

The Luminos Fund  
Financial Statements and Independent  
Auditor's Report  
December 31, 2022 and 2021



# The Luminos Fund

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December 31, 2022 and 2021

### Independent Auditor's Report

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## Independent Auditor's Report

To the Board of Directors of  
The Luminos Fund

### *Opinion*

We have audited the accompanying financial statements of The Luminos Fund (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Luminos Fund as of December 31, 2022 and 2021, 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.

### *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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Luminos Fund 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 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 Luminos Fund's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Luminos Fund's 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 audits.



Braintree, Massachusetts  
July 20, 2023

## The Luminos Fund

### Statements of Financial Position

As of December 31, 2022 and 2021

<b>Current Assets</b>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents		
Operations	\$ 5,841,590	\$ 3,992,462
Board designated operating reserve	<u>3,000,000</u>	<u>1,760,000</u>
Total cash and cash equivalents	8,841,590	5,752,462
Accounts receivable	4,741	1,203
Contributions receivable, current portion	4,069,225	4,762,494
Prepaid expenses	59,549	8,972
Advances	<u>16,987</u>	<u>42,901</u>
 Total current assets	 <u>12,992,092</u>	 <u>10,568,032</u>
 Contributions receivable, net and non-current portion	 <u>-</u>	 <u>1,296,301</u>
 <b>Total Assets</b>	 <b>\$ <u>12,992,092</u></b>	 <b>\$ <u>11,864,333</u></b>
 <b>Current Liabilities</b>		
Accounts payable	\$ 176,215	\$ 25,910
Accrued expenses	<u>37,647</u>	<u>46,939</u>
 Total current liabilities	 <u>213,862</u>	 <u>72,849</u>
 Total liabilities	 <u>213,862</u>	 <u>72,849</u>
 <b>Net Assets</b>		
Net assets without donor restrictions		
Undesignated net assets without donor restrictions	5,987,089	4,302,459
Board designated net assets	<u>3,000,000</u>	<u>1,760,000</u>
Total net assets without donor restrictions	8,987,089	6,062,459
Net assets with donor restrictions	<u>3,791,141</u>	<u>5,729,025</u>
 Total net assets	 <u>12,778,230</u>	 <u>11,791,484</u>
 <b>Total Liabilities and Net Assets</b>	 <b>\$ <u>12,992,092</u></b>	 <b>\$ <u>11,864,333</u></b>

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

**The Luminos Fund**

Statements of Activities

For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>
<b>Revenue and Support</b>			
Grants and contributions	\$ 6,064,110	\$ 1,954,761	\$ 8,018,871
Net assets released from restrictions	<u>3,839,946</u>	<u>(3,839,946)</u>	<u>-</u>
 Total revenue and support	 <u>9,904,056</u>	 <u>(1,885,185)</u>	 <u>8,018,871</u>
<b>Expenses</b>			
Program services	6,011,456	-	6,011,456
General and administrative	565,747	-	565,747
Fundraising	<u>415,662</u>	<u>-</u>	<u>415,662</u>
 Total expenses	 <u>6,992,865</u>	 <u>-</u>	 <u>6,992,865</u>
 Change in net assets from operating activities	 <u>2,911,191</u>	 <u>(1,885,185)</u>	 <u>1,026,006</u>
<b>Changes in Net Assets from Non-Operating Activities</b>			
Net foreign currency transaction loss	<u>13,439</u>	<u>(52,699)</u>	<u>(39,260)</u>
 Change in net assets from non-operating activities	 <u>13,439</u>	 <u>(52,699)</u>	 <u>(39,260)</u>
 <b>Total Change in Net Assets</b>	 <u>2,924,630</u>	 <u>(1,937,884)</u>	 <u>986,746</u>
 <b>Net Assets at Beginning of Year</b>	 <u>6,062,459</u>	 <u>5,729,025</u>	 <u>11,791,484</u>
 <b>Net Assets at End of Year</b>	 <u>\$ 8,987,089</u>	 <u>\$ 3,791,141</u>	 <u>\$ 12,778,230</u>

