

Luminate Foundation, Inc.

Financial Statements

December 31, 2021 and 2020

Luminate Foundation, Inc.

Index

December 31, 2021 and 2020

	Page(s)
Report of Independent Auditors	2-3
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 15



Report of Independent Auditors

To the Board of Directors of Luminate Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Luminate Foundation, Inc. (the “Company”), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations 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 audit in accordance with auditing standards generally accepted in the United States of America (US 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 Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Company’s ability to continue as a going concern for one year after the date the 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 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 US 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 US 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 Company'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 Company'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 audit.

PricewaterhouseCoopers LLP

November 4, 2022

Luminate Foundation, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 57,979,109	\$ 56,069,782
Interest receivable	103,000	103,000
Program and mission related investments	<u>1,715,488</u>	<u>1,715,488</u>
Total assets	<u>\$ 59,797,597</u>	<u>\$ 57,888,270</u>
Liabilities		
Grant payable	\$ 19,625,000	\$ 22,153,333
Federal excise tax payable	<u>641,037</u>	<u>671,729</u>
Total liabilities	<u>20,266,037</u>	<u>22,825,062</u>
Net assets		
Without donor restrictions	(5,270,547)	(18,866,325)
With donor restrictions	<u>44,802,107</u>	<u>53,929,533</u>
Total net assets	<u>39,531,560</u>	<u>35,063,208</u>
Total liabilities and net assets	<u>\$ 59,797,597</u>	<u>\$ 57,888,270</u>

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

Luminate Foundation, Inc.
Statements of Activities
Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues and support without donor restrictions		
Contributed services	\$ 12,742,741	\$ 10,581,350
Investment income:		
Dividend income	930	219,309
Interest income	31,771	103,749
Investment loss	-	(2,279,605)
Net assets released from restriction	<u>53,929,533</u>	<u>7,092,967</u>
Total revenues and support without donor restrictions	<u>66,704,975</u>	<u>15,717,770</u>
Expenses		
Grants awarded	39,750,280	62,085,349
Other grantmaking expenses	<u>8,809,017</u>	<u>6,463,478</u>
Total grantmaking expenses	48,559,297	68,548,827
Management and general	3,951,834	4,096,989
Federal excise tax	<u>598,066</u>	<u>745,676</u>
Total expenses	<u>53,109,197</u>	<u>73,391,492</u>
Increase/(decrease) in net assets without donor restrictions	13,595,778	(57,673,722)
Revenues with donor restrictions		
Contributions of marketable securities	44,465,400	52,776,798
Net assets released from restriction	(53,929,533)	(7,092,967)
Net realized gain on contributions of marketable securities	<u>336,707</u>	<u>1,152,735</u>
Increase/(decrease) in net assets with donor restrictions	(9,127,426)	46,836,566
Increase/(decrease) in net assets	<u>4,468,352</u>	<u>(10,837,156)</u>
Total net assets at beginning of year	35,063,208	55,187,095
Less assumed grants from an affiliate	-	(9,286,731)
Total net assets at end of year	<u>\$ 39,531,560</u>	<u>\$ 35,063,208</u>

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

Luminate Foundation, Inc.
Statements of Cash Flows
Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 4,468,352	\$ (10,837,156)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Noncash contributions of marketable securities received	(44,465,400)	(52,776,798)
Proceeds from sale of contributed marketable securities	44,802,107	55,735,033
Net realized losses/(gain) on contributions of marketable securities	(336,707)	(1,152,735)
Investment loss	-	2,279,605
Assumed grants from an affiliate	-	(9,286,731)
Change in operating assets and liabilities		
Interest receivable	-	(103,000)
Accrued expenses	-	(45,000)
Grants payable	(2,528,333)	22,153,333
Federal excise tax payable	(30,692)	615,676
Net cash provided by operating activities	<u>1,909,327</u>	<u>6,582,227</u>
Cash flows from investing activities		
Purchase of investments	<u>-</u>	<u>(3,995,093)</u>
Net cash provided by investing activities	<u>-</u>	<u>(3,995,093)</u>
Net increase/(decrease) in cash and cash equivalents	1,909,327	2,587,134
Cash and cash equivalents		
Cash and cash equivalents at beginning of year	56,069,782	53,482,648
Cash and cash equivalents at end of year	<u>\$ 57,979,109</u>	<u>\$ 56,069,782</u>
Supplemental schedule of noncash activities		
Contributions of marketable securities	\$ 44,465,400	\$ 52,776,798
Assumed grants from an affiliate	\$ -	\$ 9,286,731
Contributed services	\$ 12,742,741	\$ 10,581,350

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

Luminate Foundation, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

1. Organization

Luminate is a global foundation working to ensure everyone- especially those who are underrepresented- have the information, rights, and power to influence the decisions that affect their lives. Luminate was established in 2018 by philanthropists Pierre and Pam Omidyar. The team previously worked for over a decade on issues related to governance and citizen engagement as part of Omidyar Network.

