

**THE LUMINOS FUND
p/k/a THE SPEED SCHOOL FUND
Financial Statements
December 31, 2017 and 2016
With Independent Auditors' Report**

**The Luminos Fund
p/k/a The Speed School Fund
December 31, 2017 and 2016**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The Luminos Fund
p/k/a The Speed School Fund:

Report on the Financial Statements

We have audited the accompanying financial statements of The Luminos Fund p/k/a The Speed School Fund, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Luminos Fund p/k/a The Speed School Fund as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



March 27, 2018

**The Luminos Fund
p/k/a The Speed School Fund
Statements of Financial Position
December 31, 2017 and 2016**

	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 1,185,522	\$ 1,983,231
Pledges receivable	2,162,184	742,576
Advances	26,754	--
Prepaid expenses	<u>14,201</u>	<u>7,694</u>
Total assets	<u>\$ 3,388,661</u>	<u>\$ 2,733,501</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 318,776	\$ 243,800
Net assets		
Unrestricted	2,316,786	545,738
Temporarily restricted (Note 4)	<u>753,099</u>	<u>1,943,963</u>
Total net assets	<u>3,069,885</u>	<u>2,489,701</u>
Total liabilities and net assets	<u>\$ 3,388,661</u>	<u>\$ 2,733,501</u>

The Notes to Financial Statements are an integral part of these statements.

**The Luminos Fund
p/k/a The Speed School Fund
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2017 and 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenues						
Contributions	\$ 4,910,175	\$ --	\$ 4,910,175	\$ 3,947,518	\$ 2,219,500	\$ 6,167,018
Net assets released from time/purpose restriction	<u>1,190,864</u>	<u>(1,190,864)</u>	<u>--</u>	<u>275,537</u>	<u>(275,537)</u>	<u>--</u>
	6,101,039	(1,190,864)	4,910,175	4,223,055	1,943,963	6,167,018
Operating expenses						
Program services	3,701,042	--	3,701,042	3,233,808	--	3,233,808
Management and general	133,886	--	133,886	117,594	--	117,594
Fundraising	<u>495,063</u>	<u>--</u>	<u>495,063</u>	<u>325,915</u>	<u>--</u>	<u>325,915</u>
	<u>4,329,991</u>	<u>--</u>	<u>4,329,991</u>	<u>3,677,317</u>	<u>--</u>	<u>3,677,317</u>
Changes in net assets	1,771,048	(1,190,864)	580,184	545,738	1,943,963	2,489,701
Net assets, beginning of year	<u>545,738</u>	<u>1,943,963</u>	<u>2,489,701</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net assets, end of year	<u>\$ 2,316,786</u>	<u>\$ 753,099</u>	<u>\$ 3,069,885</u>	<u>\$ 545,738</u>	<u>\$ 1,943,963</u>	<u>\$ 2,489,701</u>

The Notes to Financial Statements are an integral part of these statements.

**The Luminos Fund
p/k/a The Speed School Fund
Statements of Cash Flows
Year Ended December 31, 2017 and 2016**

	2017	2016
Cash flows from operating activities		
Changes in net assets	\$ 580,184	\$ 2,489,701
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Pledges receivable	(1,419,608)	(742,576)
Advances	(26,754)	(7,694)
Prepaid expenses	(6,507)	--
Accounts payable and accrued expenses	<u>74,976</u>	<u>243,800</u>
Net cash (used) provided by operating activities	<u>(797,709)</u>	<u>1,983,231</u>
 Net (decrease) increase in cash and cash equivalents	 (797,709)	 1,983,231
 Cash and cash equivalents		
Beginning of year	<u>1,983,231</u>	<u>--</u>
 End of year	 <u>\$ 1,185,522</u>	 <u>\$ 1,983,231</u>

Supplemental disclosure of cash flow information

No amounts were paid for interest and income taxes during the years ended December 31, 2017 and 2016.

