

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2021 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.	☐

Part II	Basic Plan Information—enter all requested information				
1a Name of plan <u>AVALARA, INC. 401(K) PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>12/15/2006</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>12/15/2006</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>12/15/2006</u>					
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>AVALARA, INC.</u> <u>255 S KING ST STE 1800</u> <u>SEATTLE, WA 98104-2832</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>91-1995935</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>206-826-4900</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>541511</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>91-1995935</u>	2c Plan Sponsor's telephone number <u>206-826-4900</u>	2d Business code (see instructions) <u>541511</u>	
2b Employer Identification Number (EIN) <u>91-1995935</u>					
2c Plan Sponsor's telephone number <u>206-826-4900</u>					
2d Business code (see instructions) <u>541511</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2022	TABITHA MONDRAGON
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2021)
v. 210624

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN	
5 Total number of participants at the beginning of the plan year		5	1931
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year.....		6a(1)	1725
a(2) Total number of active participants at the end of the plan year		6a(2)	2304
b Retired or separated participants receiving benefits.....		6b	0
c Other retired or separated participants entitled to future benefits		6c	294
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	2598
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	0
f Total. Add lines 6d and 6e		6f	2598
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	2571
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	153
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 3H 2G 2J 2E 2K 2T 2S 2F 3D			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ <u>1</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021	
A Name of plan AVALARA, INC. 401(K) PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 AVALARA, INC.	D Employer Identification Number (EIN) 91-1995935

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier
PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	613953	0	01/01/2021	12/31/2021

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
0			

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	0
5	Current value of plan's interest under this contract in separate accounts at year end.....	5	0

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b	Premiums paid to carrier	6b	0
c	Premiums due but unpaid at the end of the year	6c	0
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	0

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☐ other ▶

b	Balance at the end of the previous year	7b	1887777
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c	Additions: (1) Contributions deposited during the year	7c(1)	0	
	(2) Dividends and credits.....	7c(2)	0	
	(3) Interest credited during the year.....	7c(3)	0	
	(4) Transferred from separate account.....	7c(4)	0	
	(5) Other (specify below)	7c(5)	0	

(6) Total additions	7c(6)	0
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d	Total of balance and additions (add lines 7b and 7c(6))	7d	1887777
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e Deductions:

	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	0	
	(2) Administration charge made by carrier.....	7e(2)	0	
	(3) Transferred to separate account.....	7e(3)	0	
	(4) Other (specify below)	7e(4)	1887777	

▶ TRANSFER OF FUNDS ONCE THE PUT EXPIRED, AFTER A CHANGE IN RECORDKEEPER.

(5) Total deductions	7e(5)	1887777
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f	Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	0
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3))		9a(4)	0
b Benefit charges (1) Claims paid	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	0
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount. Specify nature of costs.	10b	

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☒ Yes ☐ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE A

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2021
		This Form is Open to Public Inspection.

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan AVALARA, INC. 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 AVALARA, INC.	D Employer Identification Number (EIN) 91-1995935	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL
04-2647786

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 64 65	RECORDKEEPER	166671	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

USI ADVISORS INC

06-1397347

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	ADVISOR / INVEST ADV	29605	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration		DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.		OMB No. 1210-0110 2021 This Form is Open to Public Inspection.	
For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021					
A Name of plan AVALARA, INC. 401(K) PLAN				B Three-digit plan number (PN) ▶ 001	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 AVALARA, INC.				D Employer Identification Number (EIN) 91-1995935	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: PUTNAM STABLE VALUE					
b Name of sponsor of entity listed in (a): PUTNAM FIDUCIARY TRUST COMPANY					
c EIN-PN 04-3159710-202		d Entity code C		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1790278	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-	

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan AVALARA, INC. 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 AVALARA, INC.	D Employer Identification Number (EIN) 91-1995935	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	265770	398267
(2) Participant contributions.....	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	0
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	510297	823408
(9) Value of interest in common/collective trusts	1c(9)	59938	1790278
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	72093911	105768636
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	1887777	0
(15) Other.....	1c(15)	0	0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)	0	0
(2) Employer real property.....	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	74817693	108780589

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h	0	0
i Acquisition indebtedness.....	1i	0	0
j Other liabilities.....	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	74817693	108780589
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	6233690	
(B) Participants	2a(1)(B)	21696089	
(C) Others (including rollovers).....	2a(1)(C)	0	
(2) Noncash contributions.....	2a(2)	0	27929779
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans.....	2b(1)(E)	31487	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		31487
(2) Dividends: (A) Preferred stock.....	2b(2)(A)	0	4968891
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	4968891	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		4968891
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	0
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	0
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		62374
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		8872856
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		41865387
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	7710116	
(2) To insurance carriers for the provision of benefits.....	2e(2)	0	
(3) Other.....	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		7710116
f Corrective distributions (see instructions).....	2f		9152
g Certain deemed distributions of participant loans (see instructions).....	2g		-13052
h Interest expense.....	2h		0
i Administrative expenses: (1) Professional fees.....	2i(1)	0	
(2) Contract administrator fees.....	2i(2)	0	
(3) Investment advisory and management fees.....	2i(3)	0	
(4) Other.....	2i(4)	196275	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		196275
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		7902491
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		33962896
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan.....	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLARK NUBER P.S.

(2) EIN: 91-1194016

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

	Yes	No	Amount
4a	X		5867

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection.
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan <u>AVALARA, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>AVALARA, INC.</u>	D Employer Identification Number (EIN) <u>91-1995935</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>	
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2021
v. 201209

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14c

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

AVALARA, INC. 401(k) PLAN

Financial Statements

For the Year Ended December 31, 2021

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Independent Auditor's Report

To the Plan Administrator
Avalara, Inc. 401(k) Plan
Seattle, Washington

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements

We have performed an audit of the financial statements of Avalara, Inc. 401(k) Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C), which comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA (ERISA Section 103(a)(3)(C) audit). As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency (qualified institution), provided that the investment information is prepared and certified to by the qualified institution in accordance with 29 CFR 2520.103-5 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Management has obtained a certification from a qualified institution as of December 31, 2021, and for the year then ended, stating that the certified investment information, as described in Note 4 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report:

- The amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (GAAP).
- The certified investment information in the accompanying 2021 financial statements agrees to, or is derived from, in all material respects, the information prepared and certified by a qualified institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



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Basis for Opinion on the 2021 Financial Statements

We conducted our audit 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 2021 Financial Statements section of our report. We are required to be independent of the Plan 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 ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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 Plan's ability to continue as a going concern for within one year after the date that the financial statements are issued or available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the 2021 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 Plan'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 Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of GAAP.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the 2021 financial statements as a whole are presented fairly, in all material respects, in accordance with GAAP.

