

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 2023 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023	
A	This return/report is for: ☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____ ☐ 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 SUNNY DAYS EARLY CHILDHOOD DEVELOPMENT SERVICES, INC. 401(K) PLAN
1b	Three-digit plan number (PN) ▶ 001
1c	Effective date of plan 01/01/2005
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) SUNNY DAYS EARLY CHILDHOOD DEVELOPMENT SERVICES, INC. 300 CORPORATE CENTER DR. MANALAPAN, NJ 07726
2b	Employer Identification Number (EIN) 22-3299236
2c	Plan Sponsor's telephone number 732-761-0088
2d	Business code (see instructions) 611000

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.	10/10/2024	DONNA MAHER
	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

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	5 430
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 a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g(1) Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item) g(2) Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6a(1) 328 6a(2) 353 6b 0 6c 88 6d 441 6e 1 6f 442 6g(1) 267 6g(2) 271 6h 7
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:

2E 2F 2G 2J 2K 2T 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
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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
- (4) ☐ **DCG** (Individual Plan Information) – Number Attached _____
- (5) ☐ **MEP** (Multiple-Employer Retirement Plan Information)

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ **A** (Insurance Information) – Number Attached _____
- (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 2023 Form M-1 annual report. If the plan was not required to file the 2023 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 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
		2023
		This Form is Open to Public Inspection.

For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023

A Name of plan SUNNY DAYS EARLY CHILDHOOD DEVELOPMENT SERVICES, INC. 401(K) PLAN	B Three-digit plan number (PN) 001
C Plan sponsor's name as shown on line 2a of Form 5500 SUNNY DAYS EARLY CHILDHOOD DEVELOPMENT SERVICES, INC.	D Employer Identification Number (EIN) 22-3299236

Part I

Service Provider Information (see instructions)

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).....

X

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
MATRIX TRUST COMPANY	
75-3182674	

(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)

EPIC RETIREMENT PLAN SERVICES

16-1450952

(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?
15 38	NONE	46828	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

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

MORNINGSTAR INVESTMENT MANAGEMENT

36-4317381

(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	NONE	37608	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
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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 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
		2023
		This Form is Open to Public Inspection
For calendar plan year 2023 or fiscal plan year beginning <u>01/01/2023</u> and ending <u>12/31/2023</u>		
A Name of plan <u>SUNNY DAYS EARLY CHILDHOOD DEVELOPMENT SERVICES, 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>SUNNY DAYS EARLY CHILDHOOD DEVELOPMENT SERVICES, INC.</u>		D Employer Identification Number (EIN) <u>22-3299236</u>

Part I	Asset and Liability Statement		
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		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	<u>10288</u>	<u>11900</u>
(2) Participant contributions	1b(2)	<u>32933</u>	<u>40262</u>
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	<u>1050731</u>	<u>1060777</u>
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	<u>178963</u>	<u>212802</u>
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	<u>15944889</u>	<u>19511562</u>
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	17217804	20837303
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
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	17217804	20837303

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)	339097	
(B) Participants	2a(1)(B)	1036050	
(C) Others (including rollovers)	2a(1)(C)	4663	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1379810
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	21595	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	11040	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		32635
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	249925	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		249925
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(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)		
(B) Other	2b(5)(B)		
(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)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		2464570
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		4126940

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	424701	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		424701
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses:			
(1) Salaries and allowances	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Recordkeeping fees.....	2i(3)	45132	
(4) IQPA audit fees.....	2i(4)		
(5) Investment advisory and investment management fees	2i(5)	37608	
(6) Bank or trust company trustee/custodial fees	2i(6)		
(7) Actuarial fees	2i(7)		
(8) Legal fees	2i(8)		
(9) Valuation/appraisal fees	2i(9)		
(10) Other trustee fees and expenses	2i(10)		
(11) Other expenses	2i(11)		
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		82740
j Total expenses. Add all expense amounts in column (b) and enter total	2j		507441

