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

Combined Financial Statements
and Supplementary Information

August 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

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

Combined Financial Statements and Supplementary Information

August 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

The Boards of Directors
The Quebec-Labrador Foundation, Inc. and
Quebec-Labrador Foundation (Canada), Inc.:

Opinion

We have audited the 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, 2023 and 2022, and the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organizations as of August 31, 2023 and 2022, and the changes in their net assets, cash flows and functional expenses for the years then ended in accordance 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organizations, 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 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern for one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organizations' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' 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 audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary combining information on pages 30 to 33 for The Quebec-Labrador Foundation, Inc. and Quebec-Labrador Foundation (Canada), Inc., is presented for purposes of additional analysis and is 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 audits 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.

Nardello + Taylor LLP

June 25, 2024

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

Combined Statements of Financial Position

August 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 116,847	$ 56,512
Short-term investments	10,740	11,716
Contributions receivable, net	309,715	145,979
Accounts receivable	228,608	210,933
Prepaid expenses and other assets	6,099	15,374
Investments - endowment	5,515,088	5,716,918
Investments - other	-	153,000
Property and equipment, net	8,974	15,948
Operating lease right of use asset, net	101,005	-
Total assets	**$ 6,297,076**	**$ 6,326,380**
Liabilities and Net Assets		
Liabilities:		
Line of credit	$ 301,558	$ 397,000
Accounts payable	62,870	135,880
Operating lease liability, current portion	49,184	-
Accrued expenses and other liabilities	67,115	42,347
Notes payable	22,164	24,061
Operating lease liability, net of current portion	52,279	-
Total liabilities	**555,170**	**599,288**
Net assets:		
Undesignated	(208,725)	(172,805)
Designated by the Board for endowment	3,406,685	3,612,345
Without donor restrictions	3,197,960	3,439,540
With donor restrictions	2,543,946	2,287,552
Total net assets	**5,741,906**	**5,727,092**
Total liabilities and net assets	**$ 6,297,076**	**$ 6,326,380**

The accompanying notes are an integral part of these financial statements.

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

Combined Statements of Activities and Changes in Net Assets

For the Year Ended August 31, 2023 (with Comparative Totals for 2022)

	2023			2022
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Total**
Public support, revenue and transfers:				
Public support:				
Contributions	$ 600,738	$ 388,185	$ 988,923	$ 774,460
Government grants	276,346	-	276,346	228,770
Program and intern sponsorships	4,844	-	4,844	-
Total public support	**881,928**	**388,185**	**1,270,113**	**1,003,230**
Revenue and transfers:				
Other income	113,369	-	113,369	1,485
Appropriations from endowment funds	541,901	-	541,901	647,965
Net assets released from restrictions	149,046	-	149,046	92,543
Total revenue and transfers	**804,316**	-	**804,316**	**741,993**
Total public support, revenue and transfers	**1,686,244**	**388,185**	**2,074,429**	**1,745,223**
Operating expenses:				
Conservation and stewardship	773,915	-	773,915	670,665
Leadership programs	142,650	-	142,650	167,561
Special projects	174,913	-	174,913	118,819
Community service	-	-	-	79,196
Communications	257,763	-	257,763	234,857
Total programs	**1,349,241**	-	**1,349,241**	**1,271,098**
Management and general	234,644	-	234,644	294,518
Development	133,671	-	133,671	152,820
Total support services	**368,315**	-	**368,315**	**447,338**
Total operating expenses	**1,717,556**	-	**1,717,556**	**1,718,436**
Change in net assets from operations	**(31,312)**	**388,185**	**356,873**	**26,787**
Other income (expenses):				
Investment income, net	103,189	59,541	162,730	292,802
Net realized and unrealized gains (losses) on investments	112,723	64,910	177,633	(1,478,016)
Appropriations from endowment funds	(421,286)	(120,616)	(541,902)	(647,965)
Endowment contributions	-	15,000	15,000	46,400
Net assets released from restrictions	-	(149,046)	(149,046)	(92,543)
Total other (expenses) income, net	**(205,374)**	**(130,211)**	**(335,585)**	**(1,879,322)**
(Decrease) increase in net assets before foreign currency translation	**(236,686)**	**257,974**	**21,288**	**(1,852,535)**
Loss on foreign currency translations	(4,894)	(1,580)	(6,474)	(17,417)
(Decrease) increase in net assets after foreign currency translation	**(241,580)**	**256,394**	**14,814**	**(1,869,952)**
Net assets, beginning of the year	3,439,540	2,287,552	5,727,092	7,597,044
Net assets, end of the year	**$ 3,197,960**	**$ 2,543,946**	**$ 5,741,906**	**$ 5,727,092**

The accompanying notes are an integral part of these financial statements.