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.



OTHER MATTERS

2021 Supplemental Schedules Required by ERISA

The supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements but is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplementary information, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplementary information that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information. In forming our opinion on the supplementary information, we evaluated whether the supplementary information, other than the information agreed to or derived from the certified investment information, including its form and content, are presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplementary information, other than the information in the supplementary information that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.
- The certified investment information in the supplementary information agrees to, or is derived from, in all material respects, the information prepared and certified by a qualified institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of the Plan. As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 11, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the information certified by the qualified institution were presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Clark Nuber P.S.

Certified Public Accountants
October 11, 2022

AVALARA, INC. 401(k) PLAN

**Statements of Net Assets Available for Benefits
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets:		
Investments at fair value-		
Collective investment funds	\$ 1,790,278	\$ 59,938
Mutual funds	105,768,636	72,093,911
Guaranteed investment contract		<u>1,887,777</u>
Total investments at fair value	107,558,914	74,041,626
Receivables-		
Employer contributions	398,267	265,770
Notes receivable from participants	<u>823,408</u>	<u>510,297</u>
Total receivables	<u>1,221,675</u>	<u>776,067</u>
Total Assets	<u>108,780,589</u>	<u>74,817,693</u>
Net Assets Available for Benefits	<u>\$ 108,780,589</u>	<u>\$ 74,817,693</u>

See accompanying notes.

AVALARA, INC. 401(k) PLAN**Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2021****Additions:**

Contributions-

Employer	\$ 6,233,690
Employee	<u>21,696,089</u>

Total contributions 27,929,779

Investment income-

Net appreciation in fair value of investments	8,873,007
Interest and dividends	<u>5,062,601</u>

Net investment income 13,935,608

Total Additions 41,865,387

Deductions:

Benefits paid to participants	7,706,216
Administrative expenses	<u>196,275</u>

Total Deductions 7,902,491

Net Increase in Net Assets Available for Benefits 33,962,896

Net Assets Available for Benefits:

Beginning of year 74,817,693

End of Year \$ 108,780,589

See accompanying notes.

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 1 - Description of the Plan

The following description of the Avalara, Inc. 401(k) Plan (the Plan) provides general information 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 covering substantially all employees of Avalara, Inc. (the Sponsor). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Eligibility - Employees who have completed one month of service and have reached age 21 are eligible to participate in the Plan. Employees may begin participating on the first day of any month after meeting the eligibility requirements.

Contributions - Participants may elect to defer up to 100% of the eligible compensation as pre-tax or Roth contributions. The Plan has adopted an automatic enrollment feature. Through July 31, 2021, new employees that met the Plan's eligibility requirements were enrolled at a 4% pre-tax deferral rate unless they formally waived participation or elected a different participation level. Effective August 1, 2021, the Plan was amended to automatically enroll eligible employees at a 6% pre-tax deferral rate and automatically increase employees deferring less than 6% to a 6% deferral rate. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participant rollovers into the Plan are not permitted.

Through July 31, 2021, the Sponsor made matching contributions equal to 50% of each participant's elective deferrals, not to exceed 4% of eligible compensation. Effective August 1, 2021, the Sponsor makes matching contributions equal to 50% of each participant's elective deferrals, not to exceed 6% of eligible compensation. The Sponsor makes true-up matching contributions and so the total match for the plan year is determined on an annualized basis. Effective January 1, 2022, true-up matching contributions became discretionary. The Sponsor may also make a discretionary contribution. There were no discretionary contributions made for the plan year ended December 31, 2021.

Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Participant Accounts - Each participant's account is credited with the participant's contributions and matching contributions, as well as allocations of the Sponsor's nonelective contributions (if any) and plan earnings and losses. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants direct the investment of their account into various investment options offered by the Plan.

Vesting - Participants are fully vested in their contributions and the earnings thereon. Vesting in employer contributions, and earnings thereon, is based on years of continuous service, according to the following schedule:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 1	0%
1	33%
2	66%
3	100%

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 1 - Continued

Forfeitures - Forfeitures of terminated participants' nonvested accounts may be used to pay administrative expenses of the Plan or to reduce employer contributions to the Plan. During 2021, no forfeitures were used to pay administrative expenses of the Plan. During 2021, approximately \$290,000 of forfeitures were used to reduce matching contributions. As of December 31, 2021 and 2020, total forfeitures held by the Plan were approximately \$211,000 and \$140,000, respectively.

Payment of Benefits - Upon termination of service, death, disability, or retirement, a participant or beneficiary may elect to receive a distribution of their vested account balance in the form of a lump-sum payment or installment payments. Participants who have attained age 59 ½ may also elect to receive a distribution of all or any portion of their vested account balance prior to termination of employment (in-service withdrawals). The Plan also provides for hardship withdrawals in accordance with provisions specified in the plan document. Participants may also elect to receive in-service withdrawals from balances rolled into the Plan.

Notes Receivable From Participants - Participants may borrow from their fund accounts a minimum of \$1,000, and up to a maximum of \$50,000 or 50% of the vested portion of their account balance. Loans are secured by the balance in the participant's account and bear interest at a reasonable rate, as defined. A participant may have only one outstanding loan at a time. Principal and interest are paid ratably through payroll deductions.

Note 2 - Significant Accounting Policies

Basis of Accounting - The financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition - The Plan's investments are reported at fair value. Fair value is 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. See Note 3 for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable From Participants - Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded. No allowance for credit losses has been recorded as of December 31, 2021 and 2020.

Payment of Benefits - Benefits paid to participants are recognized when they are paid.

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 2 - Continued

Administrative Expenses - Recordkeeping expenses are paid from the Plan. Other expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Sponsor. Expenses that are paid by the Sponsor are excluded from these financial statements. Transaction based fees for notes receivable from participants and distributions are charged directly to participant accounts. Certain investment related expenses are charged directly against the fund's investment performance and, therefore, are not separately disclosed in the accompanying financial statements.

Subsequent Events - The Plan's management has evaluated subsequent events through October 11, 2022, the date on which the Plan's financial statements were available to be issued.

Note 3 - Fair Value Measurements

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs that are significant to the fair value measurement.

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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value and subject to the fair value hierarchy above. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 3 - Continued

Collective Investment Fund - Valued at the NAV per unit provided by the fund's trustee which is based on the fair value of the underlying investments held by the fund less its liabilities. NAV is used as the practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell investments for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily. The fund may require up to 12 months' notice if the Plan initiates a full redemption of the collective investment fund.

