

CHILD CARE RESOURCES 401(K) PLAN

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEAR ENDED DECEMBER 31, 2020



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CHILD CARE RESOURCES 401(K) PLAN

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

August 26, 2021

Child Care Resources
Child Care Resources 401(k) Plan
Seattle, Washington

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Child Care Resources 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2020 and 2019, and the related statement of changes in net assets available for benefits for the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note C, which was certified by the custodian of the Plan, American Funds, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the custodian as of and for the years ended December 31, 2020 and 2019, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of Schedule H, Line 4i - Schedule of Assets (Held at End of Year), which is the responsibility of plan management, is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Jacobson Jarvis & Co, PLLC

CHILD CARE RESOURCES 401(K) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2020 AND 2019

ASSETS	<u>2020</u>	<u>2019</u>
Investments		
Money market funds	\$ 74,613	\$ 365,992
Investments in registered investment companies	<u>5,028,621</u>	<u>3,694,327</u>
Total Investments	5,103,234	4,060,319
Notes Receivable from Participants	<u>10,496</u>	<u>10,700</u>
Total Assets	5,113,730	4,071,019
 LIABILITIES		
Distribution payable	<u>(14,812)</u>	<u>(17,712)</u>
Net Assets Available for Benefits	<u>\$ 5,098,918</u>	<u>\$ 4,053,307</u>

CHILD CARE RESOURCES 401(K) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2020

Additions to Net Assets Available for Benefits Attributed to:

Investment income

Net investment income from registered investment companies \$ 518,879

Interest and dividends 161,818

Participant loan interest 505

Total Investment Income 681,202

Contributions

Employer contributions 180,188

Participant contributions 359,783

Rollover contributions 166,221

Total Contributions 706,192

Total Additions 1,387,394

Deductions to Net Assets Available for Benefits Attributed to:

Benefits paid to participants 309,328

Corrective distributions 14,812

Professional fees 17,643

Total Deductions 341,783

Net Increase in Net Assets Available for Benefits 1,045,611

Net Assets Available for Benefits – Beginning of Year 4,053,307

Net Assets Available for Benefits – End of Year \$ 5,098,918

CHILD CARE RESOURCES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

NOTE A – DESCRIPTION OF PLAN

The following brief description of the Child Care Resources 401(k) Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan established for the benefit of eligible employees of Child Care Resources. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

Plan changes

Child Care Resources reserves the right to amend or terminate the Plan at any time. However, no such amendment or termination shall deprive any participant of any vested interest in the Plan. In the event of plan termination, participants will become fully vested in their accounts.

Eligibility

Employees of Child Care Resources who have reached the age of 21 are eligible to participate in the Plan upon the first day of the month coinciding with or immediately following their date of hire.

Vesting

Participants are fully and immediately vested in their salary deferrals and actual earnings thereon. Employer matching and discretionary contributions vest as follows; less than two years, 0%; two to less than three years, 20%; three to less than four years, 50%; four or more years, 100%. Participants become fully vested upon reaching retirement age, death, or becoming disabled while still a participant of the Plan.

Forfeitures

The Plan has a provision that forfeitures may be used to reduce fees. During 2020, there was \$19,841 in forfeitures of benefits.

Contributions

Participants may elect to make pre-tax or post-tax Roth deferral employee contributions to the Plan up to the annual limits set by the Internal Revenue Service. Participants may also contribute amounts representing distributions from other qualified plans (participant rollover contributions).

Child Care Resources may make a discretionary matching contributions to the Plan. During 2020, Child Care Resources elected to make matching contributions equal to 100% of each eligible qualified employee's contribution during the pay period, not to exceed 3% of compensation for such period (resulting in a maximum of 3% of the employee's compensation).

CHILD CARE RESOURCES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

NOTE A – DESCRIPTION OF PLAN (Continued)

Participant accounts

Each participant's account is credited with the participant's contributions, allocation of the employer's contributions, plan earnings (losses), and charged with certain administrative expenses. Allocations are based on participant compensation, account balances, or specific participant transactions, as applicable, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the vested portion of the participant's account.

A participant may direct all contributions in any of the investments offered by the custodian that are approved by the Plan. Investment options may be changed at any time by participants via internet access.

Notes receivable from participants

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms cannot exceed five years unless the loan proceeds are used for purchasing a primary residence. Loans bear variable rates of interest. Loans outstanding at December 31, 2020 bear interest ranging from 4.75% to 7%. Principal and interest are paid ratably through semi-monthly payroll deductions. There were participant loans receivable of \$10,496 and \$10,700, respectively, at December 31, 2020 and 2019.

Payment of benefits

Upon termination of service due to disability, retirement, or early retirement at age 60, a participant will receive a lump-sum amount equal to the value of the participant's vested interest in his or her account. Upon death, a participant account must be distributed by December 31 of the calendar year containing the fifth anniversary of death. Additionally, the Plan allows distributions to a participant while still employed at Child Care Resources, for financial hardships as defined by the Plan document.

Administrative expenses

Administrative expenses recorded in the financial statements of the Plan relate to investment advisory and recordkeeping services. Certain other administrative expenses related to Plan administration may be paid by Child Care Resources as allowed under the provisions of the Plan.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Plan have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as applied to defined contribution plans, and in accordance with the Plan agreement.

