UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

[x] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 30, 2017

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _______ to **_______**

Commission File Number: 000-24821

Care.com, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**20-578-5879**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
77 Fourth Avenue, Fifth Floor Waltham, MA	**02451**
(Address of principal executive offices)	**(Zip Code)**

(781) 642-5900
(Registrant’s telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock, par value $0.001	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [x]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [x]

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [x] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]		Accelerated filer	[X]
Non-accelerated filer	[ ]	(Do not check if a smaller reporting company)	Smaller reporting company	[ ]
			Emerging growth company	[X]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [x]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [x]

The aggregate market value of the registrant’s common stock held by non-affiliates computed by reference to the price at which the common stock was last sold on the New York Stock Exchange on June 30, 2017 (the last business day of the registrant’s second fiscal quarter of 2017) was $302,714,864.

As of February 21, 2018 , there were 30,481,495 shares of the registrant's common stock, $0.001 par value, outstanding.

Portions of the Registrant’s proxy statement for its 2018 Annual Meeting of Stockholders are incorporated by reference into Part III herein. Such proxy statement will be filed with the Securities and Exchange Commission no later than 120 days after the end of the Registrant’s fiscal year ended December 30, 2017.

CARE.COM, INC.
FORM 10-K

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PART I

ITEM 1. BUSINESS

This summary highlights information contained elsewhere in this Annual Report on Form 10-K and does not contain all of the information you should consider in making your investment decision. Before deciding to invest in shares of our common stock, you should read this summary together with the more detailed information, including our consolidated financial statements and the related notes, included in Item 8 of this Annual Report on Form 10-K. You should carefully consider, among other things, the matters discussed in "Risk Factors," our consolidated financial statements and related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case included in Item 1A of this Annual Report on Form 10-K.

Our Mission

Our mission is to improve the lives of families and caregivers by helping them connect in a reliable and easy way. Our solutions help families make informed decisions in one of the most important and highly considered aspects of their family life- finding and managing quality care for their family, their children, parents, pets and other loved ones. In providing families a comprehensive marketplace for care, we are building the largest destination for quality caregivers to find fulfilling employment and career opportunities globally. We strive to help our family and caregiver members pursue their passions and fulfill the basic human need of caring for each other.

Our Company

We are the world's largest online marketplace for finding and managing family care. As of December 30, 2017 , we had 27.3 million members, including 15.5 million families and 11.8 million caregivers, spanning more than 20 countries. We help families address their particular lifecycle of care needs, which includes child care, senior care, special needs care and other non-medical family care needs such as pet care, tutoring and housekeeping. In the process, we also help caregivers find rewarding full-time and part-time employment opportunities. In 2017 , 57% of all job postings were for part-time care services, with the remaining 43% seeking full-time care. Examples of the various types of care services families find in our marketplace, depending on their diverse and evolving needs, include:

- An experienced nanny to care for a new-born child and help with laundry;
- A daycare professional seeking to earn additional income by babysitting on occasional ‘‘date nights’’;
- A college student helping to pay tuition by watching a 7 and 10-year old and assisting with after-school pick-ups, driving to activities, homework and meal preparation;
- A retired nurse to drive an aging parent to routine medical appointments and assist with personal hygiene; and
- A pet lover to take the family dog for her daily walk and care for her during family vacations.

We believe the scale and breadth of our services, combined with our commitment to delivering the best possible member experience for families and caregivers, have made us the most trusted and leading brand for finding and managing family care.

Our consumer matching solutions allow families to search for, connect with, qualify, vet, and ultimately select caregivers in a low-cost, reliable and easy way. We also provide caregivers with solutions to create personal profiles, describe their unique skills and experience, and otherwise differentiate and market themselves in a highly fragmented marketplace.

In addition to our consumer matching solutions, we offer our members innovative products and services to facilitate their interaction with caregivers. We provide solutions intended to improve both the ease and reliability of the care relationship in the home. One product area we are particularly focused on is our consumer payments solutions. Through Care.com HomePay, families can subscribe to payroll and tax preparation services for domestic employees. This offering deepens our relationship with our members and enhances the lifetime value associated with our members.