**The Luminos Fund
p/k/a The Speed School Fund
Statements of Functional Expenses
Years Ended December 31, 2017 and 2016**

	2017				2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 238,192	\$ 73,038	\$ 299,153	\$ 610,383	\$ 176,852	\$ 40,611	\$ 144,975	\$ 362,438
Fringe benefits	56,802	18,894	74,549	150,245	23,142	7,525	20,443	51,110
Grant appropriations	2,634,573	--	--	2,634,573	2,152,216	--	--	2,152,216
Program delivery	636,828	--	--	636,828	783,116	--	--	783,116
Professional fees	57,949	26,742	34,570	119,261	67,873	47,689	60,630	176,192
Travel, meetings and conferences	49,995	7,020	49,503	106,518	16,905	10,112	90,946	117,963
Advertising	9,671	677	19,775	30,123	1,509	248	897	2,654
Office expense	4,933	3,254	7,129	15,316	4,649	6,152	5,141	15,942
Insurance	7,004	1,714	5,289	14,007	5,957	4,402	1,387	11,746
Occupancy	5,095	2,547	5,095	12,737	1,589	855	1,496	3,940
	<u>\$ 3,701,042</u>	<u>\$ 133,886</u>	<u>\$ 495,063</u>	<u>\$ 4,329,991</u>	<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 these statements.

**The Luminos Fund
p/k/a The Speed School Fund
Notes to Financial Statements
December 31, 2017 and 2016**

1. NATURE OF ACTIVITIES

The Luminos Fund p/k/a The Speed School Fund (the “Organization”) was incorporated in August 2015 in the Commonwealth of Pennsylvania. In February 2017, The Speed School Fund adopted its new name, The Luminos Fund. 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, The Luminos Fund is able to work at the margins of the education system, in a space where they can create real change. As the Organization scales pioneering new approaches to bring quality education to children in the greatest need, they work together with local governments to drive systems-level change.

The first innovative solution was The Speed School program, an accelerated learning, back-to-school program. This program has 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 years ended December 31, 2017 and 2016, the Organization had accounting transactions in the unrestricted net asset category, which represents net assets that are not subject to donor imposed restrictions and the temporarily restricted net assets category, which represents net assets that are subject to donor imposed time or purpose restrictions.

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 Luminos Fund
p/k/a The Speed School Fund
Notes to Financial Statements
December 31, 2017 and 2016**

The Organization has no unrecognized tax benefits at December 31, 2017 and 2016. In addition, the Organization has no income tax related penalties or interest for the periods reported in these financial statements.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist principally of cash balances in checking accounts maintained with financial institutions. The Organization performs periodic evaluations of the relative credit standing of these financial institutions. At times, such balances may be in excess of federally insured limits of \$250,000 on checking accounts. At December 31, 2017 and 2016, cash deposits at various banks exceeded the FDIC insured limit of \$250,000 by \$918,831 and \$1,726,678, respectively.

3. 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.

4. NET ASSETS

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

	2017	2016
Purpose restriction		
Lebanon	\$ 369,133	\$ 807,525
Liberia	<u>383,966</u>	<u>1,136,438</u>
	<u>\$ 753,099</u>	<u>\$ 1,943,963</u>

Temporarily restricted net assets released were as follows:

	2017	2016
Lebanon	\$ 438,392	\$ 192,475
Liberia	<u>752,472</u>	<u>83,062</u>
	<u>\$ 1,190,864</u>	<u>\$ 275,537</u>

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December 31, 2017 and 2016**

5. RETIREMENT PLAN

The Organization has a simple retirement plan under Section 408(p) of the Internal Revenue Code. All employees are eligible to participate in the plan. The Organization contributes three percent each year of the participants' gross annual salary. Total expense for the years ended December 31, 2017 and 2016 were \$18,321 and \$7,950, respectively.

6. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of March 27, 2018, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined that no subsequent events have occurred which require disclosure in or adjustment to the financial statements.