Guaranteed Investment Contract - Reported at contract value, which is the aggregation of contributions, plus interest, less withdrawals. Contract value approximates a discounted cash flow value (fair value) calculated using an appropriate risk-adjusted market discount rate which correlates closely with historical crediting rates for this contract. Principal Life maintains contributions in its general investment account. The account is credited with earnings of the underlying investments and is charged for participant withdrawals and administrative expenses. Principal Life is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The crediting interest rate is based upon current market interest rates and are reset on a semiannual basis. During 2020, the Sponsor gave 12-month advance notice to the issuer to terminate the contract. The contract was liquidated at contract value in April 2021. During a period from September 2020 to April 2021, participants were unable to transfer money out of this investment to other funds held by the Plan.

The following tables set forth by level within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	Fair Value Measurements as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 105,768,636	\$ -	\$ -	\$ 105,768,636
Total Assets in the Fair Value Hierarchy	\$ 105,768,636	\$ -	\$ -	105,768,636
Investments measured at NAV ^(a)				<u>1,790,278</u>
Total Investments at Fair Value				<u>\$ 107,558,914</u>

AVALARA, INC. 401(k) PLAN

**Notes to Financial Statements
For the Year Ended December 31, 2021**

Note 3 - Continued

	Fair Value Measurements as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 72,093,911	\$ -	\$ -	\$ 72,093,911
Guaranteed Investment Contract			1,887,777	1,887,777
Total Assets in the Fair Value Hierarchy	\$ 72,093,911	\$ -	\$ 1,887,777	73,981,688
Investments measured at NAV ^(a)				59,938
Total Investments at Fair Value				\$ 74,041,626

- (a) Certain investments measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

There were no purchases or issuances of the Plan's level 3 assets for the year ended December 31, 2021.

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs at December 31, 2020:

	Valuation Technique	Unobservable Inputs	December 31, 2020 Range (Average)
Guaranteed investment contract	Discounted cash flow	Risk-adjusted discount rate applied	1.55% - 2.65% (1.90%)

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of December 31, 2021 and 2020. There are no participant redemption restrictions for this investment; the redemption notice period is applicable only to the Plan.

	2021 Fair Value	2020 Fair Value	Redemption Frequency	Redemption Notice Period
Collective investment fund- Putnam Stable Value Fund	\$ 1,790,278	\$ 59,938	Daily	Up to 12 months

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 4 - Certified Investments

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Investments held at December 31, 2021 and 2020 and investment income or loss for the year ended December 31, 2021, that is disclosed in the accompanying financial statements and supplementary information, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Fidelity Management Trust Company (Fidelity). The Plan held a guaranteed investment contract until it was liquidated in April 2021. Information related to the guaranteed investment contract disclosed in the accompanying financial statements as of December 31, 2020, was certified as complete and accurate by Principal Trust Company. The Plan's independent accountants did not perform auditing procedures with respect to the certified information, except for comparing such information to the related information included in the financial statements and supplementary information.

Note 5 - Party-in-Interest Transactions

Certain plan investments include shares of mutual funds managed by Fidelity and its affiliates. Transactions with such investments and fees charged by Fidelity and their affiliates qualify as party-in-interest transactions. The Plan also issues loans to participants which are party-in-interest transactions.

Note 6 - Plan Termination

Although it has not expressed any intent to do so, the Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become fully vested in their account balances.

Note 7 - Tax Status

The Sponsor adopted a Fidelity Management and Research Company (Fidelity Research) pre-approved plan document. (Fidelity Research) received an approval letter from the IRS dated March 31, 2014, which states that the form of the plan document satisfies the applicable provisions of the Internal Revenue Code (IRC). The Plan itself has not received a determination letter from the IRS; however, the Plan's management believes that the Plan is currently designed and being operated, in compliance with the applicable requirements of the IRC. The Plan is subject to audits by the IRS; however, there are currently no audits for any tax periods in progress.

During 2022, the Sponsor adopted a FMR LLC pre-approved plan document effective April 25, 2022. FMR LLC received an approval letter from the IRS dated June 30, 2020, which states that the form of the plan document satisfies the applicable provisions of the IRC.

During 2022, management identified an operational error related to compensation used to calculate Plan contributions. Management is in the process of fixing the error under the IRS Employee Plans Compliance Resolution System.

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 8 - Risks and Uncertainties

The Plan provides for various investment options which in turn invest in a combination of stocks, bonds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Note 9 - Delinquent Contributions

The Sponsor determined there were instances during 2021 in which participant deferral contributions were not deposited by the Sponsor as plan assets within the time limitation stipulated under the Department of Labor's regulations. Delinquent contributions are prohibited party-in-interest transactions under ERISA and also represent related party transactions between the Plan and the plan sponsor. In total, \$5,867 deferral contributions were identified as delinquent for the year ended December 31, 2021. The Sponsor calculated and remitted lost earnings for part of the 2021 late deposits during 2021, with the remainder being remitted during 2022.

SUPPLEMENTARY INFORMATION

AVALARA, INC. 401(k) PLAN

**Attachment to Form 5500, Schedule H, Line 4(a)
Schedule of Delinquent Participant Contributions**

Employer: Avalara, Inc.

EIN: 91-1995935

Plan No.: 001

Plan Year	Participant Contributions Transferred Late to Plan	Total That Constitutes Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002 - 51
	Check Here if Late Participant Loan Repayments are Included: ☐	Contributions not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
2021	\$ 5,867	\$ 2,279	\$ 3,578	\$ -	\$ -

See independent auditor's report.

AVALARA, INC. 401(k) PLAN

**Attachment to Form 5500, Schedule H, Line 4(i)
Schedule of Assets Held as of December 31, 2021**

Employer: Avalara, Inc.