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		3619499
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

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: **LAWSON, RESCINIO, SCHIBELL & ASSOC.**

(2) EIN: **22-3193482**

d The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1) ☐ This form is filed for a CCT, PSA, DCG 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. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

During the plan year:

	Yes	No	Amount
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.)		☒	
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.)		☒	
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.)		☒	
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.)		☒	
e Was this plan covered by a fidelity bond?	☒		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		☒	
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?		☒	
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?		☒	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	☒		
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.)		☒	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		☒	
l Has the plan failed to provide any benefit when due under the plan?		☒	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		☒	
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.			

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 2023 This Form is Open to Public Inspection.
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For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023		
A Name of plan SUNNY DAYS EARLY CHILDHOOD DEVELOPMENT SERVICES, INC. 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 SUNNY DAYS EARLY CHILDHOOD DEVELOPMENT SERVICES, INC.	D Employer Identification Number (EIN) 22-3299236	

Part I	Distributions
--------	---------------

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.....	
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): 20-0937408	
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	

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.)
---------	--

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

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (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) 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) 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)	14a 14b 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
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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) and (b): a Enter the percentage of plan assets held as: Public Equity: _____% Private Equity: _____% Investment-Grade Debt and Interest Rate Hedging Assets: _____% High-Yield Debt: _____% Real Assets: _____% Cash or Cash Equivalents: _____% Other: _____% b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets: ☐ 0-5 years ☐ 5-10 years ☐ 10-15 years ☐ 15 years or more	
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: _____	

Part VII	IRS Compliance Questions
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21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? ☐ Yes ☒ No 21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2). ☐ Design-based safe harbor method ☐ "Prior year" ADP test ☒ "Current year" ADP test ☐ N/A	
22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter <u>06 / 30 / 2020</u> (MM/DD/YYYY) and the Opinion Letter serial number <u>Q703383A</u> .	

SUNNY DAYS EARLY CHILDHOOD
DEVELOPMENTAL SERVICES, INC.
401(K) PLAN
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022
AND INDEPENDENT AUDITOR'S REPORT

SUNNY DAYS EARLY CHILDHOOD DEVELOPMENTAL SERVICES, INC. 401(K) PLAN
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Independent Auditor's Report

EXHIBIT A	-	Statements of Net Assets Available for Plan Benefits as of December 31, 2023 and 2022
EXHIBIT B	-	Statement of Changes in Net Assets Available for Plan Benefits for the years ended December 31, 2023 and 2022
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SUPPLEMENTAL INFORMATION

SCHEDULE I	-	Supplementary Department of Labor Schedules (Form 5500) – Schedule of Assets (Held at End of Year)
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LAWSON, RESCINIO, SCHIBELL & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1806 ROUTE 35 • OAKHURST, NEW JERSEY 07755-2759 TEL (732) 531-8000 FAX (732) 531-8080

THE POWER OF SOUND FUNDAMENTALS

INDEPENDENT AUDITOR'S REPORT

Plan Administrator

Sunny Days Early Childhood Developmental Services, Inc. 401(K) Plan
Manalapan, New Jersey

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

We have performed audits of the accompanying financial statements of the Sunny Days Early Childhood Developmental Services, Inc. 401(K) 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) [ERISA Section 103(a)(3)(C) audit]. The financial statements comprise the statements of net assets available for benefits as of December 31, 2023 and 2022, and the related statement of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of Sunny Days Early Childhood Developmental Services, Inc. 401(K) Plan's 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 Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits 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, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2023 and 2022, and for the years then ended, stating that the certified investment information, as described in Note 4 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section—

- the amounts and disclosures in the financial statements referred to above, 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.

- the information in the financial statements referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sunny Days Early Childhood Developmental Services, Inc. 401(K) Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. 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 Sunny Days Early Childhood Developmental Services, Inc. 401(K) Plan's ability to continue as a going concern for one year after the date the financial statements are 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 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 Sunny Days Early Childhood Developmental Services, Inc. 401(K) 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 Sunny Days Early Childhood Developmental Services, Inc. 401(K) Plan's ability to continue as a going concern for a reasonable period of time.