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

Combined Statement of Activities and Changes in Net Assets

For the Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue and transfers:			
Public support:			
Contributions	$ 604,338	$ 170,122	$ 774,460
Government grants	228,770	-	228,770
Program and intern sponsorships	-	-	-
Total public support	**833,108**	**170,122**	**1,003,230**
Revenue and transfers:			
Other income	1,485	-	1,485
Appropriations from endowment funds	647,965	-	647,965
Net assets released from restrictions	92,543	-	92,543
Total revenue and transfers	**741,993**	-	**741,993**
Total public support, revenue and transfers	**1,575,101**	**170,122**	**1,745,223**
Operating expenses:			
Conservation and stewardship	670,665	-	670,665
Leadership programs	167,561	-	167,561
Special projects	118,819	-	118,819
Community service	79,196	-	79,196
Culture and heritage	-	-	-
Communications	234,857	-	234,857
Total programs	**1,271,098**	-	**1,271,098**
Management and general	294,518	-	294,518
Development	152,820	-	152,820
Total support services	**447,338**	-	**447,338**
Total operating expenses	**1,718,436**	-	**1,718,436**
Change in net assets from operations	**(143,335)**	**170,122**	**26,787**
Other income (expenses):			
Investment income, net	189,100	103,702	292,802
Net realized and unrealized losses on investments	(952,798)	(525,218)	(1,478,016)
Appropriations from endowment funds	(530,897)	(117,068)	(647,965)
Endowment contributions	1,400	45,000	46,400
Net assets released from restrictions	-	(92,543)	(92,543)
Total other income (expense), net	**(1,293,195)**	**(586,127)**	**(1,879,322)**
Decrease in net assets before foreign currency translations	**(1,436,530)**	**(416,005)**	**(1,852,535)**
Loss on foreign currency translations	(17,398)	(19)	(17,417)
Increase in net assets after foreign currency translations	**(1,453,928)**	**(416,024)**	**(1,869,952)**
Net assets, beginning of the year as previously reported	368,072	7,228,972	7,597,044
Adjustment to beginning net assets (note 16)	4,525,396	(4,525,396)	-
Net assets at beginning of year, as restated	4,893,468	2,703,576	7,597,044
Net assets, end of the year	**$ 3,439,540**	**$ 2,287,552**	**$ 5,727,092**

The accompanying notes are an intergral part of these financial statements.

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

Combined Statements of Cash Flows

For the Years Ended August 31, 2023 and 2022

		2023		2022
Cash flows from operating activities:				
Change in net assets after foreign currency translation	$	14,814	$	(1,869,952)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation and amortization		9,342		10,010
Net realized and unrealized (gains) losses on investments		(177,633)		1,478,021
Changes in operating assets and liabilities:				
Contributions receivable		(166,416)		(43,623)
Accounts receivable		(22,115)		1,155
Prepaid expenses and other assets		9,048		18,275
Operating lease assets and liabilities		458		-
Accounts payable and accrued expenses		(46,560)		93,469
Net cash used in operating activities		**(379,062)**		**(312,645)**
Cash flows from investing activities:				
Proceeds from sale of long-term investments		2,503,397		2,457,763
Purchases of long-term investments		(1,971,859)		(2,301,987)
Proceeds from sale (purchases) of short-term investments		606		(42)
Purchases of property and equipment		(2,368)		(12,010)
Net cash provided by investing activities		**529,776**		**143,724**
Cash flows from financing activities:				
Net (payments) borrowings on line of credit		(95,442)		183,520
Repayments on notes payable		(1,172)		(3,745)
Net cash (used in) provided by financing activities		**(96,614)**		**179,775**
Effect of exchange rate changes on cash and cash equivalents		6,235		6,818
Net increase in cash and cash equivalents		**60,335**		**17,672**
Cash and cash equivalents, beginning of the year		56,512		38,840
Cash and cash equivalents, end of the year	**$**	**116,847**	**$**	**56,512**
Supplemental disclosure of cash flow information:				
Cash paid for interest	$	24,930	$	15,710

Supplemental non-cash transactions:

In 2023, the Organizations recorded right-of-use assets and related lease liabilities in connection with operating leases in the amount of $158,969.

The accompanying notes are an integral part of these financial statements.

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

Combined Statement of Functional Expenses

For the Year Ended August 31, 2023

	Conservation and Stewardship	Leadership Programs	Special Projects	Communications	Total Programs	Management and General	Development	Total Support Services	Total
Salaries, taxes, and fringe benefits	$ 393,442	$ 78,342	$ 70,279	$ 86,260	$ 628,323	$ 141,023	$ 49,848	$ 190,871	$ 819,194
Professional fees and services	216,398	30,393	60,786	99,689	407,266	41,723	48,629	90,352	497,618
Travel, food, and lodging	35,983	5,054	10,107	16,576	67,720	5,054	8,087	13,141	80,861
Occupancy	30,834	4,330	8,661	14,204	58,029	4,330	6,929	11,259	69,288
Insurance	28,865	4,055	8,108	13,297	54,325	4,055	6,486	10,541	64,866
Office supplies and equipment	19,298	2,711	5,421	8,890	36,320	2,711	4,337	7,048	43,368
Interest	-	-	100	-	100	25,263	-	25,263	25,363
Dues and subscriptions	9,134	1,283	2,565	4,207	17,189	1,283	2,053	3,336	20,525
Telecommunications	7,721	1,084	2,169	3,557	14,531	1,084	1,735	2,819	17,350
Awards and small grants	3,383	11,883	-	-	15,266	75	-	75	15,341
Printing and publications	6,412	900	1,801	2,954	12,067	900	1,441	2,341	14,408
Repairs and maintenance	5,746	807	1,614	2,647	10,814	807	1,291	2,098	12,912
Other expenses	4,411	578	1,157	1,897	8,043	1,269	926	2,195	10,238
Depreciation and amortization	4,157	584	1,168	1,915	7,824	584	934	1,518	9,342
Postage and shipping	3,480	489	977	1,603	6,549	489	782	1,271	7,820
Stipends	4,584	-	-	-	4,584	-	-	-	4,584
Permits and fees	67	157	-	67	291	3,994	193	4,187	4,478
Total	**$ 773,915**	**$ 142,650**	**$ 174,913**	**$ 257,763**	**$ 1,349,241**	**$ 234,644**	**$ 133,671**	**$ 368,315**	**$ 1,717,556**

The accompanying notes are an integral part of these financial statements.