We also serve employers through our Care@Work offering by providing access to certain of our products and services, including back-up care for children and seniors to employer-sponsored families. In addition, we serve care-related businesses— such as day care centers, nanny agencies and home care agencies — who wish to market their services to our care-seeking families and recruit our caregiver members. These businesses improve our member experience by providing additional caregiving choices for families and employment opportunities for caregivers.

Our primary target market is women, who typically take the responsibility of making care decisions for their families-either as mothers or adult daughters-and are a majority of our caregivers. Women represent 94% of our caregivers and 81% of our care-seeking members. As a result of the shared characteristics of both sides of our marketplace, we are able to leverage our marketing investments targeted at families to also attract caregivers.

We have experienced steady growth in revenue and members. Our members increased to 27.3 million as of December 30, 2017 from 22.8 million as of December 31, 2016 , representing a 20% annual growth rate. Our revenue has increased to $174.1 million in fiscal 2017 from $161.8 million in fiscal 2016 , representing an 8% annual growth rate, primarily driven by our consumer matching solutions and consumer payment solutions, which we refer to as our U.S. Consumer Business, as well as our Care@Work employer solution. We experienced net income from continuing operations of $10.7 million in fiscal 2017 and a net loss from continuing operations of $0.7 million in fiscal 2016 . We completed the closure of the Citrus Lane business in the fourth quarter of fiscal 2016, and we had no income or losses from discontinued operations for fiscal 2017 . In comparison, net income from discontinued operations was $7.8 million in fiscal 2016 due to a settlement agreement completed in the first quarter of fiscal 2016. Refer to Note 3. Adjusted EBITDA, a non-GAAP financial measure that we define as net income (loss) from continuing operations, which excludes the accretion of preferred stock dividends and issuance costs, plus: federal, state and franchise taxes, other expense, net, depreciation and amortization, stock-based compensation, accretion of contingent consideration, merger and acquisition related costs and other unusual or non-cash significant adjustments, such as impairment and restructuring charges, increased to income of $23.3 million from $13.4 million as of December 30, 2017 and December 31, 2016 , respectively. See “Item 6, Selected Consolidated Financial Data” for a reconciliation of net income (loss) to Adjusted EBITDA, a discussion of management’s use of this non-GAAP measure and the limitations of its use.

Our Market Opportunity

The market for care is large and highly fragmented. According to IBISWorld market research, in 2017, an aggregate of over $330 billion was spent in the United States on care, including day care, in-home care providers, housekeepers, nursing care facilities, tutoring and pet care. We believe that our target market includes all households with income greater than $50,000 and 15% of households with income less than $50,000, in each case with either a child under the age of 18 or a senior over the age of 65. According to the U.S. Census Bureau, there were 48 million such households in the United States in 2017 . The needs of families seeking care are diverse, taking many different forms depending on the circumstances and life stage of the family. These needs include childcare, such as nannies and babysitters, in-home senior care, such as assistance with personal hygiene, meal preparation and transportation, and other family care needs, such as pet care, tutoring and housekeeping.

We believe that the following key trends contribute to the large and growing total addressable market for online care marketplaces:

- Significant percentage of dual-income and single-parent households with children;
- Aging population with a high preference for in-home care;
- The growth in employer sponsored care services; and
- Consumers increasingly using the internet and mobile devices for important and highly personal decisions and transactions.

Despite the size and growth of the care market, until the launch of Care.com, there had historically been no proven, efficient and cost-effective way for families to connect with quality caregivers and for caregivers or care-related businesses to target a large number of families.

Our Solutions

Our Platform

Our platform features a portfolio of family care-related products and services for our members, including consumer matching services and consumer payments services. This breadth of offerings enables us to provide synergistic care-related solutions to our members, which we believe results in greater frequency of member engagement and higher lifetime value.

Our platform also enables caregivers to find jobs and manage their careers, employers to offer their employees valuable family care-related benefits that promote increased productivity, loyalty and reduced family care-related absences, and businesses to recruit employees and advertise their business profiles.