Our audits 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 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 accounting principles generally accepted in the United States of America.

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

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.

Supplemental Schedules Required by ERISA

The supplemental schedule of assets (held at end of year) is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor'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 supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits 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 generally accepted auditing standards. For information included in the supplemental schedule 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 supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion—

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

Lawson, Rescinio, Schibell & Assoc., P.C.

Lawson, Rescinio, Schibell & Assoc., P.C.

Oakhurst, New Jersey
October 8, 2024

EXHIBIT A

SUNNY DAYS EARLY CHILDHOOD DEVELOPMENTAL SERVICES, INC. 401(K) PLAN
 STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Investments, at Fair Market Value Funds Held by Broadridge Matrix Trust Company	\$ 20,572,339	\$ 16,995,620
Participant Contributions Receivable	40,262	32,933
Employer Contributions Receivable	11,900	10,288
Participant Loans	<u>212,802</u>	<u>178,963</u>
TOTAL ASSETS	<u>20,837,303</u>	<u>17,217,804</u>
Excess Employer Contributions	-	-
Excess Participant Contributions	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
<u>NET ASSETS AVAILABLE FOR PLAN BENEFITS</u>	<u>\$ 20,837,303</u>	<u>\$ 17,217,804</u>

See notes to financial statements

SUNNY DAYS EARLY CHILDHOOD DEVELOPMENTAL SERVICES, INC. 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR PLAN BENEFITS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ADDITIONS TO NET ASSETS		
Participants' Contributions	\$ 1,036,050	\$ 917,104
Participants' Rollover Contributions	4,663	48,174
Employer Contributions	339,097	302,832
Dividends and Interest	271,520	242,927
Net Appreciation in Fair Value of Investments	2,464,570	-
Interest - Participant Loans	<u>11,040</u>	<u>9,913</u>
TOTAL ADDITIONS TO NET ASSETS	<u>4,126,940</u>	<u>1,520,950</u>
DEDUCTIONS FROM NET ASSETS		
Net Depreciation in Fair Value of Investments	-	3,014,831
Benefits Paid Directly to Participants	424,701	429,624
Fees	<u>82,740</u>	<u>80,570</u>
TOTAL DEDUCTIONS FROM NET ASSETS	<u>507,441</u>	<u>3,525,025</u>
NET INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR PLAN BENEFITS	3,619,499	(2,004,075)
NET ASSETS AVAILABLE FOR PLAN BENEFITS - BEGINNING OF YEAR	<u>17,217,804</u>	<u>19,221,879</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS - END OF YEAR	<u>\$ 20,837,303</u>	<u>\$ 17,217,804</u>

See notes to financial statements

SUNNY DAYS EARLY CHILDHOOD DEVELOPMENTAL SERVICES, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - DESCRIPTION OF THE PLAN

The following brief description of Sunny Days Early Childhood Developmental Services, Inc. 401(K) Plan (The Plan) is provided for general information purposes only. Participants should refer to the plan specifications or the plan adoption agreement for more complete information:

- a. General - The Plan is a 401(K) Savings Plan for the employees of Sunny Days Early Childhood Developmental Services, Inc., Sunny Days Early Childhood Developmental Services of California, LLC, Sunny Days of California, Inc. and Sunny Days Sunshine Center, Inc. (The Company). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan custodian is Broadridge Matrix Trust Company. The custodian offers various investment funds (Funds). All employees are eligible to participate after one full year of service and working in excess of 1,000 hours. All compensation paid to a participant during a plan year as reflected on Form W-2 is eligible.
- b. Contributions - Each year, participants may contribute, as elective deferrals, up to the maximum allowed by the Internal Revenue Service. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. At the discretion of the Company's Board of Directors and as determined prior to the beginning of each plan year, the Company may make matching contributions. In 2023 and 2022 the matching contribution was a 50% employer contribution applied up to 5% of salary deferrals. Additional amounts may be contributed at the discretion of the Company's Board of Directors. Matching contributions of \$339,097 and \$302,832 were made by the Company in 2023 and 2022, respectively.
- c. Income Taxes - The plan obtained its latest determination letter on November 15, 2006, in which the Internal Revenue Service stated that the plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The plan has been amended since receiving the determination letter. However, the plan administrator believes that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Accordingly, no provision for Federal income tax is required. The Plan files a tax return in the federal jurisdiction and has no open tax years prior to 2020.
- d. Participant Accounts - Each participant's account is credited with the participant's contribution and allocations of the Company's contribution (if applicable) and Plan earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.
- e. Vesting - Participants are immediately vested in their contributions plus actual earnings thereon and pre 2011 Company contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary contributions for years after December 31, 2010 and earnings thereon is based on a years of continuous service and vest at 20% per year beginning with the second year of service. A participant is 100% vested after six years of credited service.
- f. Participant Loans Receivable - Participant loans are permitted subject to statutory limitations under the Internal Revenue Code and Regulations. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Plan administrator.

SUNNY DAYS EARLY CHILDHOOD DEVELOPMENTAL SERVICES, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

- g. Forfeited Accounts - During the years ended December 31, 2023 and 2022 forfeited nonvested accounts totaled \$53,617 and \$40,108, respectively. In 2023 and 2022, \$0 and \$0, respectively, of these accounts were used to reduce employer contributions.
- h. Payment of Benefits - On termination of service due to disability or retirement, or upon reaching 65 years of age; 59 and one-half effective September 1, 2017, a participant will elect to receive either a lump-sum amount or installments over their assumed life expectancy equal to the value of the participant's vested interest in his or her account. For termination of service due to death, the account value is payable in a lump-sum to the beneficiary of the decedent. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution or defer receiving payment until age 65.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

- a. Investment Valuation – Quoted market prices are used to value investments. Shares of mutual funds are valued at the net asset value of the shares held by the Plan at year-end. Participant notes receivable are valued at their outstanding balances, which approximate fair value.
- b. Payment of Benefits – Benefits are recorded when paid.
- c. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.
- d. Basis of Accounting – The financial statements of the Plan are prepared using the accrual method of accounting.
- e. New Authoritative Accounting Pronouncements – The Plan does not anticipate the adoption of recently issued accounting pronouncements to have a significant impact on the Plan's results of operations, financial position or cash flows.

NOTE 3 - INVESTMENT MANAGEMENT, ADMINISTRATION AND RELATED PARTY TRANSACTIONS

The custodian provides investment management services to the Funds. Under the terms of the Declaration of Trust, each Fund pays a monthly fee to the custodian calculated at an annual percentage rate based on the value of the assets of the Fund on the last day of such month.

The custodian provides certain administrative and professional services to the certain Funds. For these services, each Fund pays the custodian a fee calculated at an annual percentage rate based on the closing value of each respective Fund's assets.

The Sponsor pays certain administrative expenses (professional fees and the salaries of individuals who spend part of their time administering the plan) on behalf of the Plan. There is no obligation to the Plan to repay the Sponsor.