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

Combined Statement of Functional Expenses

For the Year Ended August 31, 2022

	Conservation and Stewardship	Leadership Programs	Special Projects	Community Service	Communications	Total Programs	Management and General	Development	Total Support Services	Total
Salaries, taxes and fringe benefits	$ 358,425	$ 104,153	$ 48,616	$ 38,762	$ 109,936	$ 659,892	$ 187,688	$ 56,230	$ 243,918	$ 903,810
Professional fees and services	152,200	31,926	26,575	21,901	71,432	304,034	35,693	57,039	92,732	396,766
Travel, food and lodging	57,290	2,326	6,113	492	1,286	67,507	6,511	3,328	9,839	77,346
Occupancy	15,505	9,951	7,940	6,617	13,234	53,247	8,602	7,940	16,542	69,789
Insurance	10,630	8,423	6,738	5,615	11,230	42,636	7,300	6,738	14,038	56,674
Office supplies and equipment	6,047	3,460	5,228	2,237	10,374	27,346	2,909	5,870	8,779	36,125
Rental - equipment	30,213	190	98	-	-	30,501	288	308	596	31,097
Telecommunications	4,085	3,466	5,214	1,280	6,894	20,939	1,665	1,797	3,462	24,401
Other expenses	880	-	1,264	52	400	2,596	16,995	93	17,088	19,684
Printing and publications	6,186	-	152	1,012	5,516	12,866	729	4,820	5,549	18,415
Interest	-	-	511	-	-	511	15,551	-	15,551	16,062
Permits and fees	12,012	55	55	-	-	12,122	818	363	1,181	13,303
Taxes	8,567	37	-	-	22	8,626	3,568	-	3,568	12,194
Postage and shipping	270	70	2,443	196	431	3,410	1,643	5,951	7,594	11,004
Depreciation and amortization	1,802	1,501	1,201	1,001	2,002	7,507	1,301	1,201	2,502	10,009
Dues and subscriptions	1,708	364	5,872	-	333	8,277	1,634	(266)	1,368	9,645
Stipends	2,550	1,489	-	-	267	4,306	768	1,408	2,176	6,482
Awards and small grants	2,295	150	-	-	1,500	3,945	344	-	344	4,289
Repairs and maintenance	-	-	799	31	-	830	511	-	511	1,341
Total	**$ 670,665**	**$ 167,561**	**$ 118,819**	**$ 79,196**	**$ 234,857**	**$ 1,271,098**	**$ 294,518**	**$ 152,820**	**$ 447,338**	**$ 1,718,436**

The accompanying notes are an integral part of these financial statements.

(1) Nature of Operations

The Quebec-Labrador Foundation operates as two separate organizations in the United States and Canada, Quebec-Labrador Foundation, Inc. ("QLF U.S."), a not-for-profit organization in the U.S., and Quebec-Labrador Foundation (Canada), Inc. ("QLF Canada"), a Registered Charity in Canada, (collectively referred to as "the Organizations").

With its roots in the Atlantic Region of North America, the Organizations engage environmental leaders worldwide to advance community-based and larger-scale conservation and stewardship of natural resources and cultural heritage.

Organizations envision a world in which nature and human societies thrive together and people of good will collaborate to solve the global issues of our time – climate change, depletion of natural resources, biodiversity loss and planetary health.

Building on its decades-long legacy of engaging a worldwide network of conservation and community leaders, the Organizations seek innovative solutions and shares knowledge across generations, cultures and borders. The Organizations addresses pressing global environmental challenges through impactful programs in three focus areas: environmental leadership, biodiversity conservation, and stewardship of natural resources and cultural heritage. Through its work, the Organizations nurture and train current and future conservation leaders while fostering diversity, equity and inclusion in all its programs. In these ways, The Organizations strive to be a highly relevant and effective non-profit conservation organization that contribute to a vibrant future for humanity and our planet.

The Organizations' guiding principles are to create and cultivate enduring relationships within the Atlantic Region and worldwide; invest in the talent, energy, and optimism of current and future conservation leaders; contribute to and share knowledge, strategies, and innovation across cultures and borders; uphold a commitment to serve people, places, and the environment; lead with boldness, creativity, and conviction; and act with humility, respect, and integrity.

In summary, the Organizations' programs demonstrate a commitment and focus on leadership development through the model of community-based conservation and the stewardship of natural resources and cultural heritage that is shared worldwide. The Organizations' contributions and grants are primarily from the general public, private foundations, and government agencies in the United States and Canada.

(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:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to restrictions imposed by donors or certain grantors.

Net assets with donor restrictions - Net assets subject to restrictions imposed by donors or certain grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Principles of Combination

The combined financial statements include the accounts of QLF U.S. and QLF Canada. 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 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 using 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 following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2023 and 2022.

Mutual funds, exchange-traded funds, and publicly traded real estate investment trust ("REIT") - are valued at the daily closing price as reported by the funds. Mutual funds, exchange-traded funds and publicly traded REIT held by the Organizations are open-end funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds, exchange-traded funds and publicly traded REIT held by the Organizations are deemed to be actively traded.

Money Market Funds: The fair value of money market funds is based on quoted net asset values at the end of the business day. Due to the short-term nature of the investments, the fair value is expected to approximate cost.

U.S. Treasuries/agency securities: The fair value of these securities is based on the closing prices reported in the active market in which the individual securities are traded. These securities are classified as Level 1 financial instruments as they are valued on an active exchange using prices provided by broker/dealers who actively make markets in these securities.

Market price is affected by many 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 lower degree of judgment used in measuring fair value. It is reasonably possible changes in the 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 5 - 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 the 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.

No cash and cash equivalents is to be used for restricted purposes at August 31, 2023 and 2022, respectively.

Short-term Investments

Short-term investments include instruments with a maturity greater than three months at the date of purchase and is comprised of a Guaranteed Investment Certificate (GIC) held at a bank by the Canadian Organization.

