

Form 5500

Annual Return/Report of Employee Benefit Plan

OMB Nos. 1210-0110 1210-0089

2023

This Form is Open to Public Inspection

Department of the Treasury Internal Revenue Service

Department of Labor Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

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.

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... [X] a single-employer plan [] a DFE (specify)
B This return/report is: [] the first return/report [] the final return/report [X] an amended return/report [] a short plan year return/report...
C If the plan is a collectively-bargained plan, check here... []
D Check box if filing under: [X] Form 5558 [] automatic extension [] the DFVC program [] special extension...
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: PARCHMENT LLC 401(K) PROFIT SHARING PLAN AND TRUST
1b Three-digit plan number (PN): 001
1c Effective date of plan: 01/01/2012
2a Plan sponsor's name (employer, if for a single-employer plan): PARCHMENT LLC
2b Employer Identification Number (EIN): 95-4830072
2c Plan Sponsor's telephone number: 480-719-1646
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.

Table with 4 columns: SIGN HERE, Signature of plan administrator, Date, Enter name of individual signing as plan administrator. Includes rows for employer/plan sponsor and DFE.

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

Form 5500 (2023) v. 230707

3a Plan administrator's name and address <input checked="" type="checkbox"/> 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	345
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)	296
	6a(2)	314
	6b	1
	6c	54
	6d	369
	6e	0
	6f	369
	6g(1)	275
6g(2)	308	
6h		
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:
 2J 2T 3D 3H 2E 2F 2G

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)	9b Plan benefit arrangement (check all that apply)
(1) <input type="checkbox"/> Insurance	(1) <input type="checkbox"/> Insurance
(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts
(3) <input checked="" type="checkbox"/> Trust	(3) <input checked="" type="checkbox"/> Trust
(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> 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
 - (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 0
 - (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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 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 PARCHMENT LLC 401(K) PROFIT SHARING PLAN AND TRUST	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 PARCHMENT LLC	D Employer Identification Number (EIN) 95-4830072	

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)..... 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 60 64 65	RECORDKEEPER	41889	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	0	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

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

CAPFINANCIAL PARTNERS LLC

26-0058143

(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	21903	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

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

STRATEGIC ADVISORS, INC.

04-2654524

(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	7526	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
METWEST TOT RTN BD I - BNY MELLON 500 ROSS STREET 15253-4426 PITTSBURGH, PA 53442	0.10%	
(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

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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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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
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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 PARCHMENT LLC 401(K) PROFIT SHARING PLAN AND TRUST	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 PARCHMENT LLC	D Employer Identification Number (EIN) 95-4830072

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) 0	0
(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) 29789	167534
(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) 129203	126065
(9) Value of interest in common/collective trusts	1c(9) 0	0
(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) 12417141	15279782
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14) 0	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	12576133	15573381
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	12576133	15573381

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)	517084	
(B) Participants	2a(1)(B)	2458208	
(C) Others (including rollovers)	2a(1)(C)	591403	
(2) Noncash contributions	2a(2)	0	3566695
(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)	6701	
(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)	8450	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		15151
(2) Dividends:			
(A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	453900	
(D) Total dividends. Add lines 2b(2)(A), (B), and (C)	2b(2)(D)		453900
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets:			
(A) Aggregate proceeds	2b(4)(A)	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	
(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)		0
(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)		1921302
c Other income	2c		0
d Total income. Add all income amounts in column (b) and enter total	2d		5957048

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	2888434	
(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)		2888434
f Corrective distributions (see instructions).....	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		48
h Interest expense	2h		0
i Administrative expenses:			
(1) Salaries and allowances.....	2i(1)	0	
(2) Contract administrator fees.....	2i(2)	0	
(3) Recordkeeping fees.....	2i(3)	41889	
(4) IQPA audit fees.....	2i(4)	0	
(5) Investment advisory and investment management fees	2i(5)	29429	
(6) Bank or trust company trustee/custodial fees	2i(6)	0	
(7) Actuarial fees	2i(7)	0	
(8) Legal fees	2i(8)	0	
(9) Valuation/appraisal fees	2i(9)	0	
(10) Other trustee fees and expenses	2i(10)	0	
(11) Other expenses	2i(11)	0	
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		71318
j Total expenses. Add all expense amounts in column (b) and enter total	2j		2959800