EIN: 91-1995935

Plan No.: 001

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	Putnam Stable Value Fund	Collective Investment Fund	**	\$ 1,790,278
	American Funds Bond Fund of America	Mutual Fund	**	2,625,170
	Principal Real Estate Securities Fund	Mutual Fund	**	765,007
	Principal Small-Cap Growth I	Mutual Fund	**	1,631,606
	American Funds Target Date 2010	Mutual Fund	**	240,706
	American Funds Target Date 2020	Mutual Fund	**	1,557,361
	American Funds Target Date 2030	Mutual Fund	**	7,787,299
	American Funds Target Date 2040	Mutual Fund	**	10,667,466
	American Funds Target Date 2050	Mutual Fund	**	11,409,603
	American Funds Target Date 2015	Mutual Fund	**	68,452
	American Funds Target Date 2025	Mutual Fund	**	4,148,040
	American Funds Target Date 2035	Mutual Fund	**	11,599,125
	American Funds Target Date 2045	Mutual Fund	**	11,126,300
	American Funds Target Date 2055	Mutual Fund	**	8,619,837
	American Funds Target Date 2065	Mutual Fund	**	246,026
	American Century Mid-Cap Value Fund	Mutual Fund	**	650,341
	MFS Value Fund	Mutual Fund	**	2,044,886
	American Funds New World Fund	Mutual Fund	**	1,785,010
	Delaware Ivy Mid-Cap Growth Fund	Mutual Fund	**	1,695,070
	American Funds Target Date 2060	Mutual Fund	**	3,238,488
	Principal Large-Cap Growth I	Mutual Fund	**	4,514,902
	Vanguard Small-Cap Value Index Fund	Mutual Fund	**	2,310,939
*	Fidelity 500 Index Fund	Mutual Fund	**	11,663,123
*	Fidelity Mid-Cap Index Fund	Mutual Fund	**	3,022,114
*	Fidelity International Index Fund	Mutual Fund	**	2,351,765
*	Participant loans	Interest rates from 4.25% to 7.50%	-0-	823,408
				<u>\$ 108,382,322</u>

* Party-in-interest as defined by section 3(14) of ERISA.

** Historical cost information omitted with respect to assets held for investment purposes on participant-directed individual account balances.

See independent auditor's report.

AVALARA, INC. 401(k) PLAN

Financial Statements

For the Year Ended December 31, 2021

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Independent Auditor's Report

To the Plan Administrator
Avalara, Inc. 401(k) Plan
Seattle, Washington

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements

We have performed an audit of the financial statements of Avalara, Inc. 401(k) Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C), which comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA (ERISA Section 103(a)(3)(C) audit). As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency (qualified institution), provided that the investment information is prepared and certified to by the qualified institution in accordance with 29 CFR 2520.103-5 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Management has obtained a certification from a qualified institution as of December 31, 2021, and for the year then ended, stating that the certified investment information, as described in Note 4 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report:

- The amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (GAAP).
- The certified investment information in the accompanying 2021 financial statements agrees to, or is derived from, in all material respects, the information prepared and certified by a qualified institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



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Basis for Opinion on the 2021 Financial Statements

We conducted our audit 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 2021 Financial Statements section of our report. We are required to be independent of the Plan 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 ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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 Plan's ability to continue as a going concern for within one year after the date that the financial statements are issued or available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the 2021 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 Plan'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 Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of GAAP.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the 2021 financial statements as a whole are presented fairly, in all material respects, in accordance with GAAP.

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.



OTHER MATTERS

2021 Supplemental Schedules Required by ERISA

The supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements but is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplementary information, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplementary information that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information. In forming our opinion on the supplementary information, we evaluated whether the supplementary information, other than the information agreed to or derived from the certified investment information, including its form and content, are presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplementary information, other than the information in the supplementary information that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.
- The certified investment information in the supplementary information agrees to, or is derived from, in all material respects, the information prepared and certified by a qualified institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of the Plan. As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 11, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the information certified by the qualified institution were presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Clark Nuber P.S.

Certified Public Accountants
October 11, 2022

AVALARA, INC. 401(k) PLAN

**Statements of Net Assets Available for Benefits
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets:		
Investments at fair value-		
Collective investment funds	\$ 1,790,278	\$ 59,938
Mutual funds	105,768,636	72,093,911
Guaranteed investment contract		<u>1,887,777</u>
Total investments at fair value	107,558,914	74,041,626
Receivables-		
Employer contributions	398,267	265,770
Notes receivable from participants	<u>823,408</u>	<u>510,297</u>
Total receivables	<u>1,221,675</u>	<u>776,067</u>
Total Assets	<u>108,780,589</u>	<u>74,817,693</u>
Net Assets Available for Benefits	<u>\$ 108,780,589</u>	<u>\$ 74,817,693</u>

See accompanying notes.

AVALARA, INC. 401(k) PLAN**Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2021****Additions:**

Contributions-

Employer	\$ 6,233,690
Employee	<u>21,696,089</u>

Total contributions 27,929,779

Investment income-

Net appreciation in fair value of investments	8,873,007
Interest and dividends	<u>5,062,601</u>

Net investment income 13,935,608

Total Additions 41,865,387

Deductions:

Benefits paid to participants	7,706,216
Administrative expenses	<u>196,275</u>

Total Deductions 7,902,491

Net Increase in Net Assets Available for Benefits 33,962,896

Net Assets Available for Benefits:

Beginning of year 74,817,693

End of Year \$ 108,780,589

See accompanying notes.

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 1 - Description of the Plan

The following description of the Avalara, Inc. 401(k) Plan (the Plan) provides general information 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 covering substantially all employees of Avalara, Inc. (the Sponsor). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Eligibility - Employees who have completed one month of service and have reached age 21 are eligible to participate in the Plan. Employees may begin participating on the first day of any month after meeting the eligibility requirements.

Contributions - Participants may elect to defer up to 100% of the eligible compensation as pre-tax or Roth contributions. The Plan has adopted an automatic enrollment feature. Through July 31, 2021, new employees that met the Plan's eligibility requirements were enrolled at a 4% pre-tax deferral rate unless they formally waived participation or elected a different participation level. Effective August 1, 2021, the Plan was amended to automatically enroll eligible employees at a 6% pre-tax deferral rate and automatically increase employees deferring less than 6% to a 6% deferral rate. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participant rollovers into the Plan are not permitted.

Through July 31, 2021, the Sponsor made matching contributions equal to 50% of each participant's elective deferrals, not to exceed 4% of eligible compensation. Effective August 1, 2021, the Sponsor makes matching contributions equal to 50% of each participant's elective deferrals, not to exceed 6% of eligible compensation. The Sponsor makes true-up matching contributions and so the total match for the plan year is determined on an annualized basis. Effective January 1, 2022, true-up matching contributions became discretionary. The Sponsor may also make a discretionary contribution. There were no discretionary contributions made for the plan year ended December 31, 2021.

Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Participant Accounts - Each participant's account is credited with the participant's contributions and matching contributions, as well as allocations of the Sponsor's nonelective contributions (if any) and plan earnings and losses. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants direct the investment of their account into various investment options offered by the Plan.

