

Ad Hoc Committees as deemed appropriate by the Board of Trustees.

**POLICIES FOR COMPLIANCE
WITH IRS EXPECTATIONS ON THE NEW FORM 990**

Quebec-Labrador Foundation, Inc.

Please note new QLF Policy as follows:

Conflict of Interest Policy

Whistleblower Policy

Document Retention and Destruction Policy

Compensation Setting Policy

Joint Venture Policy

CONFLICT OF INTEREST POLICY

For purposes of this provision, the term “interest” shall include personal interest, interest as a trustee, director, officer, member, stockholder, shareholder, partner, manager or beneficiary of any concern or having an immediate family member who holds such an interest in any concern. The term “concern” shall mean any corporation, association, trust, partnership, limited liability entity, firm, person or other entity other than Quebec-Labrador Foundation, Inc. (the “Organization”).

No trustee, officer or key employee of the Organization shall be disqualified from holding any office or post in the Organization by reason of any interest in any concern. A trustee, officer or key employee of the Organization shall not be disqualified from engaging, either as vendor, purchaser or otherwise, or contracting or entering into any transaction with the Organization or with any entity of which the Organization is an affiliate, provided, however, that the following precautions are undertaken:

1. The interest of such trustee, officer or key employee is fully disclosed to the board of trustees prior to its entering into the transaction.
2. No interested trustee, officer or key employee may vote or lobby on the matter or be counted in determining the existence of a quorum at the meeting of the board of trustees at which such matter is voted upon.
3. Any transaction in which a trustee, officer or key employee has an interest shall be duly approved by the disinterested board members as being in the best interests of the Organization.
4. Payments to the interested trustee, officer or key employee shall be reasonable and shall not exceed fair market value.
5. The minutes of meetings at which such votes are taken shall record such disclosure, abstention, and rationale for approval.

The foregoing procedures shall not be required if the interest of the affected trustee, officer or key employee consists of direct or indirect ownership of 1% or less of public traded securities of the concern or if the transaction is *de minimus* in relation to the Organization’s assets or revenues.

Trustees, officers and key employees are required to disclose their interests that could give rise to conflicts of interest at least annually.

. . .

WHISTLEBLOWER POLICY

EXPECTATION: Quebec-Labrador Foundation, Inc. (the “Organization”) expects trustees, officers and employees to observe high ethical standards in carrying out their responsibilities and to comply with all applicable laws and regulations.

OPEN DOOR POLICY: If any trustee, officer or employee has a complaint or concern about the Organization’s compliance with a law, regulation or standard of ethics, he or she is encouraged to raise such issue with the appropriate individual within the Organization. With respect to trustees, the appropriate individual is the Chairman of the board of trustees. With respect to employees, the relevant individual is the President. In the event a board member is not comfortable raising the issue with the Chairman, he/she should contact any other member of the board. In the event an officer or employee is not comfortable raising the issue with the President, he/she should contact a member of the board. In the event none of the foregoing are reasonable options and the trustee, officer or employee believes there may have been a legal or ethical transgression, he/she should contact an outside attorney. Anyone filing a complaint concerning a violation or suspected violation of a law, regulation or ethical requirement must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Individuals making baseless or malicious accusations will be disciplined up to and including termination.

REQUIREMENT OF INVESTIGATION: Within a reasonable time of receiving a complaint, concern or question regarding compliance with a law, regulation or ethics requirement, the President and/or Chairman shall investigate the matter and pursue it to resolution. Should the President or Chairman find that a law, regulation or ethics requirement has been violated, appropriate action should be taken.

CONFIDENTIALITY: To the degree possible, the names of the individuals reporting under this Whistleblower Policy shall be kept confidential.

PROTECTION FROM RETALIATORY ACTION: Neither the Organization nor its managers may take any negative employment or other retaliatory action against any trustee, officer or employee who in good faith reports a violation of a law or regulatory requirement. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

ACCOUNTING AND AUDITING MATTERS: The Chairman of the Committee on Finance and Administration of the Board of Trustees shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing.

. . .

DOCUMENT RETENTION AND DESTRUCTION POLICY

Quebec-Labrador Foundation, Inc. (the “Organization”) takes seriously its obligations to preserve information relating to litigation, audits, and investigations. The information listed in the retention schedule below is intended as a guideline and may not contain all the records the Organization may be required to keep in the future. Questions regarding the retention of documents not listed in this chart should be directed to the President.

From time to time, the President may issue a notice suspending the destruction of records due to pending, threatened, or otherwise reasonably foreseeable litigation, audits, government investigations, or similar proceedings. No records specified in such notice may be destroyed, even if the scheduled destruction date has passed, until further instruction is provided in writing by the President.

FILE CATEGORY	ITEM	RETENTION PERIOD
Corporate Records	By-Laws and Articles of Incorporation	Permanent
	Corporate Resolutions	Permanent
Minutes	Board and committee meeting agendas and minutes	Permanent
	Conflict-of-interest disclosure forms	4 years
Finance and Administration	Financial statements (audited)	7 years
	Auditor management letters	7 years
	Payroll records	7 years
	Check register and checks	7 years
	Bank deposits and statements	7 years
	Chart of accounts	7 years
	General ledgers and journals (includes bank reconciliations)	7 years
	Investment performance reports	7 years
	Equipment files and maintenance records	7 years after disposition
	Contracts and agreements	7 years after all obligations end
	Correspondence — general	3 years
Insurance Records	Policies — occurrence type	Permanent
	Policies — claims-made type	Permanent
	Accident reports	7 years
	Safety (OSHA) reports	7 years
	Claims (after settlement)	7 years
	Group disability records	7 years after end of benefits
Real Estate	Deeds	Permanent
	Leases (expired)	7 years after all obligations end
	Mortgages, security agreements	7 years after all obligations end
Tax	IRS exemption determination and related correspondence	Permanent
	IRS Form 990s	7 years
	Charitable Organizations Registration Statements (filed with State Attorney General)	7 years
	Other fundraising related documents	7 years
Human Resources	Employee personnel files	Permanent
	Retirement plan benefits (plan descriptions, plan documents)	Permanent
	Employee handbooks	Permanent
	Workers comp claims (after settlement)	7 years
	Employee orientation and training materials	7 years after use ends
	Employment applications	3 years
	IRS Form I-9 (store separate from personnel file)	Greater of 1 year after end of service, or three years
	Withholding tax statements	7 years
	Timecards	3 years
Technology	Software licenses and support agreements	7 years after all obligations end