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		2997248
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: CBIZ CPAS PC

(2) EIN: 43-1947695

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.)		X	
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.)		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.)		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.)		X	
e Was this plan covered by a fidelity bond?	X		500000
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	
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?		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?		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		
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.)		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?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		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.		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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 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 <u>PARCHMENT LLC 401(K) PROFIT SHARING PLAN AND TRUST</u>	B Three-digit plan number (PN) ▶	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PARCHMENT LLC</u>	D Employer Identification Number (EIN) <u>95-4830072</u>	

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.....	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)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> 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.	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Both	<input type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11 a Does the ESOP hold any preferred stock?	<input type="checkbox"/> Yes	<input type="checkbox"/> 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.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	<input type="checkbox"/> Yes	<input type="checkbox"/> 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: <input type="checkbox"/> last contributing employer <input type="checkbox"/> alternative <input type="checkbox"/> reasonable approximation (see instructions for required attachment)	14a	
b The plan year immediately preceding the current plan year. <input type="checkbox"/> 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. <input type="checkbox"/> 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) 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

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 06 / 30 / 2020 (MM/DD/YYYY) and the Opinion Letter serial number Q702438A.

**PARCHMENT LLC 401(k) PROFIT SHARING PLAN
AND TRUST**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE**

December 31, 2023 and 2022

**PARCHMENT LLC 401(k) PROFIT SHARING
PLAN AND TRUST**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE**

December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Trustee of

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

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

We have performed the audits of the financial statements of **Parchment LLC 401(k) Profit Sharing Plan and Trust** ("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) ("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, the related statement of changes in net assets available for benefits for the year ended December 31, 2023, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the 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 year ended December 31, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section:

- The amounts and disclosures in the accompanying 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.
- The information in the accompanying financial statements 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the Plan's ability to continue as a going concern 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 these 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 audits did not extend to the certified investment information, except for obtaining and reading the certifications, 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.

Other Matter - Supplemental Schedule Required by ERISA

The supplemental schedule of assets (held at end of year) as of December 31, 2023, 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 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 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 schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is 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 schedule, other than the information in the supplemental schedule 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 schedule 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).

CBIZ CPAs P.C.¹

October 14, 2024

¹ In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
INVESTMENTS		
Money market fund	\$ 167,534	\$ 29,789
Mutual funds	<u>15,279,782</u>	<u>12,417,141</u>
TOTAL INVESTMENTS	<u>15,447,316</u>	<u>12,446,930</u>
RECEIVABLES		
Employer contributions	624,296	517,084
Employee contributions	-	121,200
Notes receivable from participants	<u>126,065</u>	<u>129,203</u>
TOTAL RECEIVABLES	<u>750,361</u>	<u>767,487</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 16,197,677</u>	<u>\$ 13,214,417</u>

See Notes to Financial Statements

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2023

ADDITIONS

Contributions:

Employer	\$ 624,296
Participant	2,337,008
Rollover	591,403
	<u>3,552,707</u>

Investment income:

Net appreciation in fair value of investments	1,921,302
Interest and dividends	460,601
Total investment income	<u>2,381,903</u>

Interest income on notes receivable from participants	<u>8,450</u>
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TOTAL ADDITIONS	<u>5,943,060</u>
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DEDUCTIONS

Benefits paid to participants	2,888,482
Administrative expenses	71,318

TOTAL DEDUCTIONS	<u>2,959,800</u>
------------------	------------------

NET CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	2,983,260
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NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	<u>13,214,417</u>
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NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	<u>\$ 16,197,677</u>
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PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(1) Description of the Plan

The following description of the *Parchment LLC 401(k) Profit Sharing Plan and Trust* (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

- A. **General** – The Plan became effective January 1, 2012. The Plan is a defined contribution 401(k) and profit sharing plan covering all eligible employees of Parchment LLC (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Company serves as the Plan Administrator. The Plan has appointed Fidelity Management Trust Company ("Fidelity") as the trustee and Fidelity Workplace Solutions as the primary recordkeeper.
- B. **Eligibility** – Under the provisions of the Plan, each employee shall be eligible to become a participant in the Plan when he or she attains the age of 18 and completes one month of service. Participants enter the Plan immediately upon meeting the eligibility requirements. A participant is eligible for all sources of contributions when they meet the eligibility requirements. For all types of employer contributions, the participant must be employed by the employer on the last day of the Plan year to receive the employer contributions, which are made annually.
- C. **Contributions** – The Plan allows employees to make pre-tax deferrals of up to 90% of eligible compensation subject to the maximum amounts allowable under the Internal Revenue Code ("IRC"). For the year ended December 31, 2023, the maximum annual pre-tax deferrals were \$22,500. Employees may also make Roth contributions, also subject to maximum allowable limits. The Plan permits participants who are age 50 or over by the end of the calendar year to make additional "catch-up contributions" up to the maximum allowable under the IRC. Maximum allowable catch-up contributions were an additional \$7,500 for 2023. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan.