Vesting - Participants are fully vested in their contributions and the earnings thereon. Vesting in employer contributions, and earnings thereon, is based on years of continuous service, according to the following schedule:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 1	0%
1	33%
2	66%
3	100%

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 1 - Continued

Forfeitures - Forfeitures of terminated participants' nonvested accounts may be used to pay administrative expenses of the Plan or to reduce employer contributions to the Plan. During 2021, no forfeitures were used to pay administrative expenses of the Plan. During 2021, approximately \$290,000 of forfeitures were used to reduce matching contributions. As of December 31, 2021 and 2020, total forfeitures held by the Plan were approximately \$211,000 and \$140,000, respectively.

Payment of Benefits - Upon termination of service, death, disability, or retirement, a participant or beneficiary may elect to receive a distribution of their vested account balance in the form of a lump-sum payment or installment payments. Participants who have attained age 59 ½ may also elect to receive a distribution of all or any portion of their vested account balance prior to termination of employment (in-service withdrawals). The Plan also provides for hardship withdrawals in accordance with provisions specified in the plan document. Participants may also elect to receive in-service withdrawals from balances rolled into the Plan.

Notes Receivable From Participants - Participants may borrow from their fund accounts a minimum of \$1,000, and up to a maximum of \$50,000 or 50% of the vested portion of their account balance. Loans are secured by the balance in the participant's account and bear interest at a reasonable rate, as defined. A participant may have only one outstanding loan at a time. Principal and interest are paid ratably through payroll deductions.

Note 2 - Significant Accounting Policies

Basis of Accounting - The financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition - The Plan's investments are reported at fair value. Fair value is 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. See Note 3 for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable From Participants - Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded. No allowance for credit losses has been recorded as of December 31, 2021 and 2020.

Payment of Benefits - Benefits paid to participants are recognized when they are paid.

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 2 - Continued

Administrative Expenses - Recordkeeping expenses are paid from the Plan. Other expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Sponsor. Expenses that are paid by the Sponsor are excluded from these financial statements. Transaction based fees for notes receivable from participants and distributions are charged directly to participant accounts. Certain investment related expenses are charged directly against the fund's investment performance and, therefore, are not separately disclosed in the accompanying financial statements.

Subsequent Events - The Plan's management has evaluated subsequent events through October 11, 2022, the date on which the Plan's financial statements were available to be issued.

Note 3 - Fair Value Measurements

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs that are significant to the fair value measurement.

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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value and subject to the fair value hierarchy above. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 3 - Continued

Collective Investment Fund - Valued at the NAV per unit provided by the fund's trustee which is based on the fair value of the underlying investments held by the fund less its liabilities. NAV is used as the practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell investments for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily. The fund may require up to 12 months' notice if the Plan initiates a full redemption of the collective investment fund.

Guaranteed Investment Contract - Reported at contract value, which is the aggregation of contributions, plus interest, less withdrawals. Contract value approximates a discounted cash flow value (fair value) calculated using an appropriate risk-adjusted market discount rate which correlates closely with historical crediting rates for this contract. Principal Life maintains contributions in its general investment account. The account is credited with earnings of the underlying investments and is charged for participant withdrawals and administrative expenses. Principal Life is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The crediting interest rate is based upon current market interest rates and are reset on a semiannual basis. During 2020, the Sponsor gave 12-month advance notice to the issuer to terminate the contract. The contract was liquidated at contract value in April 2021. During a period from September 2020 to April 2021, participants were unable to transfer money out of this investment to other funds held by the Plan.

The following tables set forth by level within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	Fair Value Measurements as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 105,768,636	\$ -	\$ -	\$ 105,768,636
Total Assets in the Fair Value Hierarchy	\$ 105,768,636	\$ -	\$ -	105,768,636
Investments measured at NAV ^(a)				1,790,278
Total Investments at Fair Value				\$ 107,558,914

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2021

Note 3 - Continued

	Fair Value Measurements as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 72,093,911	\$ -	\$ -	\$ 72,093,911
Guaranteed Investment Contract			1,887,777	1,887,777
Total Assets in the Fair Value Hierarchy	\$ 72,093,911	\$ -	\$ 1,887,777	73,981,688
Investments measured at NAV ^(a)				59,938
Total Investments at Fair Value				\$ 74,041,626

- (a) Certain investments measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

There were no purchases or issuances of the Plan's level 3 assets for the year ended December 31, 2021.

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs at December 31, 2020:

	Valuation Technique	Unobservable Inputs	December 31, 2020 Range (Average)
Guaranteed investment contract	Discounted cash flow	Risk-adjusted discount rate applied	1.55% - 2.65% (1.90%)

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of December 31, 2021 and 2020. There are no participant redemption restrictions for this investment; the redemption notice period is applicable only to the Plan.

	2021 Fair Value	2020 Fair Value	Redemption Frequency	Redemption Notice Period
Collective investment fund- Putnam Stable Value Fund	\$ 1,790,278	\$ 59,938	Daily	Up to 12 months

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 4 - Certified Investments

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Investments held at December 31, 2021 and 2020 and investment income or loss for the year ended December 31, 2021, that is disclosed in the accompanying financial statements and supplementary information, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Fidelity Management Trust Company (Fidelity). The Plan held a guaranteed investment contract until it was liquidated in April 2021. Information related to the guaranteed investment contract disclosed in the accompanying financial statements as of December 31, 2020, was certified as complete and accurate by Principal Trust Company. The Plan's independent accountants did not perform auditing procedures with respect to the certified information, except for comparing such information to the related information included in the financial statements and supplementary information.

Note 5 - Party-in-Interest Transactions

Certain plan investments include shares of mutual funds managed by Fidelity and its affiliates. Transactions with such investments and fees charged by Fidelity and their affiliates qualify as party-in-interest transactions. The Plan also issues loans to participants which are party-in-interest transactions.

Note 6 - Plan Termination

Although it has not expressed any intent to do so, the Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become fully vested in their account balances.

Note 7 - Tax Status

The Sponsor adopted a Fidelity Management and Research Company (Fidelity Research) pre-approved plan document. (Fidelity Research) received an approval letter from the IRS dated March 31, 2014, which states that the form of the plan document satisfies the applicable provisions of the Internal Revenue Code (IRC). The Plan itself has not received a determination letter from the IRS; however, the Plan's management believes that the Plan is currently designed and being operated, in compliance with the applicable requirements of the IRC. The Plan is subject to audits by the IRS; however, there are currently no audits for any tax periods in progress.