Revenue Recognition and Reporting

Contributions and grants are recognized in accordance with FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Contributions are recognized as revenue when assets are unconditionally promised to the Organizations, or if not previously unconditionally promised, when the assets are received, and all conditions have been met.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities and changes in net assets as net assets released from restrictions. 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 goods or services were recognized as revenue for the years ended August 31, 2023 and 2022.

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 support with donor restrictions 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.

Revenue is deferred when it is collected but not earned as of the year end and 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 Organizations have no deferred revenue as of August 31, 2023 and 2022.

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. Revenue is recognized when the work has been performed or when the expense has been incurred. Collectability and the 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, 2023 and 2022, and considers accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is recorded.

Endowment Investments

The Organizations' record investments at fair value. Fair value is determined as per the fair value policies described above.

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 net assets without donor restrictions in the statement of activities unless their use has been restricted by donor or state law. Investment returns are reported as increases or decreases in net assets with donor restrictions if:

- the terms of the gift require that they be added to the principal of an endowment fund designated by the donor to be held in perpetuity; or
- 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.

Risks and Uncertainties

Financial instruments that potentially subject the Organizations to concentrations of credit risk consist principally of temporary cash investments, contributions receivable, accounts receivable, and marketable securities. The carrying amounts of these financial instruments approximate their fair value.

The Organizations' investment securities are held by a brokerage firm that is a member of the Securities Investment Protection Corporation (SIPC). Securities held by member brokerage firms, including up to $250,000 of cash equivalents, are insured by the SIPC up to $500,000 per customer, per brokerage firm. SIPC protection would be triggered only in the event of a financial failure and liquidation of a participating brokerage firm or if the customer's securities are not returned. This protection does not cover investment losses in customer accounts due to market fluctuations or other claims for losses incurred while the brokerage firm remains in business.

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and changes in the market value of investment securities, it is possible that the value of the Organizations' investments and total net assets balances could fluctuate materially.

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. The 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 are 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 5-20 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.

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 state income taxes. 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 tax-exempt entities 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 including amounts transferred to without donor restrictions in accordance with spending policy; reclassifications of endowment funds; additional endowment spending appropriations; pending draw from investment; gain (loss) on foreign currency translation; contributions with donor restrictions; 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. Net assets of QLF Canada amounting to $1,228,123 and $1,179,173 are included in total net assets in the Organizations' combined statement of financial position as of August 31, 2023 and 2022, respectively.

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 losses from foreign currency translations totaling $6,875 and $17,417 during the years ended August 31, 2023 and 2022, respectively, are included in the combined statement of activities and changes in net assets.

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, periodic cost for government grants, 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 $14,409 and $18,415 were incurred during the years ended August 31, 2023 and 2022, respectively.

Related Party Expenses

QLF U.S. charges QLF Canada a management fee for management, bookkeeping and accounting services. The charge is recognized as operating revenues and expenses on the combining statement of activities and changes in net assets. Management fees in connection with these services totaled $184,675 and $246,000 for the years ended August 31, 2023 and 2022, respectively, and are eliminated on combination.

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. The combined statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Expenses that are common to several programs or supporting services are allocated on a reasonable basis that is consistently applied. Salaries, employee benefits and payroll taxes are allocated based on estimated time and effort. Facility expenses, depreciation, office expenses, and insurance are all allocated using estimated percentages, based on estimated labor effort in each program or service.

Adoption of New Accounting Guidance

Effective January 1, 2022, the Organizations adopted Accounting Standards Update (ASU) 2016-02, *Leases* ("ASC 842") and subsequent amendments. ASC 842 affects all entities that enter into lease arrangements, with certain exclusions under limited scope limitations.

In adopting the new lease standard, the Organizations elected to use a transition method under which existing leases were measured and capitalized as of the date of adoption, September 1, 2022, in lieu of applying the standard retrospectively to September 1, 2021.

Additionally, as part of the implementation, the Organizations elected to use a package of optional practical expedients which permit the Organizations to avoid reassessing previous lease identifications within contracts, the existence of initial direct costs, and the lease classifications of any expired and existing leases. Moreover, in accordance with the expedients, all leases classified as operating leases under previous US GAAP are automatically classified as operating leases under the new standard, and all leases previously classified as capital leases are recorded as finance leases.

Leases recognized under the new standard include leases that were not capitalized under previous US GAAP.

Under ASC 842, an entity recognizes right-of-use assets and lease obligations on its balance sheets for all leases with a lease term of more than 12 months. Short-term rentals under year-to-year leases or remaining lease terms of 12 months or less are exempt from being capitalized. Leases that have a right-of-use asset and related lease liability that are not material to the financial statements are not recorded in the balance sheet, instead, rent on the leases is expensed as incurred.

The Organizations have made an accounting policy election to use a risk-free rate as the discount rate in measuring its lease obligation. Under this election, the risk-free rate used is the rate for a United States Treasury instrument with a term consistent with the remaining lease term of an applicable lease.

On September 1, 2022, the Organizations recorded in their consolidated balance sheet an operating lease right-of-use asset of $158,969 and an operating lease obligation of $158,969 related to the Organizations' operating leases.

Lessee Lease Accounting Policy

The new standard requires that leases with a lease term of more than 12 months be classified as either finance or operating leases by the lessee. Leases are classified as finance leases when the Organizations expect to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, the Organizations are not expected to consume a major part of the economic benefits of assets classified as operating leases. The lease classification affects both the pattern and presentation of expense recognized in the statement of activities and changes in net assets, the categorization of assets and liabilities in the balance sheets, and classification of cash flows in the statement of cash flows.

Non-lease components, such as common area maintenance charges, are separated from lease components based on the terms of the related lease. Variable lease components consist of real estate taxes and insurance charges related to the real estate lease and are recorded as rent expense as incurred.