The Plan sponsor makes discretionary matching contributions. Discretionary matching contributions are made on an annual basis. Eligible participants that work 1,000 hours during the year and are employed on the last day of the year will receive matching contributions equal to 50% of employee deferrals, up to 3% of eligible compensation, up to a maximum of \$5,000.

Profit sharing contributions may be made at the discretion of the Company. Participants who are employed on the last day of the Plan year are eligible to receive allocations of the Company's profit sharing contributions. No profit sharing contributions were made for the year ended December 31, 2023. Additionally, the Company may make a qualified non-elective contribution to participants. No qualified non-elective contributions were made for the year ended December 31, 2023.

- D. **Participant accounts** – Each participant's account is credited with the participant's contributions and allocations of (a) the Company's discretionary matching, profit sharing, and qualified non-elective contributions and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.
- E. **Vesting** – Participants are immediately vested in their contributions plus actual earnings thereon. Participants are immediately vested in discretionary employer matching contributions, profit-sharing contributions, and qualified non-elective contributions plus actual earnings thereon.

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(1) Description of the Plan (continued)

- F. **Payment of benefits** – On termination of service due to death, disability, retirement, or other reasons, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in their account or annuity payments. In addition, participants are allowed to take in-service distributions based on a qualified hardship.
- G. **Notes receivable from participants** – Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum amount equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from one to five years, unless the loan is used for the purchase of a primary residence in which case the term may be extended to ten years. Loans are secured by the balance in the participant's account and bear interest at 1% above the prime rate at the date the loan is made. Principal and interest are paid ratably through biweekly payroll deductions.
- H. **Forfeitures** – At December 31, 2023 and 2022, there were no forfeited accounts.
- I. **Administrative expenses** – The Company pays certain administrative fees and expenses for the Plan. Participants are charged for loan set-up fees, loan maintenance fees, investment advisor fees, short-term trading fees, and other administrative fees. Investment related expenses are included in net appreciation in fair value of investments.

(2) Significant accounting policies

A summary of the Plan's significant accounting policies follows.

Basis of accounting – The accompanying financial statements of the Plan have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) using the accrual method of accounting. Accordingly, income and contributions are recognized when earned and expenses are recorded when incurred.

Management's use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of net assets and the reported amounts of additions to and deductions from net assets. Management is also required to make estimates associated with the disclosures of contingent assets and liabilities. Actual results may differ from those estimates.

Investment valuation and income recognition – Investments in shares of mutual funds and the money market fund are stated at net asset value, which are readily determinable fair values of those shares as they are published daily and are the basis for current transactions and classified as Level 1 investments.

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

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(2) Significant accounting policies (continued)

Risks and uncertainties – The Plan provides for various investment fund options, which in turn invest in any combination of stocks, bonds and other 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 risks in the near term could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Notes receivable from participants – Notes receivable from participants are measured at their unpaid principal balance plus accrued interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2023 and 2022.

Payment of benefits – Benefits are recorded when paid.

Subsequent events – The Plan has evaluated subsequent events through October 14, 2024, which is the date the financial statements were available to be issued. On January 30, 2024, the Company merged the participant and Plan assets into the Instructure, Inc. 401(k) Plan.

(3) Fair value measurements

The framework for measuring fair value 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 under FASB ASC 820 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on 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.