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

**The Luminos Fund**

Statements of Activities

For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>
<b>Revenue and Support</b>			
Grants and contributions	\$ 3,594,254	\$ 3,295,526	\$ 6,889,780
Net assets released from restrictions	<u>2,719,487</u>	<u>(2,719,487)</u>	<u>-</u>
Total revenue and support	<u>6,313,741</u>	<u>576,039</u>	<u>6,889,780</u>
<b>Expenses</b>			
Program services	3,511,935	-	3,511,935
General and administrative	332,918	-	332,918
Fundraising	<u>360,724</u>	<u>-</u>	<u>360,724</u>
Total expenses	<u>4,205,577</u>	<u>-</u>	<u>4,205,577</u>
Change in net assets from operating activities	<u>2,108,164</u>	<u>576,039</u>	<u>2,684,203</u>
<b>Changes in Net Assets from Non-Operating Activities</b>			
Net foreign currency transaction loss	<u>(5,292)</u>	<u>(118,523)</u>	<u>(123,815)</u>
Change in net assets from non-operating activities	<u>(5,292)</u>	<u>(118,523)</u>	<u>(123,815)</u>
<b>Total Change in Net Assets</b>	2,102,872	457,516	2,560,388
<b>Net Assets at Beginning of Year</b>	<u>3,959,587</u>	<u>5,271,509</u>	<u>9,231,096</u>
<b>Net Assets at End of Year</b>	<u>\$ 6,062,459</u>	<u>\$ 5,729,025</u>	<u>\$ 11,791,484</u>

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

## The Luminos Fund

### Statements of Functional Expenses

For the Year Ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Total
<b>Functional Expenses</b>				
Grants expense	\$ 2,901,538	\$ -	\$ -	\$ 2,901,538
Salaries and benefits	961,087	391,058	292,987	1,645,132
Evaluation and training	1,669,109	-	12,000	1,681,109
Travel and transportation	137,815	1,327	33,037	172,179
Consultants & professional fees	180,648	90,556	-	271,204
Marketing and public outreach	40,514	3,268	50,464	94,246
Occupancy	65,490	12,945	9,183	87,618
Office supplies and expense	46,930	62,991	14,056	123,977
Insurance	8,325	3,602	3,935	15,862
<b>Total Functional Expenses</b>	<b>\$ 6,011,456</b>	<b>\$ 565,747</b>	<b>\$ 415,662</b>	<b>\$ 6,992,865</b>

For the Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising	Total
<b>Functional Expenses</b>				
Grants expense	\$ 1,895,851	\$ -	\$ -	\$ 1,895,851
Salaries and benefits	667,889	280,288	275,885	1,224,062
Evaluation and training	738,633	-	3,000	741,633
Travel and transportation	55,266	-	6,650	61,916
Consultants & professional fees	58,036	28,378	-	86,414
Marketing and public outreach	51,654	465	60,339	112,458
Occupancy	10,283	5,107	5,226	20,616
Office supplies and expense	25,273	15,198	6,172	46,643
Insurance	9,050	3,482	3,452	15,984
<b>Total Functional Expenses</b>	<b>\$ 3,511,935</b>	<b>\$ 332,918</b>	<b>\$ 360,724</b>	<b>\$ 4,205,577</b>

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



## The Luminos Fund

### Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

<b>Cash Flows from Operating Activities</b>	<u>2022</u>	<u>2021</u>
<b>Total change in net assets</b>	\$ 986,746	\$ 2,560,388
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net present value discount	(18,822)	(12,506)
Net foreign currency transaction loss	39,260	123,815
(Increase) decrease in assets		
Accounts receivable	(3,538)	-
Contributions receivable	1,969,132	(283,248)
Prepaid expenses	(50,577)	12,340
Advances	25,914	59,962
Increase (decrease) in liabilities		
Accounts payable	150,305	1,473
Accrued expenses	<u>(9,292)</u>	<u>(22,945)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>3,089,128</u>	<u>2,439,279</u>
<b>Net Increase in Cash and Cash Equivalents</b>	3,089,128	2,439,279
<b>Cash and Cash Equivalents - Beginning</b>	<u>5,752,462</u>	<u>3,313,183</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 8,841,590</u>	<u>\$ 5,752,462</u>

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

## The Luminos Fund

### Notes to Financial Statements

December 31, 2022 and 2021

#### **(1) Nature of Activities and Summary of Significant Accounting Policies**

The Luminos Fund p/k/a The Speed School Fund (“Luminos”) was incorporated in August 2015 in the Commonwealth of Pennsylvania. In February 2017, The Speed School Fund adopted its new name, The Luminos Fund. Luminos provides transformative education programs to thousands of out-of-school children, helping them to catch up to grade level, reintegrate into government schools, and prepare for lifelong learning. Luminos was founded to ensure all children have equal access to joyful, foundational learning, especially those shut out of education by crisis, poverty, or discrimination. Their vision is of a world where no child is ever denied the chance to learn. To date, Luminos has served 218,541 children across Ethiopia, Ghana, Liberia, Lebanon, and The Gambia. As Luminos 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 following is a summary of significant accounting policies followed by Luminos in the preparation of the financial statements:

##### ***(a) Method 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 (“U.S. GAAP”).

##### ***(b) Standards of Accounting and Reporting***

Luminos’ net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statements of financial position present two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statements of activities display the change in each class of net assets. The classes of net assets applicable to Luminos are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. From time to time, the Board may vote to set aside a certain dollar amount or percentage of net assets without donor restrictions for use at a specific time or for a specific purpose, as it sees fit. These board-designated net assets may become undesignated with the passage of time or when used for their intended purpose. In addition, the Board may undesignate these net assets at its discretion if the originally intended time period or purpose is deemed no longer relevant or applicable to the needs of Luminos.

## The Luminos Fund

### Notes to Financial Statements

December 31, 2022 and 2021

#### (1) Nature of Activities and Summary of Significant Accounting Policies - continued

##### ***(b) Standards of Accounting and Reporting - continued***

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of Luminos and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

Net assets with donor restrictions also includes the original amount of gifts and earnings required by the donor to be retained in perpetuity. As of and for the years ended December 31, 2022 and 2021, Luminos did not have any net assets required to be retained in perpetuity.

##### ***(c) Cash and Cash Equivalents***

Luminos considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Luminos maintains its cash balances at financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation. At times, such balances may be in excess of federal insured limits, however, Luminos has not experienced any losses with respect to its bank balances in excess of government provided insurance. Luminos also maintains certain cash balances at foreign financial institutions, which are not insured. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2022 and 2021.

##### ***(d) Revenue Recognition***

Conditional promises to give are not included as support until the conditions are substantially met. Conditional promises to give totaled \$9,669,266 and \$400,000 as of December 31, 2022 and 2021, respectively, and are contingent upon the full payment of multi-year pledges from Luminos' funders.

## The Luminos Fund

Notes to Financial Statements

December 31, 2022 and 2021

### (1) Nature of Activities and Summary of Significant Accounting Policies - continued

#### (d) Revenue Recognition - continued

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 short and mid-term applicable federal rates. Amortization of the discounts is included in contribution revenue.

Luminos recognizes revenue as follows:

Grants - Grants are recorded as revenue at the time that the unconditional award is made. Conditional grants are only recognized as assets if and when the specified conditions are met.

Contributions - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, Luminos must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that Luminos should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse.

During the years ended December 31, 2022 and 2021, Luminos derived substantially all of its total revenue from foundations and individual donors. All revenue is recorded at the estimated net realizable amounts.

## The Luminos Fund

### Notes to Financial Statements

December 31, 2022 and 2021

#### **(1) Nature of Activities and Summary of Significant Accounting Policies - continued**

##### ***(e) Accounts and Contributions Receivable***

Accounts and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2022 and 2021, management has determined any allowance would be immaterial.

##### ***(f) Grant Expenses***

Grants are recorded when the disbursement is authorized by management or the Board of Directors depending on the nature of the grant award. During the years ended December 31, 2022 and 2021, Luminos awarded \$3,537,332 and \$2,106,504, respectively, of which, \$1,300,214 and \$1,150,460, respectively, is conditional for which the program deliverable contingencies had not been met by year-end. Luminos will recognize these amounts as grant expenses when the associated conditions are met by the grant recipients in future periods.

##### ***(g) Functional Allocation of Expenses***

The cost of providing the various programs and activities has been summarized on a functional basis in the statements of activities and statements of functional expenses. 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 Luminos. Occupancy, IT & telecommunications, travel, events and meetings, office expense, marketing, and bank fees are allocated on the basis of time and effort percentages unless directly incurred by one department receiving the benefit. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Luminos.

## The Luminos Fund

### Notes to Financial Statements

December 31, 2022 and 2021

#### (1) Nature of Activities and Summary of Significant Accounting Policies - continued

##### **(h) Income Taxes**

Luminos 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. Management has analyzed the tax positions taken by the Organization and has concluded that, as of December 31, 2022 and 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Luminos has no unrecognized income tax benefits at December 31, 2022 and 2021. In addition, Luminos has no income tax related penalties or interest for the periods reported in these financial statements. While no income tax returns are currently being examined by the IRS, tax years since 2019 remain open.