Lease obligations are measured and recorded at the present value of future lease payments using a discount rate.

Right-of-use assets are generally measured and recorded at the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

(3) Liquidity and Availability

The Organizations regularly monitor the availability of resources to meet their operating needs and other contractual commitments, while also striving to maximize the investment of their available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organizations consider all expenditures related to their ongoing activities of providing leadership development through community-based conservation and stewardship of natural resources and cultural heritage that is shared worldwide, as well as general and administrative and development costs.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following at August 31:

	2023	2022
Cash and cash equivalents	$ 116,847	$ 56,512
Short-term investments	10,740	11,716
Contributions receivable within one year	209,199	112,201
Accounts receivable	228,608	210,933
Prepaid expenses and other current assets	6,099	15,374
Annual appropriation from endowment investments	316,244	331,896
	$ 887,737	**$ 738,632**

In addition to financial assets available to meet general expenditures within one year of the balance sheet date, the Organizations anticipate collecting enough revenue to cover general expenses.

QLF U.S.'s governing board makes an annual appropriation of 5% of the fair value of the investments, as described in the endowment spending policy section of Note 13. Prior to the year ended August 31, 2023, the board approved quarterly draws of $79,061, for a total appropriation of $316,244, for the 2024 fiscal year. These funds will be used for program, general and development expenses during the next 12-month period. The board may, at its discretion, approve additional appropriations from investments during the year for specific program purposes or to meet the Organizations' operating needs.

QLF U.S. has an operating line of credit that can be used to meet cash requirements.

(4) Contributions Receivable

Contributions receivable consisted of the following at August 31:

		2023		2022
Gross amounts due in:				
Less than one year	$	209,199	$	112,201
One to five years		110,819		38,148
		320,018		150,349
Less: discount to present value		(10,303)		(4,370)
Contributions receivable, net	**$**	**309,715**	**$**	**145,979**

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, 2023, amounts due from four contributors totaled $259,136 and represented 84% of gross year-end receivables. As of August 31, 2022, amounts due from three contributors totaled $131,297 and represented 90% of gross year-end receivables.

(5) 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:

			2023			
		Level 1		**Level 2**		**Total**
Money market funds	$	180,796	$	-	$	180,796
U.S. Treasury/agency securities		328,832		-		328,832
Equity mutual funds		3,494,358		-		3,494,358
Fixed income mutual funds		598,776		-		598,776
Exchange traded funds		912,326		-		912,326
Total investments	**$**	**5,515,088**	**$**	**-**	**$**	**5,515,088**

	2022		
	Level 1	**Level 2**	**Total**
Money market funds	$ 306,789	$ -	$ 306,789
U.S. Treasury/agency securities	353,644	-	353,644
Equity mutual funds	4,233,956	-	4,233,956
Fixed income mutual funds	299,759	-	299,759
Exchange traded funds	396,226	-	396,226
Real estate investment trust	279,544	-	279,544
Total investments	**$ 5,869,918**	**$ -**	**$ 5,869,918**

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, 2023 and 2022.

Investments with a fair value of $607,067 and $575,601 as of August 31, 2023 and 2022, respectively, are being held in a separate account and serve as collateral for the line of credit with a bank (see Note 7).

(6) Property and Equipment

Property and equipment consisted of the following at August 31:

	2023	**2022**
Furniture, fixtures and equipment	$ 55,876	$ 53,508
Vehicle	23,725	23,725
Capitalized website costs	55,737	55,737
Leasehold improvements	19,727	19,727
	155,065	152,697
Less: accumulated depreciation and amortization	(146,091)	(136,749)
	$ 8,974	**$ 15,948**

(7) Line of Credit

QLF U.S. maintains a working capital line of credit (the "Line") with a bank payable upon demand. Borrowings on the Line are limited to $400,000. The rate of interest on the Line is the Wall Street Journal prime rate plus 2%, with a floor of 4.50%. The interest rate on the Line was 8.5% and $5.5% per annum at August 31, 2023 and 2022, respectively. The Line is secured by marketable securities held at a brokerage firm, with a required minimum balance of $500,000 (see Note 5). The outstanding balance on borrowings from the bank was $301,558 and $397,000 at August 31, 2023 and 2022, respectively.

(8) Notes Payable

Notes payable consisted of the following at August 31:

	2023	2022
Note payable to a company, due in monthly installments of $355, interest at 2.49% per annum through December 2022, secured by a vehicle.	$ -	$ 1,172
Non-interest bearing loan provided by Canada Emergency Business Account, due December 31, 2023.	22,164	22,889
	$ 22,164	**$ 24,061**

In May 2020, QLF Canada was granted a loan from a bank in the amount of $30,679, pursuant to Canada Emergency Business Account (the "CEBA"). The loan matures on December 31, 2023 and bears no interest. Under the terms of the CEBA, repaying the outstanding balance on or before December 31, 2023 will result in loan forgiveness of 25 percent. The board decided to repay the outstanding balance by due date, therefore, $7,670 of the loan was recognized as grants and contributions in the Statements of Activities and Changes in Net Assets for the year ended August 31, 2020. The remaining balance of the loan, $22,164 and $22,889, is recorded as notes payable in the Statement of Financial Position as of August 31, 2023 and 2022, respectively. The loan was paid and processed at the beginning of January 2024 under the terms of CEBA.

(9) Leases

The Organizations rent office spaces under non-cancelable operating leases. QLF U.S. has a sublease agreement for its office space in Ipswich, Massachusetts through December 31, 2025, and lease agreements for additional space through September 30, 2024. The Canadian Organization has a lease agreement for its office space in Montreal, Quebec through May 31, 2026.