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(3) Fair value measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ 167,534	\$ -	\$ -	\$ 167,534
Mutual funds	\$ 15,279,782	\$ -	\$ -	\$ 15,279,782

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ 29,789	\$ -	\$ -	\$ 29,789
Mutual funds	\$ 12,417,141	\$ -	\$ -	\$ 12,417,141

(4) Information certified by the trustee

The Plan Administrator has elected the method of annual reporting compliance permitted by ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Plan's trustee has certified that the following data included in the accompanying financial statements and supplemental schedule is complete and accurate:

- Investments
- Notes receivable from participants
- Interest and dividends
- Interest income on notes receivable from participants
- Net appreciation in fair value of investments
- Schedule of assets (held at end of year)

The Plan's independent public accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

(5) Tax status

The Plan was operating under a prototype plan, which obtained a favorable opinion letter from the Internal Revenue Service dated June 30, 2020. The Plan Administrator has not obtained an individual determination letter for the Plan. The prototype plan has been amended since receipt of the respective opinion letter consisting primarily of changes to ERISA. The Company and the Plan Administrator believe that the Plan is currently designed and is being operated in compliance with the applicable requirements of the IRC and that the Plan was qualified and the related trust remains tax-exempt at December 31, 2023. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

(6) Party-in-interest transactions

Administrative fees paid to the recordkeeper, Fidelity Workplace Services, LLC, by the Plan amounted to \$41,889 for the year ended December 31, 2023. Amounts paid to other service providers totaled \$29,429 for the year ended December 31, 2023. These party-in-interest transactions are exempt from the prohibited transaction rules of ERISA.

**PARCHMENT LLC 401(k) PROFIT SHARING PLAN
AND TRUST**

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(7) Reconciliation to Form 5500

The following is a reconciliation of net assets available for benefits as of December 31, 2023 and 2022 as reported in the accompanying financial statements, to the Form 5500:

	<u>2023</u>	<u>2022</u>
Net assets available for benefits per the financial statements	\$ 16,197,677	\$ 13,214,417
Adjustment for employee contributions receivable	-	(121,200)
Adjustment for employer contributions receivable	<u>(624,296)</u>	<u>(517,084)</u>
Net assets available for benefits per the Form 5500	<u>\$ 15,573,381</u>	<u>\$ 12,576,133</u>

The following is a reconciliation of the net change in net assets as reported in the financial statements for the year ended December 31, 2023 to net income as reported in the Form 5500:

Net change in net assets per the financial statements	\$ 2,983,260
Adjustment for 2023 employer contributions receivable	(624,296)
Adjustment for 2022 employee contributions receivable	121,200
Adjustment for 2022 employer contributions receivable	<u>517,084</u>
Net income per the Form 5500	<u>\$ 2,997,248</u>

SUPPLEMENTAL SCHEDULE

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST
EIN: 95-4830072
Plan # 001

SCHEDULE H, LINE 4(i), SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2023

(a)	(b) Identity of issue, 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
*	Fidelity Investments	Money Market Fund	**	\$ 167,534
	Mutual funds:			
	PIMCO Investments	PIMCO Income Fund Institutional Class	**	64,424
	Invesco	Fidelity Emerging Markets Index Funds	**	141,515
	State Street	State Street Target Retirement 2065 Fund Class K	**	89,974
	Metropolitan West	Metropolitan West Total Return Bond Fund Class M	**	445,293
	American Funds	American Funds EuroPacific Growth Fund Class R-6	**	373,916
*	Fidelity Investments	Fidelity 500 Index Fund	**	1,636,824
	Duff & Phelps Investment	Virtus Duff & Phelps Real Estate Securities Fund	**	26,039
*	Fidelity Investments	Fidelity Mid Cap Index Fund	**	347,416
*	Fidelity Investments	Fidelity Blue Chip Growth K6 Fund	**	607,847
*	Fidelity Investments	Fidelity Small Cap Index Fund	**	379,029
	MFS Investment	MFS Mid Cap Growth Fund Class	**	212,795
	American Funds	American Funds American Mutual Fund Class R-6	**	200,847
	State Street	State Street Target Retirement Fund Class K	**	52,102
	State Street	State Street Target Retirement 2020 Fund Class K	**	25,574
	State Street	State Street Target Retirement 2025 Fund Class K	**	961,392
	State Street	State Street Target Retirement 2030 Fund Class K	**	755,717
	State Street	State Street Target Retirement 2035 Fund Class K	**	565,982
	State Street	State Street Target Retirement 2040 Fund Class K	**	2,103,874
	State Street	State Street Target Retirement 2045 Fund Class K	**	1,803,523
	State Street	State Street Target Retirement 2050 Fund Class K	**	2,708,307
	State Street	State Street Target Retirement 2055 Fund Class K	**	1,199,115
	State Street	State Street Target Retirement 2060 Fund Class K	**	578,277
	Total mutual funds			<u>15,279,782</u>
	Plan participants	Notes receivable with interest at 4.25% - 9.50% maturing through December 2028	-0-	<u>126,065</u>
	TOTAL ASSETS (HELD AT END OF YEAR)			<u>\$ 15,573,381</u>