##### **(i) New Accounting Pronouncements**

The Organization adopted Accounting Standards Update ("ASU") 2016-02 (as amended), *Leases* ("Topic 842") on January 1, 2022 ("Adoption Date"). Additionally, the Organization elected and applied the following practical expedients on the Adoption Date:

- The package of practical expedients permitting the Corporation to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

The Organization accounted for its existing short-term leases as operating leases. Adopting Topic 842 in accounting for short-term leases did not result in adjustments to the financial statements. There was no cumulative effect adjustment to net assets required upon adoption of the new standard.

The Organization adopted ASU 2020-07, *Not-for-Profit Entities* ("Topic 958"), *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets* on January 1, 2022. The amendments in this update address presentation and disclosure of contributed nonfinancial assets. There was no cumulative effect adjustment to net assets required upon adoption of the new standard.

##### **(j) Fundraising Expense**

Fundraising expense relates to the activities of raising general and specific contributions to Luminos. Fundraising expenses as a percentage of total contribution revenue was 5% for the years ended December 31, 2022 and 2021. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

## The Luminos Fund

### Notes to Financial Statements

December 31, 2022 and 2021

#### (2) Contributions Receivable

Contributions receivable consist of the following as of December 31, 2022 and 2021:

	<u>December 31, 2022</u>				
	<u>Gross Promise</u>	<u>Allowance</u>	<u>Net Promise</u>	<u>Unamortized Discount</u>	<u>Total</u>
Receivable less than 1 year	\$ <u>4,069,225</u>	\$ <u>-</u>	\$ <u>4,069,225</u>	\$ <u>-</u>	\$ <u>4,069,225</u>
	\$ <u>4,069,225</u>	\$ <u>-</u>	\$ <u>4,069,225</u>	\$ <u>-</u>	\$ <u>4,069,225</u>
	<u>December 31, 2021</u>				
	<u>Gross Promise</u>	<u>Allowance</u>	<u>Net Promise</u>	<u>Unamortized Discount</u>	<u>Total</u>
Receivable less than 1 year	\$ 4,762,494	\$ -	\$ 4,762,494	\$ -	\$ 4,762,494
Receivable in 1 to 5 years	<u>1,315,123</u>	<u>-</u>	<u>1,315,123</u>	<u>(18,822)</u>	<u>1,296,301</u>
	\$ <u>6,077,617</u>	\$ <u>-</u>	\$ <u>6,077,617</u>	\$ <u>(18,822)</u>	\$ <u>6,058,795</u>

As of December 31, 2022, 100% of the contributions receivable are due from international foundations and zero are due from domestic donors. As of December 31, 2021, 96% of the contributions receivable are due from international foundations and 4% are due from domestic donors.

#### (3) Retirement Plan

Luminos has a simple Individual Retirement Account (IRA) retirement plan under Section 408(p) of the Internal Revenue Code. All employees are eligible to participate in the plan. Luminos may amend the percentage of the matching contributions annually subject to the rules and regulations of the Simple IRA plan. Luminos contributes 3% of an employee's salary on a monthly basis. Total expense for the years ended December 31, 2022 and 2021 was \$29,193 and \$29,196, respectively.

## The Luminos Fund

### Notes to Financial Statements

December 31, 2022 and 2021

#### (4) Board Designated Net Assets

In December of 2020, the Board of Directors established a policy designating funds to be set aside for particular purposes, including but not limited to, funding future operating deficits, financing significant fixed asset purchases, and any other future financing needs. These amounts are deposited in a cash account and presented separately from operating cash and cash equivalents on the statements of financial position. Board designated net assets are also presented separately from other net assets without donor restrictions on the statements of financial position. As of December 31, 2022 and 2021, the balance of the board designated operating reserve was \$3,000,000 and \$1,760,000, respectively.

#### (5) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of December 31, 2022 and 2021, net assets with donor restrictions are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Ethiopia	\$ 646,805	\$1,588,224
Ghana	551,875	792,754
Lebanon	820,360	930,168
Liberia	835,101	1,444,824
New program development	910,600	973,055
The Gambia	26,400	-
Total	<u>\$3,791,141</u>	<u>\$5,729,025</u>

Net assets were released from restrictions for the following purposes during the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Ethiopia	\$1,127,357	\$ 888,142
Ghana	625,015	288,535
Lebanon	619,130	454,898
Liberia	1,444,824	1,009,501
New program development	23,620	78,411
Total	<u>\$3,839,946</u>	<u>\$2,719,487</u>



## The Luminos Fund

### Notes to Financial Statements

December 31, 2022 and 2021

#### (6) Liquidity and Availability of Resources

The following reflects Luminos' financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statements of financial position date.