Rental expense on a straight-line basis for the years ended August 31, 2023 and 2022 was $67,137 and $61,918, respectively.

The weighted average remaining lease terms for the year ended August 31, 2023 were 2.32 years. The weighted average discount rate for the year ended August 31, 2023 was 5.0%.

Total future minimum rentals under non-cancelable leases are as follows for the years ending September 30:

2024	$	51,904
2025		38,535
2026		15,095
2027 and thereafter		-
Total lease payments		105,534
Less: imputed interest		(4,071)
Present value of total lease payments		101,463
Less: current portion		(49,184)
Lease obligations, net of current portion	**$**	**52,279**

(10) Net Assets

Net assets with donor restrictions are available for the following purposes or in future periods at August 31:

		2023		2022
Contributions receivable and donations restricted by donors for use in specific programs:				
Time restrictions:				
Net contributions receivable, due in future years	$	309,715	$	145,979
Purpose restrictions:				
Conservation and stewardship		110,822		37,000
		420,537		182,979
Subject to endowment spending policy and appropriation:				
Conservation and stewardship		1,396,527		1,379,013
Leadership programs		726,882		725,560
		2,123,409		2,104,573
Total net assets with donor restrictions	**$**	**2,543,946**	**$**	**2,287,552**

(11) 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:

		2023		2022
Satisfaction of time restrictions	$	112,046	$	92,543
Satisfaction of purpose restrictions:				
Conservation and stewardship		37,000		-
Total net assets released from restrictions	**$**	**149,046**	**$**	**92,543**

(12) Board-Designated Net Assets

The Organizations' board of directors have determined from time to time that a portion of the Organizations' net income should be invested alongside the endowment. These funds are considered board designated net assets and do not have the same spending restrictions as the Organizations' endowment. The following is a summary of the board designated net assets as of August 31, 2023 and 2022:

		2023		2022
General purposes	$	3,123,574	$	3,329,745
Scholarships		283,111		282,600
Total designated by the Board for endowment	**$**	**3,406,685**	**$**	**3,612,345**

(13) Endowment Assets and Those Functioning as Endowment Assets

Endowment

The Organizations' endowment funds are comprised of approximately fifteen 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 alongside the endowment to maximize their investment return until they are expended.

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

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$ -	$ 2,123,409	$ 2,123,409
Board designated endowment funds	3,406,685	-	3,406,685
Total endowment net assets	**$** 3,406,685	**$ 2,123,409**	**$ 5,530,094**

	2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$ -	$ 2,104,573	$ 2,104,573
Board designated endowment funds	3,612,345	-	3,612,345
Total endowment net assets	**$ 3,612,345**	**$ 2,104,573**	**$ 5,716,918**

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

	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, August 31, 2021	**$** 380,145	**$** 7,123,572	**$** 7,503,717
Adjustments	4,525,396	(4,525,396)	-
Restated - August 31, 2021	4,905,541	2,598,176	7,503,717
Endowment contributions	1,400	45,000	46,400
Investment income, net of fees	189,099	103,688	292,787
Net realized and unrealized losses	(952,798)	(525,223)	(1,478,021)
Amount appropriated under endowment spending policy	(530,897)	(117,068)	(647,965)
Endowment net assets, August 31, 2022	3,612,345	2,104,573	5,716,918
Endowment contributions	-	15,000	15,000
Investment income, net of fees	102,903	59,541	162,444
Net realized and unrealized gains	112,723	64,911	177,634
Amount appropriated under endowment spending policy	(421,286)	(120,616)	(541,902)
Endowment net assets, August 31, 2023	**$ 3,406,685**	**$ 2,123,409**	**$ 5,530,094**

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 net assets with permanent donor restrictions (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 net assets with permanent restrictions is classified as net assets with temporary restrictions 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.

Return Objectives and Risk Parameters

The Organizations' investment portfolio is managed to provide 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 inflation, 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.

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

As approved by their board of directors, the Organizations has a policy of appropriating for distribution each year a percentage of their endowment funds' average fair value over the previous

20 quarters through June 30. The annual appropriation is based on a 20-quarter average of the fair market value at the end of each quarter. The board of directors approved a spending rate of 5.0% for both fiscal years ending August 31, 2023 and 2022, with a calculated endowment appropriation of approximately $332,000 and $333,000 in 2023 and 2022, respectively. 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 one-time appropriations as necessary. The Board of Directors has approved a spending rate of 5.0% for 2024 (see Note 3).

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

	2023	2022
Spending policy	$ 331,902	$ 333,464
Additional board approved appropriations	210,000	314,501
	$ 541,902	**$ 647,965**

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Organizations to retain as a fund of perpetual duration. The Organizations have a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. There were no underwater funds with donor restrictions as of August 31, 2023 and 2022.

(14) Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), a federal government stimulus program, provided an employee retention credit ("the credit"), a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The credit was equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extended and slightly expanded the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the credit was equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee had been increased to $10,000 of qualified wages per quarter. QLF U.S. qualified for the credit for the quarters ended June 30, 2020, December 31, 2020, March 31, 2021 and June 30, 2021. QLF U.S. accounted for this credit under FASB ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*, and recorded $116,019 related to the credit in "Other Income" on the Organizations' Combined Statements of Activities and Changes in Net Assets. As of August 31, 2023, the Organizations included a receivable of $116,019, which was recorded in "Accounts Receivable" on the Organizations' Combined Statements of Financial Position.

(15) Retirement Plan

QLF U.S. sponsors a defined contribution retirement plan (the "Plan") for eligible employees. The Organization's contributions to the Plan were $30,110 and $26,292 for the years ended August 31, 2023 and 2022, respectively. $19,591 and $12,009 of the employer contributions to the Plan are included in accrued expenses and other liabilities at August 31, 2023 and 2022, respectively.