* Denotes a party-in-interest

** Investments are participant directed, therefore disclosure of cost is not required.

**PARCHMENT LLC 401(k) PROFIT SHARING PLAN
AND TRUST**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE**

December 31, 2023 and 2022

**PARCHMENT LLC 401(k) PROFIT SHARING
PLAN AND TRUST**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE**

December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Trustee of

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

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

We have performed the audits of the financial statements of **Parchment LLC 401(k) Profit Sharing Plan and Trust** ("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) ("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, the related statement of changes in net assets available for benefits for the year ended December 31, 2023, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the 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 year ended December 31, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section:

- The amounts and disclosures in the accompanying 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.
- The information in the accompanying financial statements 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the Plan's ability to continue as a going concern 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 these 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 audits did not extend to the certified investment information, except for obtaining and reading the certifications, 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.

Other Matter - Supplemental Schedule Required by ERISA

The supplemental schedule of assets (held at end of year) as of December 31, 2023, 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 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 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 schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is 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 schedule, other than the information in the supplemental schedule 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 schedule 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).

CBIZ CPAs P.C.¹

October 14, 2024

¹ In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
INVESTMENTS		
Money market fund	\$ 167,534	\$ 29,789
Mutual funds	<u>15,279,782</u>	<u>12,417,141</u>
TOTAL INVESTMENTS	<u>15,447,316</u>	<u>12,446,930</u>
RECEIVABLES		
Employer contributions	624,296	517,084
Employee contributions	-	121,200
Notes receivable from participants	<u>126,065</u>	<u>129,203</u>
TOTAL RECEIVABLES	<u>750,361</u>	<u>767,487</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 16,197,677</u>	<u>\$ 13,214,417</u>

See Notes to Financial Statements

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2023

ADDITIONS

Contributions:

Employer	\$ 624,296
Participant	2,337,008
Rollover	591,403
	<u>3,552,707</u>

Investment income:

Net appreciation in fair value of investments	1,921,302
Interest and dividends	460,601
Total investment income	<u>2,381,903</u>

Interest income on notes receivable from participants	<u>8,450</u>
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TOTAL ADDITIONS	<u>5,943,060</u>
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DEDUCTIONS

Benefits paid to participants	2,888,482
Administrative expenses	71,318

TOTAL DEDUCTIONS	<u>2,959,800</u>
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NET CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	2,983,260
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NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	<u>13,214,417</u>
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NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	<u>\$ 16,197,677</u>
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PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(1) Description of the Plan

The following description of the *Parchment LLC 401(k) Profit Sharing Plan and Trust* (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

- A. **General** – The Plan became effective January 1, 2012. The Plan is a defined contribution 401(k) and profit sharing plan covering all eligible employees of Parchment LLC (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Company serves as the Plan Administrator. The Plan has appointed Fidelity Management Trust Company ("Fidelity") as the trustee and Fidelity Workplace Solutions as the primary recordkeeper.
- B. **Eligibility** – Under the provisions of the Plan, each employee shall be eligible to become a participant in the Plan when he or she attains the age of 18 and completes one month of service. Participants enter the Plan immediately upon meeting the eligibility requirements. A participant is eligible for all sources of contributions when they meet the eligibility requirements. For all types of employer contributions, the participant must be employed by the employer on the last day of the Plan year to receive the employer contributions, which are made annually.
- C. **Contributions** – The Plan allows employees to make pre-tax deferrals of up to 90% of eligible compensation subject to the maximum amounts allowable under the Internal Revenue Code ("IRC"). For the year ended December 31, 2023, the maximum annual pre-tax deferrals were \$22,500. Employees may also make Roth contributions, also subject to maximum allowable limits. The Plan permits participants who are age 50 or over by the end of the calendar year to make additional "catch-up contributions" up to the maximum allowable under the IRC. Maximum allowable catch-up contributions were an additional \$7,500 for 2023. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan.