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 8,841,590	\$ 5,752,462
Contributions receivable	4,069,225	6,058,795
Accounts receivable	4,741	1,203
Advances	16,987	42,901
	<u>12,932,543</u>	<u>11,855,361</u>
Less amounts unavailable for general expenditures within one year:		
Non-current portion of contributions receivable	-	(1,296,301)
Board designated operating reserve	(3,000,000)	(1,760,000)
Other amounts restricted by donors as to time or purpose	<u>(3,791,141)</u>	<u>(4,857,003)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,141,402</u>	<u>\$ 3,942,057</u>

Luminos is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Luminos must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. 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. As part of Luminos' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition, Board designated net assets consist of funds held as an additional means of liquidity and totaled \$3,000,000 and \$1,760,000 as of December 31, 2022 and 2021, respectively, as disclosed in Note 4.

## The Luminos Fund

### Notes to Financial Statements

December 31, 2022 and 2021

#### **(7) Lease Agreements**

Luminos leases office space in Massachusetts, and Monrovia, Liberia under short-term agreements. Luminos had a lease agreement for office space in Boston, Massachusetts. During the year ended December 31, 2021, the lease was renewed through August 31, 2022 and during the year ended December 31, 2022, the lease was renewed through January 31, 2024.

Luminos also leased an office in Monrovia, Liberia under a short-term lease agreement through February 28, 2021. During 2021, Luminos entered into an office space lease in Monrovia, Liberia at a different location for a term that extends from February 1, 2021 through January 31, 2022 in exchange for a rent payment of \$7,500. During 2022, Luminos entered into a new lease in Monrovia, Liberia for a term that extends from May 20, 2022 through November 19, 2022 for a monthly rent of \$500, which was extended through May, 2023.

During 2022, Luminos entered into a lease in Ethiopia for a term that extends from January 11, 2022 through January 10, 2027 for a monthly rent of \$936.

Lease expense for the years ended December 31, 2022 and 2021 was \$76,320 and \$28,320, respectively. Future minimum lease payments due under lease agreements as of December 31, 2022 are \$19,728 for 2023 and \$11,228 annually for 2024 through 2026.

All of the lease agreements, except for the Ethiopia lease agreement, are for terms shorter than one year and are therefore excluded from Topic 842. Management has determined that the Topic 842 impact to the financial statements for the Ethiopia lease is not material and has therefore not included the related Topic 842 adjustments and disclosures.

#### **(8) Net Foreign Currency Transaction Gains and Losses**

Luminos receives pledges and contributions from international donors in foreign currency denominations. When pledges are funded, Luminos sometimes experiences foreign currency transaction gains or losses based on currency differences between the foreign currency amount at the time of the pledge and the U.S. dollar amount once the pledges are realized in cash. During the years ended December 31, 2022 and 2021, Luminos experienced net foreign currency transaction gains (losses) in the amount of \$(36,483) and (\$123,815), respectively, based on exchange rate differences between the foreign currency in which the pledge was denominated, either the Swiss franc or the Euro, and the U.S. dollar from the date of the pledge through each year-end date. These amounts have been reported on the statements of activities as a change in net assets from non-operating activities for the years ended December 31, 2022 and 2021.

## **The Luminos Fund**

### Notes to Financial Statements

December 31, 2022 and 2021

#### **(9) Commitments and Contingencies**

During the year ended December 31, 2019, Luminos entered into a long-term contract with a vendor for which it is obligated to make payments totaling \$900,517 for services related to managing Luminos' Ethiopia government adoption program from September 2019 through August 2022. Unfulfilled payment obligations on the long-term service contract totaled zero and \$127,370 as of December 31, 2022 and 2021, respectively. Payments made in advance on this contract totaled zero and \$34,254 as of December 31, 2022 and 2021, respectively, which are reported as Advances on the statements of financial position. Contract expenses totaling \$127,370 and \$407,457 have been reported as a component of evaluation and training on the statements of functional expenses for the years ended December 31, 2022 and 2021, respectively.

#### **(10) Risks and Uncertainties**

Luminos has operations in various foreign countries. Luminos' operations may be affected by negative impacts on the economy or environment due to geopolitical tensions and/or civil unrest. Luminos closely monitors these potential issues and actively works to minimize their impacts, if any. Luminos does not believe that there will be any significant adverse effects to Luminos resulting from these uncertainties.

#### **(11) Subsequent Events**

Luminos has performed an evaluation of subsequent events through July 20, 2023, which is the date Luminos' financial statements were available to be issued. No material subsequent events have occurred since December 31, 2022 that required recognition or disclosure in these financial statements.