Efficient, Reliable and Affordable Way for Families and Caregivers to Connect and Manage Their Care and Career Needs

Our comprehensive and differentiated platform provides significant benefits to families seeking caregivers and caregivers seeking quality jobs, including:

- *Comprehensive solutions.* We are the largest online marketplace for finding and managing family care. Through our platform, families have access to a broad range of solutions to address their diverse and evolving care needs, including childcare, housekeeping, pet care, senior care and tutoring. In addition, families can use our solutions for back-up care when primary care arrangements fall through. Similarly, caregivers can apply to jobs in any category of care posted by families or by care-related businesses.

- *Efficient and reliable way for families to find quality caregivers.* Our members have access to easy-to-use job posting tools, powerful search features and detailed caregiver profiles that are designed to allow them to efficiently navigate our vast database of individual caregivers and assess which caregivers best suit their needs. We also provide families with a comprehensive suite of tools and resources to help them make more informed decisions throughout the search and hiring process, including reviews, social connections, rate calculators, articles, an online safety center and access to a range of background checking services.

- *Efficient way for caregivers to target large, qualified audiences and professionalize their careers.* Caregivers can easily create detailed profiles that include work history, education, credentials, reviews, social connections, third-party background check results and information about the specific care services they provide. In addition, we provide caregivers with services, educational resources and content to professionalize and manage their careers, as well as the opportunity to establish their professional reputation and enhance their profile through the reviews and ratings they receive from families.
- *Cost-effective alternative.* Families are provided access to search, post a job and preview detailed caregiver profiles. After an initial review of profiles, families have the option of selecting from a variety of affordable subscription plans to contact caregivers and access background checks. These subscriptions allow families to contact caregivers through our platform during the term of the subscription, including nannies, babysitters, pet sitters and tutors. Our caregiver members can apply to jobs through our platform and target families and care-related businesses. Caregivers have the option to pay for additional features such as priority notification of newly posted jobs. We are testing additional pricing and packaging offerings for families and caregivers that are designed to better meet the needs of the various segments that use Care.com and further monetize our services.
- *Secure access anytime, anywhere.* We provide a cross-platform suite of communication tools to enable easy and efficient communication between families and caregivers. Our services are available across multiple platforms and mobile devices to ensure that our members access Care.com easily and conveniently wherever they go. We provide our services through mobile apps on iOS and Android devices. We also make our website experience available on personal computers and mobile web browsers. Across these platforms, members are able to access our features for finding care and jobs and for paying caregivers.

Easy-to-Use Payment Offerings

We provide Care.com HomePay, a suite of payroll and tax services for families that employ household workers. Unlike most other payroll and tax companies, Care.com HomePay caters only to households, whose needs are typically very different than those of businesses. As a result, our entire service is designed to meet the unique needs of family employers and has natural synergies with our consumer matching services. Care.com HomePay is not only designed to facilitate the management of a family's financial relationship with a caregiver, but also to enable a caregiver to establish the compliance framework to qualify for important household employee benefits. We also provide a peer-to-peer payments service that enables families to make electronic payments to caregivers from a computer or mobile device.

Comprehensive Care Solution for Employers

We provide a comprehensive suite of care services for employers to offer to their employees, including our consumer matching solutions, payment offerings, back-up care services and care concierge services. In addition to helping employees better manage the balance between work and home life, these services are designed to benefit employers by promoting increased productivity, engagement, loyalty and reduced care-related absences.

Efficient Marketing and Recruiting Channel for Care-Related Businesses

We provide a highly targeted suite of marketing and recruiting solutions for care-related businesses. These solutions enable care-related businesses to advertise their business profiles to families seeking care and to post care jobs and search our database of caregivers seeking employment.

Our Competitive Strengths

We believe the following strengths differentiate us from our competitors and contribute to our success:

Largest Global Marketplace Focused on Care

We are the world's largest online marketplace for finding and managing family care with 27.3 million members, including 15.5 million families and 11.8 million caregivers, spanning more than 20 countries. Since the launch of our marketplace in 2007, we estimate, based on internal member data, that over 1.5 million matches between families and caregivers have taken place through our service in the areas of child care, senior care, special needs care, tutoring, pet care, and housekeeping.

High Member Satisfaction Rates

We believe our breadth of selection and our matching algorithms enhance the effectiveness of our marketplace and the value we offer to both families and caregivers. Furthermore, our surveys indicate that families who hire caregivers using our consumer matching solutions have a high degree of satisfaction with the caregivers they find.