The Plan sponsor makes discretionary matching contributions. Discretionary matching contributions are made on an annual basis. Eligible participants that work 1,000 hours during the year and are employed on the last day of the year will receive matching contributions equal to 50% of employee deferrals, up to 3% of eligible compensation, up to a maximum of \$5,000.

Profit sharing contributions may be made at the discretion of the Company. Participants who are employed on the last day of the Plan year are eligible to receive allocations of the Company's profit sharing contributions. No profit sharing contributions were made for the year ended December 31, 2023. Additionally, the Company may make a qualified non-elective contribution to participants. No qualified non-elective contributions were made for the year ended December 31, 2023.

- D. **Participant accounts** – Each participant's account is credited with the participant's contributions and allocations of (a) the Company's discretionary matching, profit sharing, and qualified non-elective contributions and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.
- E. **Vesting** – Participants are immediately vested in their contributions plus actual earnings thereon. Participants are immediately vested in discretionary employer matching contributions, profit-sharing contributions, and qualified non-elective contributions plus actual earnings thereon.

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(1) Description of the Plan (continued)

- F. **Payment of benefits** – On termination of service due to death, disability, retirement, or other reasons, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in their account or annuity payments. In addition, participants are allowed to take in-service distributions based on a qualified hardship.
- G. **Notes receivable from participants** – Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum amount equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from one to five years, unless the loan is used for the purchase of a primary residence in which case the term may be extended to ten years. Loans are secured by the balance in the participant's account and bear interest at 1% above the prime rate at the date the loan is made. Principal and interest are paid ratably through biweekly payroll deductions.
- H. **Forfeitures** – At December 31, 2023 and 2022, there were no forfeited accounts.
- I. **Administrative expenses** – The Company pays certain administrative fees and expenses for the Plan. Participants are charged for loan set-up fees, loan maintenance fees, investment advisor fees, short-term trading fees, and other administrative fees. Investment related expenses are included in net appreciation in fair value of investments.

(2) Significant accounting policies

A summary of the Plan's significant accounting policies follows.

Basis of accounting – The accompanying financial statements of the Plan have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) using the accrual method of accounting. Accordingly, income and contributions are recognized when earned and expenses are recorded when incurred.

Management's use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of net assets and the reported amounts of additions to and deductions from net assets. Management is also required to make estimates associated with the disclosures of contingent assets and liabilities. Actual results may differ from those estimates.

Investment valuation and income recognition – Investments in shares of mutual funds and the money market fund are stated at net asset value, which are readily determinable fair values of those shares as they are published daily and are the basis for current transactions and classified as Level 1 investments.

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

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(2) Significant accounting policies (continued)

Risks and uncertainties – The Plan provides for various investment fund options, which in turn invest in any combination of stocks, bonds and other 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 risks in the near term could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Notes receivable from participants – Notes receivable from participants are measured at their unpaid principal balance plus accrued interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2023 and 2022.

Payment of benefits – Benefits are recorded when paid.

Subsequent events – The Plan has evaluated subsequent events through October 14, 2024, which is the date the financial statements were available to be issued. On January 30, 2024, the Company merged the participant and Plan assets into the Instructure, Inc. 401(k) Plan.

(3) Fair value measurements

The framework for measuring fair value 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 under FASB ASC 820 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on 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.

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(3) Fair value measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ 167,534	\$ -	\$ -	\$ 167,534
Mutual funds	\$ 15,279,782	\$ -	\$ -	\$ 15,279,782

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ 29,789	\$ -	\$ -	\$ 29,789
Mutual funds	\$ 12,417,141	\$ -	\$ -	\$ 12,417,141

(4) Information certified by the trustee

The Plan Administrator has elected the method of annual reporting compliance permitted by ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Plan's trustee has certified that the following data included in the accompanying financial statements and supplemental schedule is complete and accurate:

- Investments
- Notes receivable from participants
- Interest and dividends
- Interest income on notes receivable from participants
- Net appreciation in fair value of investments
- Schedule of assets (held at end of year)

The Plan's independent public accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

(5) Tax status

The Plan was operating under a prototype plan, which obtained a favorable opinion letter from the Internal Revenue Service dated June 30, 2020. The Plan Administrator has not obtained an individual determination letter for the Plan. The prototype plan has been amended since receipt of the respective opinion letter consisting primarily of changes to ERISA. The Company and the Plan Administrator believe that the Plan is currently designed and is being operated in compliance with the applicable requirements of the IRC and that the Plan was qualified and the related trust remains tax-exempt at December 31, 2023. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

(6) Party-in-interest transactions

Administrative fees paid to the recordkeeper, Fidelity Workplace Services, LLC, by the Plan amounted to \$41,889 for the year ended December 31, 2023. Amounts paid to other service providers totaled \$29,429 for the year ended December 31, 2023. These party-in-interest transactions are exempt from the prohibited transaction rules of ERISA.