Luminate is a non-profit, non-stock corporation formed on December 21, 2017 in the state of Delaware. On August 7, 2018 a second amended and restated certificate of incorporation was filed to change the entity's name from GCE Private Foundation to Luminate Foundation. Luminate is organized and operates exclusively for exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code ("Code"). On May 30, 2019, Luminate received its official 501(c)(3) status with the Internal Revenue Service retroactive to December 21, 2017.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Luminate have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America ("US GAAP").

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent resources that are not subject to donor-imposed restrictions and are available to support Luminate's activities. These net assets may be designated for specific purposes by action of the Board of Directors or otherwise limited by contractual arrangements with outside parties.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent resources that are subject to donor-imposed restrictions which can be fulfilled by actions of Luminate pursuant to those stipulations and/or expire with the passage of time. Upon the passage of time and/or satisfaction of donor-imposed stipulations, the associated net assets are released and recognized as net assets without donor restrictions.

As of December 31, 2021 and 2020, Luminate's net assets with donor restrictions consist entirely of gifts from a related party restricted to the subsequent year's operations. Net assets with donor restrictions of \$53,929,533 and \$7,092,967 were released from restriction due to the expiration of time restrictions during the years ended December 31, 2021 and 2020, respectively.

Luminate Foundation, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Net assets without donor restrictions of (\$5,270,547) was the result of multi-year grants issued with the corresponding revenue restricted. The corresponding funding for multi-year grants are released from restriction upon the passage of time. The timing for the release of funding does not always coincide with the reporting period of the grant expense, hence the deficit. The Board of Directors of Luminate approved the 2022 budget of \$34.2 million.

Uses of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and 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. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments purchased with a remaining maturity of three months or less. At times, cash balances may exceed federally insured limits.

Investments

Investments, including program related investments (PRIs) and mission related investments (MRIs), are reported at fair value. Fair value is defined as the amount at which an asset could be exchanged between unrelated willing market participants, in an orderly transaction at the measurement date (i.e., the exit price). Investments are classified as program or mission related investments when they have a direct link to Luminate's strategic purpose.

Concentrations of Credit Risk

Financial instruments that potentially subject Luminate to credit risk consist primarily of cash, cash equivalents, investments, and unsettled investment trades. Luminate maintains cash and cash equivalents primarily with major financial institutions. Cash equivalents include investments in money market funds and certificates of deposit. Such amounts may exceed Federal Deposit Insurance Corporation limits. Luminate's readily marketable securities have been placed with major financial institutions.

Grants

Grants awarded consists of unconditional grants. Unconditional grants are expensed as of the effective date of the grant agreement. Certain grants may be subject to the grantee fulfilling specific conditions. Such conditional grants are considered commitments and are recognized as grant expense in the period in which the recipient meets the terms of the grant.

Effective January 1, 2020, Luminate assumed certain grants from Omidyar Network Fund, Inc. as disclosed within the related party transactions footnote.

Luminate Foundation, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Contributions

Contributions are recognized as revenue at fair value in the period irrevocably pledged or received. Luminate reports gifts of cash and other assets as support with donor restrictions 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 accompanying statements of activities as net assets released from restrictions. Contributions with donor restrictions are reported as contributions without donor restrictions when the restriction is met in the same period as the contribution is received.

Contributions, including unconditional promises to give, are recorded in the period made. Conditional promises to give, which depend on the occurrence of a specific future or uncertain event, such as meeting specific milestones set by the donor, are recognized when the conditions are substantially met. Contributions of stock are valued at the average of the high and low price on the date transferred.

Luminate has been funded through contributions received from The Pierre M. Omidyar Trust (the “Trust”), a related party.

Contributed Services

Contributed services are recognized if the services received either create or enhance long-lived assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Luminate receives contributed services from Luminate Holdings, LLC, a related party. Such amounts, which are based upon information provided by the related parties, are recorded at their estimated fair value determined on the date of contribution and are reported as contributed services on the accompanying statements of activities.

Allocation of Functional Expenses

U.S. GAAP requires Luminate to present its expenses on a functional basis, separating program services from management and general and fundraising expenses. Functional expenses are either charged directly to program services as incurred or allocated based on management’s estimates of the program that benefited from the services.

