THE LUMINOS FUND
p/k/a THE SPEED SCHOOL FUND
Financial Statements
December 31, 2018 and 2017
With Independent Auditors' Report

The Luminos Fund
p/k/a The Speed School Fund
December 31, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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.

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Emphasis of Matter

As discussed in Note 4 to the financial statements, in 2018, the Luminos Fund adopted Accounting Standards Update ("ASU") No. 2016-14, *Non-for-Profit Entities* (Topic 958). Our opinion is not modified with respect to this matter.

WithumSmith+Brown, PC

June 26, 2019

The Luminos Fund
p/k/a The Speed School Fund
Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash	$ 1,248,857	$ 1,185,522
Contributions receivable, current portion	2,673,008	2,162,184
Advances	29,002	26,754
Prepaid expenses	42,366	14,201
	3,993,233	3,388,661
Contributions receivable, net of current portion and NPV adjustment	845,852	--
Total assets	$ 4,839,085	$ 3,388,661
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 65,092	$ 318,776
Net assets		
Without donor restrictions	1,847,459	2,316,786
With donor restrictions (Note 5)	2,926,534	753,099
Total net assets	4,773,993	3,069,885
Total liabilities and net assets	$ 4,839,085	$ 3,388,661

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, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Contributions	$ 1,108,321	$ 3,510,877	$ 4,619,198	$ 4,910,175	$ --	$ 4,910,175
Net assets released from time/purpose restriction	1,337,442	(1,337,442)	--	1,190,864	(1,190,864)	--
	2,445,763	2,173,435	4,619,198	6,101,039	(1,190,864)	4,910,175
Operating expenses						
Program services	2,430,831	--	2,430,831	3,701,042	--	3,701,042
Management and general	164,438	--	164,438	133,886	--	133,886
Fundraising	319,821	--	319,821	495,063	--	495,063
	2,915,090	--	2,915,090	4,329,991	--	4,329,991
Changes in net assets	(469,327)	2,173,435	1,704,108	1,771,048	(1,190,864)	580,184
Net assets, beginning of year	2,316,786	753,099	3,069,885	545,738	1,943,963	2,489,701
Net assets, end of year	$ 1,847,459	$ 2,926,534	$ 4,773,993	$ 2,316,786	$ 753,099	$ 3,069,885

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, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Changes in net assets	$ 1,704,108	$ 580,184
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Change in unamortized discount on contributions receivable	19,148	--
Change in assets and liabilities		
Contributions receivable	(1,375,824)	(1,419,608)
Advances	(2,248)	(26,754)
Prepaid expenses	(28,165)	(6,507)
Accounts payable and accrued expenses	(253,684)	74,976
Net cash provided (used) by operating activities	63,335	(797,709)
Net increase (decrease) in cash	63,335	(797,709)
Cash		
Beginning of year	1,185,522	1,983,231
End of year	$ 1,248,857	$ 1,185,522

Supplemental disclosure of cash flow information

No amounts were paid for interest and income taxes during the years ended December 31, 2018 and 2017.

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

Statements of Functional Expenses
Years Ended December 31, 2018 and 2017

	2018				2017			
	Program Services	Management and General	Fundriaising	Total	Program Services	Management and General	Fundriaising	Total
Salaries and wages	$ 360,687	$ 99,118	$ 168,818	$ 628,623	$ 238,192	$ 73,038	$ 299,153	$ 610,383
Fringe benefits	97,452	25,601	45,513	168,566	56,802	18,894	74,549	150,245
Grant appropriations	1,554,069	--	--	1,554,069	2,634,573	--	--	2,634,573
Program delivery	217,898	--	--	217,898	636,828	--	--	636,828
Professional fees	60,532	19,693	40,635	120,860	57,949	26,742	34,570	119,261
Travel, meetings and conferences	75,185	8,188	41,957	125,330	49,995	7,020	49,503	106,518
Marketing	31,315	1,599	9,807	42,721	9,671	677	19,775	30,123
Office expense	6,504	5,200	5,807	17,511	4,933	3,254	7,129	15,316
Insurance	5,614	4,080	5,501	15,195	7,004	1,714	5,289	14,007
Occupancy	21,575	959	1,783	24,317	5,095	2,547	5,095	12,737
	$ 2,430,831	$ 164,438	$ 319,821	$ 2,915,090	$ 3,701,042	$ 133,886	$ 495,063	$ 4,329,991

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

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, 2018 and 2017, 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. Conditional promises to give are not included as support until the conditions are substantially met. 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 the federal market prime rate. Amortization of the discounts is included in contribution revenue.