During 2022, the Sponsor adopted a FMR LLC pre-approved plan document effective April 25, 2022. FMR LLC received an approval letter from the IRS dated June 30, 2020, which states that the form of the plan document satisfies the applicable provisions of the IRC.

During 2022, management identified an operational error related to compensation used to calculate Plan contributions. Management is in the process of fixing the error under the IRS Employee Plans Compliance Resolution System.

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 8 - Risks and Uncertainties

The Plan provides for various investment options which in turn invest in a combination of stocks, bonds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Note 9 - Delinquent Contributions

The Sponsor determined there were instances during 2021 in which participant deferral contributions were not deposited by the Sponsor as plan assets within the time limitation stipulated under the Department of Labor's regulations. Delinquent contributions are prohibited party-in-interest transactions under ERISA and also represent related party transactions between the Plan and the plan sponsor. In total, \$5,867 deferral contributions were identified as delinquent for the year ended December 31, 2021. The Sponsor calculated and remitted lost earnings for part of the 2021 late deposits during 2021, with the remainder being remitted during 2022.

SUPPLEMENTARY INFORMATION

AVALARA, INC. 401(k) PLAN

**Attachment to Form 5500, Schedule H, Line 4(a)
Schedule of Delinquent Participant Contributions**

Employer: Avalara, Inc.

EIN: 91-1995935

Plan No.: 001

Plan Year	Participant Contributions Transferred Late to Plan	Total That Constitutes Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002 - 51
	Check Here if Late Participant Loan Repayments are Included: ☐	Contributions not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
2021	\$ 5,867	\$ 2,279	\$ 3,578	\$ -	\$ -

See independent auditor's report.

AVALARA, INC. 401(k) PLAN

**Attachment to Form 5500, Schedule H, Line 4(i)
Schedule of Assets Held as of December 31, 2021**

Employer: Avalara, Inc.

EIN: 91-1995935

Plan No.: 001

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	Putnam Stable Value Fund	Collective Investment Fund	**	\$ 1,790,278
	American Funds Bond Fund of America	Mutual Fund	**	2,625,170
	Principal Real Estate Securities Fund	Mutual Fund	**	765,007
	Principal Small-Cap Growth I	Mutual Fund	**	1,631,606
	American Funds Target Date 2010	Mutual Fund	**	240,706
	American Funds Target Date 2020	Mutual Fund	**	1,557,361
	American Funds Target Date 2030	Mutual Fund	**	7,787,299
	American Funds Target Date 2040	Mutual Fund	**	10,667,466
	American Funds Target Date 2050	Mutual Fund	**	11,409,603
	American Funds Target Date 2015	Mutual Fund	**	68,452
	American Funds Target Date 2025	Mutual Fund	**	4,148,040
	American Funds Target Date 2035	Mutual Fund	**	11,599,125
	American Funds Target Date 2045	Mutual Fund	**	11,126,300
	American Funds Target Date 2055	Mutual Fund	**	8,619,837
	American Funds Target Date 2065	Mutual Fund	**	246,026
	American Century Mid-Cap Value Fund	Mutual Fund	**	650,341
	MFS Value Fund	Mutual Fund	**	2,044,886
	American Funds New World Fund	Mutual Fund	**	1,785,010
	Delaware Ivy Mid-Cap Growth Fund	Mutual Fund	**	1,695,070
	American Funds Target Date 2060	Mutual Fund	**	3,238,488
	Principal Large-Cap Growth I	Mutual Fund	**	4,514,902
	Vanguard Small-Cap Value Index Fund	Mutual Fund	**	2,310,939
*	Fidelity 500 Index Fund	Mutual Fund	**	11,663,123
*	Fidelity Mid-Cap Index Fund	Mutual Fund	**	3,022,114
*	Fidelity International Index Fund	Mutual Fund	**	2,351,765
*	Participant loans	Interest rates from 4.25% to 7.50%	-0-	823,408
				<u>\$ 108,382,322</u>

* Party-in-interest as defined by section 3(14) of ERISA.

** Historical cost information omitted with respect to assets held for investment purposes on participant-directed individual account balances.

See independent auditor's report.

AVALARA, INC. 401(k) PLAN

Financial Statements

For the Year Ended December 31, 2021

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Independent Auditor's Report

To the Plan Administrator
Avalara, Inc. 401(k) Plan
Seattle, Washington

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements

We have performed an audit of the financial statements of Avalara, Inc. 401(k) Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C), which comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA (ERISA Section 103(a)(3)(C) audit). As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency (qualified institution), provided that the investment information is prepared and certified to by the qualified institution in accordance with 29 CFR 2520.103-5 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Management has obtained a certification from a qualified institution as of December 31, 2021, and for the year then ended, stating that the certified investment information, as described in Note 4 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report:

- The amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (GAAP).
- The certified investment information in the accompanying 2021 financial statements agrees to, or is derived from, in all material respects, the information prepared and certified by a qualified institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



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Basis for Opinion on the 2021 Financial Statements

We conducted our audit 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 2021 Financial Statements section of our report. We are required to be independent of the Plan 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 ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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 Plan's ability to continue as a going concern for within one year after the date that the financial statements are issued or available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the 2021 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 Plan'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 Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of GAAP.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the 2021 financial statements as a whole are presented fairly, in all material respects, in accordance with GAAP.

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.



OTHER MATTERS

2021 Supplemental Schedules Required by ERISA

The supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements but is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplementary information, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplementary information that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information. In forming our opinion on the supplementary information, we evaluated whether the supplementary information, other than the information agreed to or derived from the certified investment information, including its form and content, are presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplementary information, other than the information in the supplementary information that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.
- The certified investment information in the supplementary information agrees to, or is derived from, in all material respects, the information prepared and certified by a qualified institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of the Plan. As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 11, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the information certified by the qualified institution were presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Clark Nuber P.S.

Certified Public Accountants
October 11, 2022

AVALARA, INC. 401(k) PLAN

**Statements of Net Assets Available for Benefits
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets:		
Investments at fair value-		
Collective investment funds	\$ 1,790,278	\$ 59,938
Mutual funds	105,768,636	72,093,911
Guaranteed investment contract		<u>1,887,777</u>
Total investments at fair value	107,558,914	74,041,626
Receivables-		
Employer contributions	398,267	265,770
Notes receivable from participants	<u>823,408</u>	<u>510,297</u>
Total receivables	<u>1,221,675</u>	<u>776,067</u>
Total Assets	<u>108,780,589</u>	<u>74,817,693</u>
Net Assets Available for Benefits	<u>\$ 108,780,589</u>	<u>\$ 74,817,693</u>

See accompanying notes.