SUNNY DAYS EARLY CHILDHOOD DEVELOPMENTAL SERVICES, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 – INVESTMENTS

Broadridge Matrix Trust Company, as custodian of the Plan has certified that the investments as of December 31, 2023 and 2022, and changes in investments for the years ended December 31, 2023 and 2022 were complete and accurate. Investments of the Plan as of December 31, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Investments at Fair Market Value		
American Balanced Fund Class R-6	\$ 3,253,396	\$ 2,836,466
American Century Inflation Adjusted Bond Fund	84,706	86,780
Baird Aggregate Bond Fund	476,529	437,241
Carillon Eagle Small Cap Growth Fund I	-	108,204
DFA Emerging Markets Fund	235,303	192,913
DFA US Targeted Value Fund	227,745	165,623
Harbor Capital Appreciation Fund	945,450	522,767
Loomis Sayles Bond Fund	91,246	81,446
MFS Value Fund	458,155	402,848
Oakmark International Fund Investor Class	257,435	205,213
Principal Global Real Estate Sec Inst	76,749	122,817
PGIM Jennison Small	110,425	-
2010 Target Date Strategy	3,511	3,168
2020 Target Date Strategy	547,768	483,058
2030 Target Date Strategy	2,540,452	2,310,767
2040 Target Date Strategy	2,812,325	2,367,117
2050 Target Date Strategy	751,523	551,751
2060 Target Date Strategy	31,911	8,713
Retirement Income Target	1,152,275	1,046,131
TD Bank Instl MMDA FTCIMA	1,060,777	1,050,731
Vanguard 500 Index Fund - Admiral Shares	3,077,606	2,135,807
Vanguard FTSE All World EX US Index Fund	307,497	248,218
Vanguard Mid Cap Index - Admiral Shares	1,288,806	1,075,971
Vanguard Short-Term Investment Grade Adm	141,964	123,618
Vanguard Small Cap Index - Admiral Shares	638,785	428,252
	<u>\$ 20,572,339</u>	<u>\$ 16,995,620</u>
Total Investments, at Fair Market Value		

NOTE 5 - PLAN TERMINATION

Although it has not expressed any intent to do, the Company has the right under the Plan to terminate the Plan at any time subject to the provisions of ERISA.

SUNNY DAYS EARLY CHILDHOOD DEVELOPMENTAL SERVICES, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 - RISKS AND UNCERTAINTIES

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

NOTE 7 - FAIR VALUE MEASUREMENTS

The Plan's investments are reported at fair value (level 1) or (level 3) in the accompanying statement of net assets available for benefits.

	Fair Value	
	<u>2023</u>	<u>2022</u>
Mutual Funds (Level 1)	\$ 19,511,562	\$ 15,944,889
Cash (Level 3)	<u>1,060,777</u>	<u>1,050,731</u>
	<u>\$ 20,572,339</u>	<u>\$ 16,995,620</u>

Fair value accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No level 2 inputs were available to the Plan, and Level 3 inputs were only used when Level 1 or Level 2 were not available.

Level 1 Fair Value Measurements -

The fair value of mutual funds is based on quoted net asset values of the shares held by the Plan at year-end.

Level 3 Fair Value Measurements -

The TD Bank Institutional Money Market is not actively traded, and significant other observable inputs are not available. The fair value was determined by TD Bank.

SUNNY DAYS EARLY CHILDHOOD DEVELOPMENTAL SERVICES, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 - FAIR VALUE MEASUREMENTS (Continued)

The following table reconciles the beginning and ending balances of the fair value measurements using significant unobservable inputs (level 3) of the TD Bank Institutional Money Market for the years ended December 31, 2023 and 2022:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 1,050,731	\$ 1,024,359
Contributions	86,512	72,205
Earnings	21,754	5,030
Benefits Paid Directly to Participants	(73,406)	(122,364)
Fees	(4,814)	(4,790)
Transfers to/from Mutual Funds	(20,000)	76,291
Ending Balance	<u>\$ 1,060,777</u>	<u>\$ 1,050,731</u>

NOTE 8 – PARTICIPANT LOANS

Participant loan activity for the years ended, December 31, 2023 and 2022, was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Participant Loans		
Beginning Balance	\$ 178,963	\$ 244,282
New Loans Issued & Interest Charged	135,711	20,638
Loan Defaults Charged as Distributions	-	-
Loan & Interest Payments	(101,872)	(85,957)
Ending Balance	<u>\$ 212,802</u>	<u>\$ 178,963</u>

NOTE 9 - SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through October 8, 2024, date of the independent auditor's report was available to be issued.

