

**THE SPEED SCHOOL FUND
d/b/a THE LUMINOS FUND
Financial Statements
December 31, 2016
With Independent Auditors' Report**

**The Speed School Fund
d/b/a The Luminos Fund
December 31, 2016**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The Speed School Fund
d/b/a The Luminos Fund:

Report on the Financial Statements

We have audited the accompanying statement of financial position of The Speed School Fund d/b/a The Luminos Fund as of December 31, 2016 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Speed School Fund d/b/a/ The Luminos Fund as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



April 12, 2017

**The Speed School Fund
d/b/a The Luminos Fund
Statement of Financial Position
December 31, 2016**

Assets

Current assets	
Cash and cash equivalents	\$ 1,983,231
Pledges receivable	742,576
Prepaid expenses	<u>7,694</u>
Total assets	<u><u>\$ 2,733,501</u></u>

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	\$ 243,800
Net assets	
Unrestricted	545,738
Temporarily restricted	<u>1,943,963</u>
Total net assets	<u><u>2,489,701</u></u>
	<u><u>\$ 2,733,501</u></u>

The Notes to Financial Statements are an integral part of this statement.

**The Speed School Fund
d/b/a The Luminos Fund
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Contributions	\$ 3,947,518	\$ 2,219,500	\$ 6,167,018
Net assets released from time purpose restriction	<u>275,537</u>	<u>(275,537)</u>	<u>--</u>
	4,223,055	1,943,963	6,167,018
Operating expenses			
Program services	3,233,808	--	3,233,808
Management and general	117,594	--	117,594
Fundraising	<u>325,915</u>	<u>--</u>	<u>325,915</u>
	<u>3,677,317</u>	<u>--</u>	<u>3,677,317</u>
Changes in net assets	545,738	1,943,963	2,489,701
Net assets, beginning of year	<u>--</u>	<u>--</u>	<u>--</u>
Net assets, end of year	<u>\$ 545,738</u>	<u>\$ 1,943,963</u>	<u>\$ 2,489,701</u>

The Notes to Financial Statements are an integral part of this statement.

**The Speed School Fund
d/b/a The Luminos Fund
Statement of Cash Flows
Year Ended December 31, 2016**

Cash flows from operating activities

Changes in net assets	\$ 2,489,701
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Pledges receivable	(742,576)
Prepaid expenses	(7,694)
Accounts payable and accrued expenses	<u>243,800</u>
Net cash provided by operating activities	<u>1,983,231</u>

Net increase in cash and cash equivalents 1,983,231

Cash and cash equivalents

Beginning of year	<u> --</u>
End of year	<u>\$ 1,983,231</u>

Supplemental disclosure of cash flow information

No amounts were paid for interest and income taxes during the year ended December 31, 2016.

**The Speed School Fund
d/b/a The Luminos Fund
Statement of Functional Expenses
Year Ended December 31, 2016**

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 176,852	\$ 40,611	\$ 144,975	\$ 362,438
Fringe benefits	23,142	7,525	20,443	51,110
Grant appropriations	2,152,216	--	--	2,152,216
Professional fees	67,873	47,689	60,630	176,192
Program delivery	783,116	--	--	783,116
Occupancy costs	1,589	855	1,496	3,940
Office expenses	4,649	6,152	5,141	15,942
Advertising	1,509	248	897	2,654
Travel, meetings and conferences	16,905	10,112	90,946	117,963
Insurance	5,957	4,402	1,387	11,746
	<u>\$ 3,233,808</u>	<u>\$ 117,594</u>	<u>\$ 325,915</u>	<u>\$ 3,677,317</u>

The Notes to Financial Statements are an integral part of this statement.

**The Speed School Fund
d/b/a The Luminos Fund
Notes to Financial Statements
December 31, 2016**

1. NATURE OF ACTIVITIES

The Speed School Fund d/b/a The Luminos Fund (the “Organization”) was incorporated in August 2015 in the Commonwealth of Pennsylvania. The Organization is dedicated to creating education innovations to unlock the light within every child. By developing and scaling innovative approaches to learning for the most vulnerable children, we’re able to work at the margins of the education system, in a space where we can create real change. As we scale pioneering, new approaches to bring quality education to children in the greatest need, we work together with local governments to drive systems-level change.

Our first innovative solution is the Speed School program, an accelerated learning, back-to-school program. Through the Speed School program, we have enabled over 100,000 children in sub-Saharan Africa get a second chance at an education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Basis of Reporting

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net assets categories according to externally (donor) imposed restrictions. For the year ended December 31, 2016, the Organization had accounting transactions in the unrestricted net assets category, which represents net assets that are not subject to donor imposed restriction.

Revenue Recognition

The Organization recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets released from restrictions.

Allocation of Expenses

The costs of providing program services have been summarized on a functional basis. Accordingly, certain management and general expenses have been allocated to program services based on an allocated percentage of each program’s direct costs, or other reasonable basis consistent with the benefit derived by each program. Fundraising expenses include activities related to soliciting grants and contributions from public and private sources.

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income taxes has been recorded in the financial statements. The Organization has no unrecognized tax benefits at December 31, 2016. In addition, the Organization has no income tax related penalties or interest for the period reported in these financial statements.

**The Speed School Fund
d/b/a The Luminos Fund
Notes to Financial Statements
December 31, 2016**

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash. Cash is held at a high-credit quality financial institution. At various times during the year ended December 31, 2016, funds held at this financial institution may have exceeded the FDIC insurance limit.

3. NET ASSETS

Temporarily restricted – restricted by donors for the following programmatic uses:

Purpose restriction	
Lebanon	\$ 807,525
Liberia	1,136,438
	<u>\$ 1,943,963</u>

Temporarily restricted net assets released were as follows:

Lebanon	\$ 192,475
Liberia	83,062
	<u>\$ 275,537</u>

4. AGREEMENT WITH GENEVA GLOBAL

The Organization has entered into an agreement with Geneva Global, Inc. (“GGI”) to provide supporting services. For the year ended December 31, 2016, the Organization incurred \$783,116 for program delivery and \$76,403 for accounting and operations support.

5. NEW ACCOUNTING PRONOUNCEMENT

In August 2016, the FASB issued ASU 2016-14 – Not-for-profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-profit Entities*. ASU 2016-14, which is effective for fiscal years beginning after December 15, 2017 with early adoption permitted, will require a change to two areas of not-for-profit accounting and significant new financial statement presentation and disclosure requirements. Under ASU 2016-14 (the “ASU”), underwater funds will be accounted for within net assets with donor restrictions and not within net assets without donor restrictions, as is the current practice. In addition, the ASU eliminates the accounting policy election to release donor-imposed restrictions over the useful life of donated property and equipment when the donor does not explicitly specify the period of time the property must be used. Instead, entities will be required to relieve the donor’s restrictions at the time the asset is placed in service. The ASU also changes the presentation and disclosure requirements of not-for-profit entities in the following areas: expense disclosures, display of net asset classes, cash flow presentation, quantitative and qualitative liquidity disclosures and presentation of investment returns. The Organization is currently evaluating the impact these changes will have on its future financial statements.

6. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the balance sheet date through the date of April 12, 2017, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined the following subsequent event requires disclosure in the financial statements.

The Speed School Fund changed the name of the Organization to The Luminos Fund in February 2017.