AVALARA, INC. 401(k) PLAN**Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2021****Additions:**

Contributions-

Employer	\$ 6,233,690
Employee	<u>21,696,089</u>

Total contributions 27,929,779

Investment income-

Net appreciation in fair value of investments	8,873,007
Interest and dividends	<u>5,062,601</u>

Net investment income 13,935,608

Total Additions 41,865,387

Deductions:

Benefits paid to participants	7,706,216
Administrative expenses	<u>196,275</u>

Total Deductions 7,902,491

Net Increase in Net Assets Available for Benefits 33,962,896

Net Assets Available for Benefits:

Beginning of year 74,817,693

End of Year \$ 108,780,589

See accompanying notes.

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 1 - Description of the Plan

The following description of the Avalara, Inc. 401(k) Plan (the Plan) provides general information 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 covering substantially all employees of Avalara, Inc. (the Sponsor). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Eligibility - Employees who have completed one month of service and have reached age 21 are eligible to participate in the Plan. Employees may begin participating on the first day of any month after meeting the eligibility requirements.

Contributions - Participants may elect to defer up to 100% of the eligible compensation as pre-tax or Roth contributions. The Plan has adopted an automatic enrollment feature. Through July 31, 2021, new employees that met the Plan's eligibility requirements were enrolled at a 4% pre-tax deferral rate unless they formally waived participation or elected a different participation level. Effective August 1, 2021, the Plan was amended to automatically enroll eligible employees at a 6% pre-tax deferral rate and automatically increase employees deferring less than 6% to a 6% deferral rate. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participant rollovers into the Plan are not permitted.

Through July 31, 2021, the Sponsor made matching contributions equal to 50% of each participant's elective deferrals, not to exceed 4% of eligible compensation. Effective August 1, 2021, the Sponsor makes matching contributions equal to 50% of each participant's elective deferrals, not to exceed 6% of eligible compensation. The Sponsor makes true-up matching contributions and so the total match for the plan year is determined on an annualized basis. Effective January 1, 2022, true-up matching contributions became discretionary. The Sponsor may also make a discretionary contribution. There were no discretionary contributions made for the plan year ended December 31, 2021.

Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Participant Accounts - Each participant's account is credited with the participant's contributions and matching contributions, as well as allocations of the Sponsor's nonelective contributions (if any) and plan earnings and losses. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants direct the investment of their account into various investment options offered by the Plan.

Vesting - Participants are fully vested in their contributions and the earnings thereon. Vesting in employer contributions, and earnings thereon, is based on years of continuous service, according to the following schedule:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 1	0%
1	33%
2	66%
3	100%

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 1 - Continued

Forfeitures - Forfeitures of terminated participants' nonvested accounts may be used to pay administrative expenses of the Plan or to reduce employer contributions to the Plan. During 2021, no forfeitures were used to pay administrative expenses of the Plan. During 2021, approximately \$290,000 of forfeitures were used to reduce matching contributions. As of December 31, 2021 and 2020, total forfeitures held by the Plan were approximately \$211,000 and \$140,000, respectively.

Payment of Benefits - Upon termination of service, death, disability, or retirement, a participant or beneficiary may elect to receive a distribution of their vested account balance in the form of a lump-sum payment or installment payments. Participants who have attained age 59 ½ may also elect to receive a distribution of all or any portion of their vested account balance prior to termination of employment (in-service withdrawals). The Plan also provides for hardship withdrawals in accordance with provisions specified in the plan document. Participants may also elect to receive in-service withdrawals from balances rolled into the Plan.

Notes Receivable From Participants - Participants may borrow from their fund accounts a minimum of \$1,000, and up to a maximum of \$50,000 or 50% of the vested portion of their account balance. Loans are secured by the balance in the participant's account and bear interest at a reasonable rate, as defined. A participant may have only one outstanding loan at a time. Principal and interest are paid ratably through payroll deductions.

Note 2 - Significant Accounting Policies

Basis of Accounting - The financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition - The Plan's investments are reported at fair value. Fair value is 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. See Note 3 for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable From Participants - Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded. No allowance for credit losses has been recorded as of December 31, 2021 and 2020.

Payment of Benefits - Benefits paid to participants are recognized when they are paid.

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 2 - Continued

Administrative Expenses - Recordkeeping expenses are paid from the Plan. Other expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Sponsor. Expenses that are paid by the Sponsor are excluded from these financial statements. Transaction based fees for notes receivable from participants and distributions are charged directly to participant accounts. Certain investment related expenses are charged directly against the fund's investment performance and, therefore, are not separately disclosed in the accompanying financial statements.

Subsequent Events - The Plan's management has evaluated subsequent events through October 11, 2022, the date on which the Plan's financial statements were available to be issued.

Note 3 - Fair Value Measurements

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs that are significant to the fair value measurement.

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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value and subject to the fair value hierarchy above. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 3 - Continued

Collective Investment Fund - Valued at the NAV per unit provided by the fund's trustee which is based on the fair value of the underlying investments held by the fund less its liabilities. NAV is used as the practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell investments for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily. The fund may require up to 12 months' notice if the Plan initiates a full redemption of the collective investment fund.

Guaranteed Investment Contract - Reported at contract value, which is the aggregation of contributions, plus interest, less withdrawals. Contract value approximates a discounted cash flow value (fair value) calculated using an appropriate risk-adjusted market discount rate which correlates closely with historical crediting rates for this contract. Principal Life maintains contributions in its general investment account. The account is credited with earnings of the underlying investments and is charged for participant withdrawals and administrative expenses. Principal Life is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The crediting interest rate is based upon current market interest rates and are reset on a semiannual basis. During 2020, the Sponsor gave 12-month advance notice to the issuer to terminate the contract. The contract was liquidated at contract value in April 2021. During a period from September 2020 to April 2021, participants were unable to transfer money out of this investment to other funds held by the Plan.

The following tables set forth by level within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	Fair Value Measurements as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 105,768,636	\$ -	\$ -	\$ 105,768,636
Total Assets in the Fair Value Hierarchy	\$ 105,768,636	\$ -	\$ -	105,768,636
Investments measured at NAV ^(a)				1,790,278
Total Investments at Fair Value				\$ 107,558,914

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2021

Note 3 - Continued

	Fair Value Measurements as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 72,093,911	\$ -	\$ -	\$ 72,093,911
Guaranteed Investment Contract			1,887,777	1,887,777
Total Assets in the Fair Value Hierarchy	\$ 72,093,911	\$ -	\$ 1,887,777	73,981,688
Investments measured at NAV ^(a)				59,938
Total Investments at Fair Value				\$ 74,041,626

- (a) Certain investments measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

There were no purchases or issuances of the Plan's level 3 assets for the year ended December 31, 2021.