(16) Prior Period Adjustments

The Organizations have restated their previously issued combined financial statements as of August 31, 2021 for matters related to the following reported investments: net assets with donor restrictions and board-designated net assets without donor restrictions.

Management has determined that funds received from donors in prior years were recorded as having permanent donor restrictions in error. These donations should have been recorded as board designated endowment funds, based on communications from donors when the funds were received. These donations did not have written stipulations that the funds be held in perpetuity, but rather, that they be used to support current and future operations of the Organizations or other purposes as deemed appropriate by the board of directors.

The following is a summary of the effect of the adjustments on net assets at August 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at August 31, 2021, as previously reported	$ 368,072	$ 7,228,972	$ 7,597,044
Reclassification of donor restricted endowments to board designated funds	4,525,396	(4,525,396)	-
Net assets at August 31, 2021, as restated	**$ 4,893,468**	**$ 2,703,576**	**$ 7,597,044**

(17) Subsequent Events

The Organizations have evaluated all subsequent events through June 25, 2024, the date the financial statements were available to be issued.

QLF Canada has a lease agreement for its office space in Montreal, Canada through May 31, 2026. In December 2023, QLF Canada entered a new addendum to extend the lease through May 31, 2036. QLF Canada agreed to pay a base rent of $104,520 in total within the ten years. The Canadian Organization will remeasure this lease addendum in fiscal year 2024.

Supplementary Information

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

Combining Statement of Financial Position

August 31, 2023

	QLF U.S.	QLF Canada	Eliminating Entries	Total
Assets				
Cash and cash equivalents	$ 113,399	$ 3,448	$ -	$ 116,847
Short-term investments	-	10,740	-	10,740
Contributions receivable, net	70,751	238,964	-	309,715
Accounts receivable	165,610	62,998	-	228,608
Due from affiliated entity	-	151,412	(151,412)	-
Prepaid expenses and other assets	2,115	3,984	-	6,099
Investments - endowment	4,689,552	825,536	-	5,515,088
Property and equipment, net	8,974	-	-	8,974
Operating lease right of use asset, net	85,296	15,709	-	101,005
Total assets	**$ 5,135,697**	**$ 1,312,791**	**$ (151,412)**	**$ 6,297,076**
Liabilities and Net Assets				
Liabilities:				
Line of credit	$ 301,558	$ -	$ -	$ 301,558
Accounts payable	60,080	2,790	-	62,870
Operating lease liability, current portion	43,642	5,542	-	49,184
Accrued expenses and other liabilities	63,226	3,889	-	67,115
Note payable	-	22,164	-	22,164
Due to affiliated entity	151,412	-	(151,412)	-
Operating lease liability, net of current portion	42,112	10,167	-	52,279
Total liabilities	**662,030**	**44,552**	**(151,412)**	**555,170**
Net assets:				
Undesignated	(386,640)	177,915	-	(208,725)
Designated by the Board for endowment	2,581,149	825,536	-	3,406,685
Without donor restrictions	2,194,509	1,003,451	-	3,197,960
With donor restrictions	2,279,158	264,788	-	2,543,946
Total net assets	**4,473,667**	**1,268,239**	**-**	**5,741,906**
Total liabilities and net assets	**$ 5,135,697**	**$ 1,312,791**	**$ (151,412)**	**$ 6,297,076**

See Independent Auditors' Report.

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, 2023

	QLF U.S.			QLF Canada				
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**	**Eliminating Entries**	**Combined Total**
Public support, revenue and transfers:								
Public support:								
Contributions	$ 471,233	$ 150,000	$ 621,233	$ 129,505	$ 238,185	$ 367,690	$ -	$ 988,923
Government grants	109,299	-	109,299	167,047	-	167,047	-	276,346
Program and intern sponsorships	4,294	-	4,294	550	-	550	-	4,844
Total public support	**584,826**	**150,000**	**734,826**	**297,102**	**238,185**	**535,287**	**-**	**1,270,113**
Revenue and transfers:								
Other income (expenses)	301,290	-	301,290	(3,246)	-	(3,246)	(184,675)	113,369
Appropriations from endowment funds	268,271	-	268,271	273,630	-	273,630	-	541,901
Net assets released from restrictions	101,848	-	101,848	47,198	-	47,198	-	149,046
Total revenue and transfers	**671,409**	**-**	**671,409**	**317,582**	**-**	**317,582**	**(184,675)**	**804,316**
Total public support, revenue and transfers	**1,256,235**	**150,000**	**1,406,235**	**614,684**	**238,185**	**852,869**	**(184,675)**	**2,074,429**
Operating expenses:								
Conservation and stewardship	638,326	-	638,326	215,046	-	215,046	(79,457)	773,915
Leadership programs	102,670	-	102,670	63,409	-	63,409	(23,429)	142,650
Special projects	147,313	-	147,313	43,774	-	43,774	(16,174)	174,913
Communications	193,652	-	193,652	101,681	-	101,681	(37,570)	257,763
Total programs	**1,081,961**	**-**	**1,081,961**	**423,910**	**-**	**423,910**	**(156,630)**	**1,349,241**
Management and general	208,870	-	208,870	40,879	-	40,879	(15,105)	234,644
Development	111,589	-	111,589	35,022	-	35,022	(12,940)	133,671
Total support services	**320,459**	**-**	**320,459**	**75,901**	**-**	**75,901**	**(28,045)**	**368,315**
Total operating expenses	**1,402,420**	**-**	**1,402,420**	**499,811**	**-**	**499,811**	**(184,675)**	**1,717,556**
Change in net assets from operations	**(146,185)**	**150,000**	**3,815**	**114,873**	**238,185**	**353,058**	**-**	**356,873**
Other income (expenses):								
Investment income, net	73,141	59,541	132,682	30,048	-	30,048	-	162,730
Net realized and unrealized gains on investments	79,461	64,910	144,371	33,262	-	33,262	-	177,633
Appropriations from endowment funds	(147,656)	(120,616)	(268,272)	(273,630)	-	(273,630)	-	(541,902)
Endowment contributions	-	15,000	15,000	-	-	-	-	15,000
Net assets released from restrictions	-	(101,848)	(101,848)	-	(47,198)	(47,198)	-	(149,046)
Exchange loss	-	-	-	(4,894)	(1,580)	(6,474)	-	(6,474)
Total other income (expenses), net	**4,946**	**(83,013)**	**(78,067)**	**(215,214)**	**(48,778)**	**(263,992)**	**-**	**(342,059)**
(Decrease) increase in net assets	**(141,239)**	**66,987**	**(74,252)**	**(100,341)**	**189,407**	**89,066**	**-**	**14,814**
Net assets, beginning of the year	2,335,748	2,212,171	4,547,919	1,103,792	75,381	1,179,173	-	5,727,092
Net assets, end of the year	**$ 2,194,509**	**$ 2,279,158**	**$ 4,473,667**	**$ 1,003,451**	**$ 264,788**	**$ 1,268,239**	**$ -**	**$ 5,741,906**