CHILD CARE RESOURCES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Valuation of investments and investment income recognition

The Plan's investments are carried at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Contributions

Contributions from participants are recorded in the period in which they are withheld from the participants' compensation. Matching contributions from Child Care Resources are recorded in the period in which the related participant contributions are recorded.

Payment of benefits

Benefits paid to participants are recorded when paid.

CHILD CARE RESOURCES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires the Plan's management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE C - LIMITED-SCOPE AUDIT

The audit for the year ended December 31, 2020 was a Department of Labor limited-scope audit. The certification by Capital Bank and Trust Company, Plan Custodian, applies to the investment assets, transactions, and income as well as to the schedules of investments.

NOTE D - FAIR VALUE MEASUREMENTS

Assets carried at fair value on a recurring basis (at least annually) are as follows:

	Quoted Prices in Active Markets <u>Level 1</u>	Other Observable Inputs <u>Level 2</u>	Unobservable Inputs <u>Level 3</u>	<u>Total</u>
As of December 31, 2020:				
Money market funds	\$ 74,613	\$ -	\$ -	\$ 74,613
Investments in registered investment companies	<u>5,028,621</u>	<u>-</u>	<u>-</u>	<u>5,028,621</u>
	<u>\$ 5,103,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,103,234</u>
As of December 31, 2019:				
Money market funds	\$ 365,992	\$ -	\$ -	\$ 365,992
Investments in registered investment companies	<u>3,694,327</u>	<u>-</u>	<u>-</u>	<u>3,694,327</u>
	<u>\$ 4,060,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,060,319</u>

NOTE E - PARTY-IN-INTEREST TRANSACTIONS

Plan investments include shares of registered investment companies. These transactions qualify as exempt party-in-interest transactions.

CHILD CARE RESOURCES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

NOTE F - TAX STATUS

The Plan has adopted a volume submitter prototype available from its third-party administrator. The prototype received a favorable determination from the Internal Revenue Service (the IRS) on September 18, 2001, in which the IRS stated that the prototype as then designed was in compliance with applicable requirements of the Internal Revenue Code (the IRC). The Plan has been amended since the date of the favorable determination letter. The Plan has not received a determination letter as to the qualified status of the Plan's Adoption Agreement (including amendments). However, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

NOTE H - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2020 through August 26, 2021, which is the date the financial statements were available to be issued, and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2020, including the estimates inherent in the processing of financial statements.

SUPPLEMENTAL INFORMATION

CHILD CARE RESOURCES 401(K) PLAN

EMPLOYER IDENTIFICATION NUMBER: 91-1465046 PLAN NUMBER: 001

SCHEDULE H, PART IV (i) – SCHEDULE OF ASSETS (HELD AT END OF YEAR)

FOR THE YEAR ENDED DECEMBER 31, 2020

(a)	(b)	(c)	(d)	(e)
Identity of Issue, Borrower, Lessor or Similar Party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value	
* American Balanced (AMBAL)	Interest in registered investment company	**	\$ 1,015,996	
* American Mutual Fund (AMF)	Interest in registered investment company	**	107,286	
* Bond Fund of America (BFA)	Interest in registered investment company	**	289,069	
* Capital Income Builder (CIB)	Interest in registered investment company	**	17,434	
* Capital World Bond Fund (WBF)	Interest in registered investment company	**	3,280	
* Cap World Growth&Income (WGI)	Interest in registered investment company	**	95,698	
* EuroPacific Growth (EUPAC)	Interest in registered investment company	**	119,032	
* Fundamental Investors (FI)	Interest in registered investment company	**	129,248	
* Global Balanced (GBAL)	Interest in registered investment company	**	16,506	
* Growth Fund of America (GFA)	Interest in registered investment company	**	388,193	
* Interm Bond Fd of Amer (IBFA)	Interest in registered investment company	**	6,515	
* Intl Growth and Income (IGI)	Interest in registered investment company	**	17,383	
* Money Market Fund	Money market fund	**	74,613	
* New Perspective Fund (NPF)	Interest in registered investment company	**	56,731	
* Short-Term Bond Fund (STBF)	Interest in registered investment company	**	30,757	
* Target Date 2020 (AFTD20)	Interest in registered investment company	**	581,737	
* Target Date 2025 (AFTD25)	Interest in registered investment company	**	130,990	
* Target Date 2030 (AFTD30)	Interest in registered investment company	**	609,619	
* Target Date 2035 (AFTD35)	Interest in registered investment company	**	213,212	
* Target Date 2040 (AFTD40)	Interest in registered investment company	**	518,055	
* Target Date 2045 (AFTD45)	Interest in registered investment company	**	327,251	
* Target Date 2050 (AFTD50)	Interest in registered investment company	**	131,678	
* Target Date 2055 (AFTD55)	Interest in registered investment company	**	123,301	
* Target Date 2060 (AFTD60)	Interest in registered investment company	**	55,312	
* Target Date 2065 (AFTD65)	Interest in registered investment company	**	44,338	
			5,103,234	
* Participant Loans	Loans mature through 2025, with interest rates ranging from 4.75% to 7.00%, secured by the participant's vested accrued benefit.	-0-	10,496	
			\$ 5,113,730	

* Indicates Party-in-Interest

** Cost omitted for participant directed accounts