NOTE 10 - PLAN AMENDMENTS

The Plan was amended to continue to operate the Plan in accordance with the applicable requirements of the Internal Revenue Code. The amendment had no effect on contributions or account balances.

SUPPLEMENTAL INFORMATION

SCHEDULE I

SUNNY DAYS EARLY CHILDHOOD DEVELOPMENTAL SERVICES, INC. 401(K) PLAN
FORM 5500 – SUPPLEMENTARY DEPARTMENT OF LABOR SCHEDULES

ID #22-3299236 PLAN #001

DECEMBER 31, 2023

Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year)

(a)	(b) - Identity of issue, borrower, lessor or similar party	(c) - Description of Investment	(d) Cost	(e) Current Value
	Broadridge Matrix Trust Company	American Balanced Fund Class R-6	\$ N/A	\$ 3,253,396
	Broadridge Matrix Trust Company	American Century Inflation Adjusted Bond Fund	N/A	84,706
	Broadridge Matrix Trust Company	Baird Aggregate Bond Fund	N/A	476,529
	Broadridge Matrix Trust Company	Carillon Eagle Small Cap Growth Fund I	N/A	-
	Broadridge Matrix Trust Company	DFA Emerging Markets Fund	N/A	235,303
	Broadridge Matrix Trust Company	DFA US Targeted Value Fund	N/A	227,745
	Broadridge Matrix Trust Company	Harbor Capital Appreciation Fund	N/A	945,450
	Broadridge Matrix Trust Company	Loomis Sayles Bond Fund	N/A	91,246
	Broadridge Matrix Trust Company	MFS Value Fund	N/A	458,155
	Broadridge Matrix Trust Company	Oakmark International Fund Investor Class	N/A	257,435
	Broadridge Matrix Trust Company	Principal Global Real Estate Sec Inst	N/A	76,749
	Broadridge Matrix Trust Company	PGIM Jennison Small	N/A	110,425
	Broadridge Matrix Trust Company	2010 Target Date Strategy	N/A	3,511
	Broadridge Matrix Trust Company	2020 Target Date Strategy	N/A	547,768
	Broadridge Matrix Trust Company	2030 Target Date Strategy	N/A	2,540,452
	Broadridge Matrix Trust Company	2040 Target Date Strategy	N/A	2,812,325
	Broadridge Matrix Trust Company	2050 Target Date Strategy	N/A	751,523
	Broadridge Matrix Trust Company	2060 Target Date Strategy	N/A	31,911
	Broadridge Matrix Trust Company	Retirement Income Target	N/A	1,152,275
	Broadridge Matrix Trust Company	TD Bank Instl MMDA FTCIMA	N/A	1,060,777
	Broadridge Matrix Trust Company	Vanguard 500 Index Fund - Admiral Shares	N/A	3,077,606
	Broadridge Matrix Trust Company	Vanguard FTSE All World EX US Index Fund	N/A	307,497
	Broadridge Matrix Trust Company	Vanguard Mid Cap Index - Admiral Shares	N/A	1,288,806
	Broadridge Matrix Trust Company	Vanguard Short-Term Investment Grade Adm	N/A	141,964
	Broadridge Matrix Trust Company	Vanguard Small Cap Index - Admiral Shares	N/A	638,785
	Participant Loans	Varies	-	212,802

N/A - Column (d) is not applicable since investments are participant directed.

SCHEDULE I

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	Broadridge Matrix Trust Company	DFA Emerging Markets Fund	N/A	235,303
	Broadridge Matrix Trust Company	DFA US Targeted Value Fund	N/A	227,745
	Broadridge Matrix Trust Company	Harbor Capital Appreciation Fund	N/A	945,450
	Broadridge Matrix Trust Company	Loomis Sayles Bond Fund	N/A	91,246
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