**PARCHMENT LLC 401(k) PROFIT SHARING PLAN
AND TRUST**

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(7) Reconciliation to Form 5500

The following is a reconciliation of net assets available for benefits as of December 31, 2023 and 2022 as reported in the accompanying financial statements, to the Form 5500:

	<u>2023</u>	<u>2022</u>
Net assets available for benefits per the financial statements	\$ 16,197,677	\$ 13,214,417
Adjustment for employee contributions receivable	-	(121,200)
Adjustment for employer contributions receivable	<u>(624,296)</u>	<u>(517,084)</u>
Net assets available for benefits per the Form 5500	<u>\$ 15,573,381</u>	<u>\$ 12,576,133</u>

The following is a reconciliation of the net change in net assets as reported in the financial statements for the year ended December 31, 2023 to net income as reported in the Form 5500:

Net change in net assets per the financial statements	\$ 2,983,260
Adjustment for 2023 employer contributions receivable	(624,296)
Adjustment for 2022 employee contributions receivable	121,200
Adjustment for 2022 employer contributions receivable	<u>517,084</u>
Net income per the Form 5500	<u>\$ 2,997,248</u>

SUPPLEMENTAL SCHEDULE

PARCHMENT LLC 401(k) PROFIT SHARING PLAN AND TRUST
EIN: 95-4830072
Plan # 001

SCHEDULE H, LINE 4(i), SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2023

(a)	(b) Identity of issue, 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
*	Fidelity Investments	Money Market Fund	**	\$ 167,534
	Mutual funds:			
	PIMCO Investments	PIMCO Income Fund Institutional Class	**	64,424
	Invesco	Fidelity Emerging Markets Index Funds	**	141,515
	State Street	State Street Target Retirement 2065 Fund Class K	**	89,974
	Metropolitan West	Metropolitan West Total Return Bond Fund Class M	**	445,293
	American Funds	American Funds EuroPacific Growth Fund Class R-6	**	373,916
*	Fidelity Investments	Fidelity 500 Index Fund	**	1,636,824
	Duff & Phelps Investment	Virtus Duff & Phelps Real Estate Securities Fund	**	26,039
*	Fidelity Investments	Fidelity Mid Cap Index Fund	**	347,416
*	Fidelity Investments	Fidelity Blue Chip Growth K6 Fund	**	607,847
*	Fidelity Investments	Fidelity Small Cap Index Fund	**	379,029
	MFS Investment	MFS Mid Cap Growth Fund Class	**	212,795
	American Funds	American Funds American Mutual Fund Class R-6	**	200,847
	State Street	State Street Target Retirement Fund Class K	**	52,102
	State Street	State Street Target Retirement 2020 Fund Class K	**	25,574
	State Street	State Street Target Retirement 2025 Fund Class K	**	961,392
	State Street	State Street Target Retirement 2030 Fund Class K	**	755,717
	State Street	State Street Target Retirement 2035 Fund Class K	**	565,982
	State Street	State Street Target Retirement 2040 Fund Class K	**	2,103,874
	State Street	State Street Target Retirement 2045 Fund Class K	**	1,803,523
	State Street	State Street Target Retirement 2050 Fund Class K	**	2,708,307
	State Street	State Street Target Retirement 2055 Fund Class K	**	1,199,115
	State Street	State Street Target Retirement 2060 Fund Class K	**	578,277
	Total mutual funds			<u>15,279,782</u>
	Plan participants	Notes receivable with interest at 4.25% - 9.50% maturing through December 2028	-0-	<u>126,065</u>
	TOTAL ASSETS (HELD AT END OF YEAR)			<u>\$ 15,573,381</u>

* Denotes a party-in-interest

** Investments are participant directed, therefore disclosure of cost is not required.