Electronic Documents and Records.

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an e-mail message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods should be tested on a regular basis.

Emergency Planning.

The Organization’s records should be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping the Organization operating in an emergency should be duplicated or backed up at least weekly and maintained off-site.

Document Destruction.

Documents should be eliminated at the end of the relevant retention period. Destruction of financial and personnel-related documents should be accomplished by shredding.

Document destruction with respect to relevant documents will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

Compliance.

Failure on the part of employees to follow this policy can result in possible sanctions against the Organization and its employees, and possible disciplinary action against responsible individuals. The President will periodically review these procedures with legal counsel or the Organization’s certified public accountant to ensure that they are in compliance with new or revised regulations.

. . .

COMPENSATION SETTING POLICY

I. INTRODUCTION

This policy codifies the procedures by which the Quebec-Labrador Foundation, Inc., board of trustees sets the compensation of top management officials, officers and key employees (“executive compensation”) each year consistent with the Internal Revenue Service (IRS) guidelines on intermediate sanctions to take advantage of the rebuttable presumption of reasonableness. The board also adopts this policy as representing a good business practice.

II. POLICY

The board of trustees shall have oversight of all aspects of executive compensation related to compliance with IRS regulations. The board shall (1) determine compensation of the President and such other officers and key employees as the board and the President shall determine as being under the purview of the board of trustees and (2) review, assess and approve the reasonableness of such compensation.

In order to be approved as reasonable, compensation must be an amount that would ordinarily be paid for comparable work by similarly situated organizations under like circumstances. In general, a similarly situated organization is one that (1) is established as a 501(c)(3) nonprofit corporation, (2) is headquartered in a similar locale or area, (3) has an annual budget of a similar size and (4) has a staff of a similar size.

III. GUIDELINES

Compensation determinations made by the Committee will be made in accordance with the following guidelines:

- A. In setting and determining the reasonableness of executive compensation, the board shall obtain and rely upon compensation information for comparable work by similarly situated organizations under like circumstances, as defined in Section II above.
- B. Board members involved in setting and approving executive compensation as well as any third parties providing professional advice to the board members in connection with setting and approving executive compensation shall be independent and have no conflicts of interest as to the executive whose compensation is being reviewed. Board members shall have no conflict of interest for these purposes if they (i) will not economically benefit from the compensation arrangement, (ii) are not family members of a person who will economically benefit, (iii) are not in an employment relationship subject to the direction or control of a person who will benefit, (iv) do not receive compensation or other payments subject to approval by a person who will benefit, (v) have no material financial interest affected by the compensation arrangement, and (vi) do not approve a transaction providing economic benefit to a person who in turn has approved or will approve a transaction providing them economic benefit.
- C. Timely and accurate minutes of all final actions by the board regarding the setting and approval of executive compensation will be recorded in the board minutes, which will include (1) the terms of the approved compensation arrangement and the date approved, (2) a list of the board members present during discussion, showing those who approved the arrangement and those who recused themselves due to conflicts of interest, (3) the comparability data relied upon and how such data was obtained, and (4) the rationale for determining the arrangement was reasonable if it exceeded the range of the comparability data.

The Committee shall treat its compensation deliberations, and materials related to such deliberations, as confidential.

. . .

JOINT VENTURE POLICY

Quebec-Labrador Foundation, Inc. (the “Organization”) may, from time to time, wish to invest in, contribute assets to, or otherwise participate in a joint venture or similar arrangement with one or more taxable entities. No such action shall be taken except in accordance with the procedures in this Joint Venture Policy. The procedures in this Joint Venture Policy need not be followed with respect to any venture entered into by the Organization solely for the production of income or appreciation of property, and from which 95% or more of the income will be passive income under Section 512(b)(1-5) of the Internal Revenue Code.

PROCEDURES

Before entering a joint venture or similar arrangement with one or more taxable entities, the board of trustees of the Organization will take the following steps:

1. The board will empower a board member, group of board members or an outside professional to negotiate on its behalf with other participants in the venture to ensure that all contracts entered into are arm's length or more favorable to the Organization, and that the Organization's exempt status is protected.
2. The Organization will only enter joint venture or similar arrangement with one or more taxable entities designed to further the tax-exempt mission of the Organization.
3. The Organization will not enter any joint venture or similar arrangement with one or more taxable entities unless it retains at least 51% of the voting power or control over decisions regarding the direction and operation of the venture or arrangement.
4. The Organization will not enter any joint venture or similar arrangement with one or more taxable entities that would result in improper political intervention or a substantial amount of lobbying by the Organization.
5. The board will review any and all agreements or legal documents establishing and outlining the terms of the venture or arrangement for compliance with the foregoing requirements.

. . .