Expense Allocation

The cost of providing the various programs and activities has been summarized on a functional basis in the statements of activities and changes in net assets. Grant disbursements and related expenses are directly charged to program services. For salaries, payroll taxes and fringe benefits, allocations by department are decided on an individual basis, based on the functions of each position and the time spent performing functions under the umbrella of a particular department. These allocations may be updated on a periodic basis based on the evolving responsibilities of a position, and by nature some positions will be split across multiple departments while others will be more compartmentalized. The allocation for salaries also serve as a general guideline for how other expenditures are parceled out across the Organization. Occupancy, IT & telecommunications, travel, events and meetings, office expense, marketing media and collateral, and bank & fundraising platform fees are allocated on the basis of time and effort percentages unless directly incurred by one department receiving the benefit.

The remaining expenses were determined by management to relate exclusively to administrative business purposes and were not allocated to program.

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, 2018 and 2017. 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, 2018 and 2017, cash deposits at various banks exceeded the FDIC insured limit of $250,000 by $998,857 and $918,131, respectively.

3. CONTRIBUTIONS RECEIVABLE

The Organization anticipates collection of outstanding contributions receivable as follows at December 31,

	2018	2017
Contributions receivable current	$ 2,673,008	$ 2,162,184
Contributions receivable noncurrent	865,000	--
Total contributions receivable	3,538,008	2,162,184
Less discount	(19,148)	--
Contributions receivable, net	3,518,860	2,162,184
Less current portion	(2,673,008)	--
Contributions receivable, net, noncurrent	$ 845,852	$ 2,162,184

Amounts presented above have been discounted to present value using various discount rates ranging between 2.26 percent and 2.31 percent at December 31, 2018.

4. NEW ACCOUNTING PRONOUNCEMENT ADOPTED IN THE CURRENT YEAR

During 2017, the Organization adopted ASU No. 2016-14 – *Non-for-Profits Entities* (Topic 958) *Presentation of Financial Statements of Non-for-Profit Entities.* This guidance is intended to improve the net asset classification requirement and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions.

The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and expenses by both their natural and functional classifications.

A recap of the net asset classifications driven by the adoption of ASU 2016-14 as of December 31, 2018 follows:

	2018		
Net Asset Classifications	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**
As previously presented			
Unrestricted	$ 1,847,459	$ --	$ 1,847,459
Temporarily restricted	--	2,926,534	2,926,534
Net assets as previously presented	$ 1,847,459	$ 2,926,534	$ 4,773,993

	2017		
	Without Donor Restrictions	**With Donor Restrictions**	**Total Net Assets**
Unrestricted	$ 2,316,786	$ --	$ 2,316,786
Temporarily restricted	--	753,099	753,099
Net assets as previously presented	$ 2,316,786	$ 753,099	$ 3,069,885

5. NET ASSETS

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

	2018	**2017**
Purpose restriction		
Lebanon	$ 1,142,059	$ 369,133
Liberia	465,073	383,966
Luminos Capacity Building	354,000	--
Ethiopia	721,601	--
Education Pilot	243,801	--
	$ 2,926,534	$ 753,099

Donor restricted net assets released were as follows:

	2018	**2017**
Lebanon	$ 383,791	$ 438,392
Liberia	727,893	752,472
Luminos Capacity Building	--	--
Ethiopia	171,769	--
Education Pilot	53,989	--
	$ 1,337,442	$ 1,190,864

6. 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, 2018 and 2017 was $16,990 and $18,321, respectively.

7. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2018, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets	
Cash	$ 601,967
Pledges receivable	1,000,020
	$ 1,601,987

The financial assets above are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the financial position date. Additionally, grants that are authorized will be paid from cash with donor restrictions and pledges receivable expected to be collected in the subsequent year that are restricted for a purpose. Grants are primarily expected to be paid from those assets and not the financial assets noted above.

8. NEW ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

In August 2017, the Financial Accounting Standards Board ("FASB") issued Proposed Accounting Standards Update 2018-08 ("ASU"), *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The FASB is issuing this ASU to improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit organizations ("NFPs") because there is diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This proposed ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. The effective date upon issuance for the Organization would be the year beginning January 1, 2020.

The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of June 26, 2019, 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.