See Independent Auditors' Report.

QUEBEC-LABRADOR FOUNDATION (CANADA), INC.

Statement of Financial Position (USD and CAD)

August 31, 2023

	USD	CAD
Assets		
Cash and cash equivalents	$ 3,448	$ 4,667
Short-term investments	10,740	14,538
Contributions receivable, net	238,964	323,454
Accounts receivable	62,998	85,272
Due from U.S. Foundation	151,412	204,353
Prepaids and deposits	3,984	5,393
Investments - endowment	825,536	1,114,473
Operating lease right of use asset, net	15,709	21,263
Total assets	**$ 1,312,791**	**$ 1,773,413**
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 2,790	$ 3,776
Operating lease liability, current portion	5,542	7,501
Accrued expenses and other liabilities	3,889	5,265
Note payable	22,164	30,000
Operating lease liability, net of current portion	10,167	13,762
Total liabilities	**44,552**	**60,304**
Net assets:		
Undesignated	177,915	231,532
Designated by the Board for endowment	825,536	1,117,421
Without donor restrictions	1,003,451	1,348,953
With donor restrictions	264,788	364,156
Total net assets	**1,268,239**	**1,713,109**
Total liabilities and net assets	**$ 1,312,791**	**$ 1,773,413**

See Independent Auditors' Report.

QUEBEC-LABRADOR FOUNDATION (CANADA), INC.

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

For the Year Ended August 31, 2023

	USD			CAD		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Public support, revenue and transfers:						
Public support:						
Contributions	$ 129,505	$ 238,185	$ 367,690	$ 174,939	$ 322,400	$ 497,339
Government grants	167,047	-	167,047	225,652	-	225,652
Program and intern sponsorships	550	-	550	743	-	743
Total public support	**297,102**	**238,185**	**535,287**	**401,334**	**322,400**	**723,734**
Revenue and transfers:						
Other expenses	(3,246)	-	(3,246)	(4,385)	-	(4,385)
Appropriations from endowment funds	273,630	-	273,630	369,627	-	369,627
Net assets released from restrictions	47,198	-	47,198	60,718	-	60,718
Total revenue and transfers	**317,582**	**-**	**317,582**	**425,960**	**-**	**425,960**
Total public support, revenue and transfers	**614,684**	**238,185**	**852,869**	**827,294**	**322,400**	**1,149,694**
Operating expenses:						
Conservation and stewardship	215,046	-	215,046	290,490	-	290,490
Leadership programs	63,409	-	63,409	85,655	-	85,655
Special projects	43,774	-	43,774	59,131	-	59,131
Communications	101,681	-	101,681	137,354	-	137,354
Total programs	**423,910**	**-**	**423,910**	**572,630**	**-**	**572,630**
Management and general	40,879	-	40,879	55,221	-	55,221
Development	35,022	-	35,022	47,309	-	47,309
Total support services	**75,901**	**-**	**75,901**	**102,530**	**-**	**102,530**
Total operating expenses	**499,811**	**-**	**499,811**	**675,160**	**-**	**675,160**
Change in net assets from operations	**114,873**	**238,185**	**353,058**	**152,134**	**322,400**	**474,534**
Other income (expenses):						
Investment income, net	30,048	-	30,048	40,590	-	40,590
Net realized and unrealized losses on investments	33,262	-	33,262	44,931	-	44,931
Appropriations from endowment funds	(273,630)	-	(273,630)	(369,627)	-	(369,627)
Net assets released from restrictions	-	(47,198)	(47,198)	-	(60,718)	(60,718)
Exchange (loss) gain	(4,894)	(1,580)	(6,474)	37,893	-	37,893
Total other expenses, net	**(215,214)**	**(48,778)**	**(263,992)**	**(246,213)**	**(60,718)**	**(306,931)**
(Decrease) increase in net assets	(100,341)	189,407	89,066	(94,079)	261,682	167,603
Net assets, beginning of the year	238,128	941,045	1,179,173	302,358	1,243,148	1,545,506
Adjustments to beginning net assets	865,664	(865,664)	-	1,140,674	(1,140,674)	-
Net assets at beginning of year, as restated	1,103,792	75,381	1,179,173	1,443,032	102,474	1,545,506
Net assets, end of the year	**$ 1,003,451**	**$ 264,788**	**$ 1,268,239**	**$ 1,348,953**	**$ 364,156**	**$ 1,713,109**

See Independent Auditors' Report.