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs at December 31, 2020:

	Valuation Technique	Unobservable Inputs	December 31, 2020 Range (Average)
Guaranteed investment contract	Discounted cash flow	Risk-adjusted discount rate applied	1.55% - 2.65% (1.90%)

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of December 31, 2021 and 2020. There are no participant redemption restrictions for this investment; the redemption notice period is applicable only to the Plan.

	2021 Fair Value	2020 Fair Value	Redemption Frequency	Redemption Notice Period
Collective investment fund- Putnam Stable Value Fund	\$ 1,790,278	\$ 59,938	Daily	Up to 12 months

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 4 - Certified Investments

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Investments held at December 31, 2021 and 2020 and investment income or loss for the year ended December 31, 2021, that is disclosed in the accompanying financial statements and supplementary information, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Fidelity Management Trust Company (Fidelity). The Plan held a guaranteed investment contract until it was liquidated in April 2021. Information related to the guaranteed investment contract disclosed in the accompanying financial statements as of December 31, 2020, was certified as complete and accurate by Principal Trust Company. The Plan's independent accountants did not perform auditing procedures with respect to the certified information, except for comparing such information to the related information included in the financial statements and supplementary information.

Note 5 - Party-in-Interest Transactions

Certain plan investments include shares of mutual funds managed by Fidelity and its affiliates. Transactions with such investments and fees charged by Fidelity and their affiliates qualify as party-in-interest transactions. The Plan also issues loans to participants which are party-in-interest transactions.

Note 6 - Plan Termination

Although it has not expressed any intent to do so, the Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become fully vested in their account balances.

Note 7 - Tax Status

The Sponsor adopted a Fidelity Management and Research Company (Fidelity Research) pre-approved plan document. (Fidelity Research) received an approval letter from the IRS dated March 31, 2014, which states that the form of the plan document satisfies the applicable provisions of the Internal Revenue Code (IRC). The Plan itself has not received a determination letter from the IRS; however, the Plan's management believes that the Plan is currently designed and being operated, in compliance with the applicable requirements of the IRC. The Plan is subject to audits by the IRS; however, there are currently no audits for any tax periods in progress.

During 2022, the Sponsor adopted a FMR LLC pre-approved plan document effective April 25, 2022. FMR LLC received an approval letter from the IRS dated June 30, 2020, which states that the form of the plan document satisfies the applicable provisions of the IRC.

During 2022, management identified an operational error related to compensation used to calculate Plan contributions. Management is in the process of fixing the error under the IRS Employee Plans Compliance Resolution System.

AVALARA, INC. 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2021

Note 8 - Risks and Uncertainties

The Plan provides for various investment options which in turn invest in a combination of stocks, bonds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Note 9 - Delinquent Contributions

The Sponsor determined there were instances during 2021 in which participant deferral contributions were not deposited by the Sponsor as plan assets within the time limitation stipulated under the Department of Labor's regulations. Delinquent contributions are prohibited party-in-interest transactions under ERISA and also represent related party transactions between the Plan and the plan sponsor. In total, \$5,867 deferral contributions were identified as delinquent for the year ended December 31, 2021. The Sponsor calculated and remitted lost earnings for part of the 2021 late deposits during 2021, with the remainder being remitted during 2022.

SUPPLEMENTARY INFORMATION

AVALARA, INC. 401(k) PLAN

**Attachment to Form 5500, Schedule H, Line 4(a)
Schedule of Delinquent Participant Contributions**

Employer: Avalara, Inc.

EIN: 91-1995935

Plan No.: 001

Plan Year	Participant Contributions Transferred Late to Plan	Total That Constitutes Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002 - 51
	Check Here if Late Participant Loan Repayments are Included: ☐	Contributions not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
2021	\$ 5,867	\$ 2,279	\$ 3,578	\$ -	\$ -

See independent auditor's report.

AVALARA, INC. 401(k) PLAN

**Attachment to Form 5500, Schedule H, Line 4(i)
Schedule of Assets Held as of December 31, 2021**

Employer: Avalara, Inc.

EIN: 91-1995935

Plan No.: 001

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	Putnam Stable Value Fund	Collective Investment Fund	**	\$ 1,790,278
	American Funds Bond Fund of America	Mutual Fund	**	2,625,170
	Principal Real Estate Securities Fund	Mutual Fund	**	765,007
	Principal Small-Cap Growth I	Mutual Fund	**	1,631,606
	American Funds Target Date 2010	Mutual Fund	**	240,706
	American Funds Target Date 2020	Mutual Fund	**	1,557,361
	American Funds Target Date 2030	Mutual Fund	**	7,787,299
	American Funds Target Date 2040	Mutual Fund	**	10,667,466
	American Funds Target Date 2050	Mutual Fund	**	11,409,603
	American Funds Target Date 2015	Mutual Fund	**	68,452
	American Funds Target Date 2025	Mutual Fund	**	4,148,040
	American Funds Target Date 2035	Mutual Fund	**	11,599,125
	American Funds Target Date 2045	Mutual Fund	**	11,126,300
	American Funds Target Date 2055	Mutual Fund	**	8,619,837
	American Funds Target Date 2065	Mutual Fund	**	246,026
	American Century Mid-Cap Value Fund	Mutual Fund	**	650,341
	MFS Value Fund	Mutual Fund	**	2,044,886
	American Funds New World Fund	Mutual Fund	**	1,785,010
	Delaware Ivy Mid-Cap Growth Fund	Mutual Fund	**	1,695,070
	American Funds Target Date 2060	Mutual Fund	**	3,238,488
	Principal Large-Cap Growth I	Mutual Fund	**	4,514,902
	Vanguard Small-Cap Value Index Fund	Mutual Fund	**	2,310,939
*	Fidelity 500 Index Fund	Mutual Fund	**	11,663,123
*	Fidelity Mid-Cap Index Fund	Mutual Fund	**	3,022,114
*	Fidelity International Index Fund	Mutual Fund	**	2,351,765
*	Participant loans	Interest rates from 4.25% to 7.50%	-0-	823,408
				<u>\$ 108,382,322</u>

* Party-in-interest as defined by section 3(14) of ERISA.

** Historical cost information omitted with respect to assets held for investment purposes on participant-directed individual account balances.

See independent auditor's report.