Income Taxes

Luminate, as a qualified private foundation, is exempt from federal income taxes under Section 501(c)(3) of the Code. Contributions to it may be deductible by donors for federal and state income tax purposes. Accordingly, no provision for income taxes has been made in the accompanying financial statements. However, Luminate is subject to a federal excise tax.

Luminate Foundation, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Luminate follows the policy of providing for federal excise tax on the net appreciation (both realized and unrealized) of investments.

Luminate follows the authoritative accounting standard on accounting for and disclosure of uncertainty in tax positions, which requires Luminate to determine whether each tax position of Luminate is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. There are no uncertain tax positions as of December 31, 2021.

Investment Income

Dividend income is recognized on the ex-dividend date. Interest income is recognized on the accrual basis.

Recent Accounting Guidance

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The new standard requires not-for-profit entities to 1) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and 2) provide certain disclosures in the notes including a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets and certain qualitative information on how contributed nonfinancial assets are either monetized or utilized in operations, if donor restrictions exist, and information on how contributed nonfinancial assets are valued. The effective date for this standard is for annual reporting periods beginning after December 15, 2021. Luminate is currently evaluating the impact of ASU 2020-07 on its financial statements.

3. Program and Mission Related Investments

Program and mission related investments are strategic investments aligned with Luminate's mission. These investments are primarily composed of equities, equity funds and debt.

Program and mission related investments held as of December 31, 2021 and 2020:

	2021	2020
Private equity and debt - fund	\$ 715,488	\$ 715,488
Private debt	1,000,000	1,000,000
Total program and mission related investments	<u>\$ 1,715,488</u>	<u>\$ 1,715,488</u>

Luminate had no unfunded commitments as of December 31, 2021 and 2020.

Luminate Foundation, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

4. Fair Value of Investments

In accordance with the authoritative guidance on fair value measurements and disclosures under US GAAP, Luminate discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that Luminate has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These inputs into the determination of fair value require significant management judgment.

Net Asset Value (NAV) – Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in investment funds that do not have a readily determinable fair value may be valued at NAV as a practical expedient.

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management. Management considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

An investment's categorization within the valuation hierarchy is based upon the lowest level input that is significant to the fair value measurement.

Luminate Foundation, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

The following table presents the investments carried at fair value on the Statement of Financial Position as of December 31, 2021 and 2020 (as described above):

Assets at Fair Value as of December 31, 2021					
	Level 1	Level 2	Level 3	NAV	Total
Private equities	\$ -	\$ -	\$ 715,488	\$ -	\$ 715,488
Private notes	-	-	1,000,000	-	1,000,000
Total investments	\$ -	\$ -	\$ 1,715,488	\$ -	\$ 1,715,488

Assets at Fair Value as of December 31, 2020					
	Level 1	Level 2	Level 3	NAV	Total
Private equities	\$ -	\$ -	\$ -	\$ 715,488	\$ 715,488
Private notes	-	-	1,000,000	-	1,000,000
Total investments	\$ -	\$ -	\$ 1,000,000	\$ 715,488	\$ 1,715,488

Luminate investments in private equities is with CcHUB Growth Capital Limited – Nigeria (“CcHUB”). At December 31, 2021, Luminate transferred private equities valued at \$715,488 from NAV to level 3. This transfer was the result of CcHUB failing to provide Luminate with reliable financial information or audited financial statement to determine the net asset value. Luminate concluded that the cost of the investments approximates the fair value based on qualitative factors and believes this to be the best estimation of fair value. No significant unobservable inputs were used in the valuation.

Luminate values its investments in private notes at cost, as their cost approximates the fair value based on prevailing market interest rates. No significant unobservable inputs were utilized in the valuation of these investments.

At December 31, 2020, Luminate uses NAV to determine the fair value of its investments in private equities. The following table lists such investments by major category:

December 31, 2020	Number of funds	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Restrictions in Place at Year End
(a) Private equities	1	\$ 715,488	\$ -	not applicable	not applicable

- a) This category includes investments in private equity funds that invest primarily in institutions that operate in emerging economies. Distributions from these funds will be received as the underlying investments of the funds are liquidated.

Luminate Foundation, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

5. Federal Excise Tax

Luminate Foundation, Inc. is a private foundation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and from state income taxes under Section 23701(d) of the Revenue and Taxation Code of the State of California, respectively. Beginning January 1, 2020, with the enactment of the 2019 Taxpayer Certainty and Disaster Tax Relief Act, private foundations are subject to a flat rate federal excise tax of 1.39%. The federal excise tax expense incurred in the years ending December 31, 2021 and 2020 was \$598,066 and \$745,676 respectively.

Luminate believes that it has appropriate support for the excise and other tax positions taken and, as such, does not have any uncertain tax positions that result in a material impact on the Luminate's financial position or increase (decrease) in net assets.

6. Related Party Transactions

The Trust donated marketable securities with total fair value of \$44,465,400 and \$52,776,798 to Luminate for the years ended 2021 and 2020.

On December 19, 2019 the board of Luminate unanimously approved a resolution to assume certain grants and purchase investments related to the governance and citizen engagement initiative of Omidyar Network Fund, Inc, a related party. In total, \$9,286,731 of grants payable and \$20,856,223 in unfunded commitments were assumed with an effective date of January 1, 2020. Program and mission related investments valued at \$3,995,093 were purchased by Luminate from Omidyar Network Fund, Inc.

In addition, Luminate Holdings LLC and other affiliated entities contributed services related to program and administrative support, tax, investment management, governance and operational support of \$12,742,741 and \$10,581,350 during 2021 and 2020 respectively, to Luminate.

Luminate Foundation, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

7. Grants and Support

Grant expenses for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Grant payments	\$ 25,400,280	\$ 45,588,683
Future payments committed in the current year on unconditional grants	13,300,000	12,130,000
Unpaid conditional grants with conditions met in current year	<u>1,050,000</u>	<u>4,366,666</u>
Grant expenses	<u>\$ 39,750,280</u>	<u>\$ 62,085,349</u>

Grant payable are due as follows:

Year Ending December 31,	2021	2020
2021	\$ -	\$ 17,608,333
2022	17,061,250	4,545,000
2023	<u>2,563,750</u>	<u>-</u>
Grants payable	<u>\$ 19,625,000</u>	<u>\$ 22,153,333</u>

All grants payable are recorded at face value, which, as of December 31, 2021 and 2020, was immaterially different from present value. As of December 31, 2021, and 2020, Luminate had unfunded commitments of \$2,591,757 and \$9,248,433 respectively, related to conditional grants. Future installments are expensed and payable as the conditions have been met, as per accounting guidance.

8. Analysis of Expenses

Luminate expenses have been allocated between grantmaking, and operational support activities, based on the function that benefited from the incurred expenses and estimates made by management. Grantmaking expenses pertain to the general grantmaking activities of Luminate, such as reviewing proposals and awarding, monitoring, and evaluating grants. Operational support expenses include costs related to managing Luminate.

Luminate Foundation, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

The total functional expenses, displayed by natural expense classification, for the years ended December 31, 2021 and 2020 were as follows:

	2021		
	Program Activities	Supporting Activities	Total Expenses
	Grantmaking	Management and General	
Grants awarded	\$ 39,750,280	\$ -	\$ 39,750,280
Other expenses			
Salaries and employee benefits	4,512,588	2,184,192	6,696,780
Consultants, advisors and other professional fees	2,846,967	1,159,137	4,006,104
Other operating expenses	1,449,462	1,206,571	2,656,033
Subtotal of other expenses	<u>8,809,017</u>	<u>4,549,900</u>	<u>13,358,917</u>
Total expenses	<u>\$ 48,559,297</u>	<u>\$ 4,549,900</u>	<u>\$ 53,109,197</u>
	2020		
	Program Activities	Supporting Activities	Total Expenses
	Grantmaking	Management and General	
Grants awarded	<u>\$ 62,085,349</u>	<u>\$ -</u>	<u>\$ 62,085,349</u>
Other expenses			
Salaries and employee benefits	3,339,668	1,922,134	5,261,802
Consultants, advisors and other professional fees	3,123,810	243,532	3,367,342
Other operating expenses	-	2,676,999	2,676,999
Subtotal of other expenses	<u>6,463,478</u>	<u>4,842,665</u>	<u>11,306,143</u>
Total expenses	<u>\$ 68,548,827</u>	<u>\$ 4,842,665</u>	<u>\$ 73,391,492</u>

9. Liquidity

Luminate's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2021	2020
Cash and cash equivalents	\$ 57,979,109	\$ 56,069,782
Interest receivable	<u>103,000</u>	<u>103,000</u>
Available financial assets	<u>\$ 58,082,109</u>	<u>\$ 56,172,782</u>

Luminate's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

10. Subsequent Events

Luminate has evaluated subsequent events for the period from December 31, 2021 through November 04, 2022, the date the financial statements were available to be issued, and believes no additional disclosures are required.