Powerful Network Effects

We benefit from significant network effects as the market leader in the highly fragmented and growing market for finding family care online. As more families use our services, we attract more caregivers seeking a large pool of families in need of caregiver services. Similarly, the increasing number of caregivers using our services has attracted more families. This cycle has driven more and more people to use our services and has resulted in a significant percentage of our new members coming from unpaid sources.

Growing and Engaged Membership

Over the last nine years, we have expanded from 500,000 members to 27.3 million members. As we grow our membership, improve the member experience and offer additional products and features, more members are using our services for longer periods of time. This highly engaged membership helps improve the effectiveness of our services and increases the lifetime value of our members.

Trusted and Recognized Brand

We have invested in building a differentiated member experience for finding and managing care. This investment includes the ongoing prioritization of features and processes that we believe contribute to the quality of our marketplace. Examples of these investments include the review of all job and profile postings for suspicious or inappropriate content, tools for members to review and report other members, a monitored messaging system that allows members to communicate without sharing their personal contact information, the proactive screening of certain member information against various databases and other sources for criminal or other inappropriate activity, the use of technology to help identify and prevent inappropriate activity through our platform and a safety center that provides resources and information designed to help families and caregivers make more informed hiring and job selection decisions

We believe these product investments, combined with our investments in national brand advertising and our domain name itself, have established the Care.com brand as a leading and trusted brand for finding care.

Our Growth Strategy

Attract More Members to Our Platform

In order to grow our membership, we intend to increase the visibility of our services, platform and brand awareness among families and caregivers through our investments in various marketing channels, such as television, online advertising and direct marketing. These investments also include initiatives such as search engine optimization, content development, data journalism, and community groups and forums, which are designed to increase the visibility of our services in organic search result listings and social media channels. In addition, we intend to attract more members to our platform, through our continuous investments in improving product experience.

Increase Revenue

As we improve our user experience and expand our product and service offerings, we have seen an increase in revenue from our member base. We intend to further increase revenue from our member base by continuing these investments in user experience and new products and services, as well as optimizing the monetization of our products and services, especially on mobile devices. In addition, we intend to further engage our non-paying members by expanding our community and content features, so that we remain top of mind when these non-paying members have a need for our products and services. We believe increasing engagement of our members will drive higher conversion of non-paying members to paying members, longer average length of paid time, and greater adoption of new products and services.

Expand and Increase Adoption of Our Care@Work and Payments Offerings

We believe there is significant opportunity for us to continue to grow our Care@Work offering. We intend to do this by continuing to promote a comprehensive suite of services to the growing number of employers who are providing family care-related benefits to their employees, including back-up care services for children and elder-care when primary care falls through, and by product and service innovation.

We also believe there is significant opportunity for us to grow our consumer payments solutions. An increasing number of Care.com members are using our household employer payroll and tax product, Care.com HomePay (formerly Breedlove & Associates, L.L.C.). We expect this trend to continue by, among other things, further integrating our consumer matching and payment solutions.

Grow Our International Business

We believe the global secular trends of an increasing number of dual-income households with children, and an aging population, provide significant growth opportunities outside the United States. The majority of our international business today occurs in Western Europe, the market served by our Berlin-based subsidiary Care.com Europe GmbH (formerly Besser Betreut GmbH or Betreut) or Care.com Europe. We are currently operating in more than 20 countries. We intend to grow our international business by leveraging our learnings from our U.S. consumer matching solutions, such as investing in organic marketing and other efficient marketing channels, expanding our product and service offerings, optimizing the monetization of our products and services, and selective expansion to new countries.

Selectively Pursue Acquisitions and Strategic Relationships

We will continue to explore opportunities to acquire companies that complement our existing business, enhance the user experience of our services, represent a strong cultural fit and are consistent with our overall growth strategy. In addition, we may enter into various strategic relationships to provide a more comprehensive offering to our members.

Our Products and Services

Our consumer products and services are designed to make it easier for families to find and manage quality caregivers and for caregivers to find satisfying jobs and manage their careers. We also offer products and services that allow families to share experiences and request advice. Additionally, we offer services to employers and care-related businesses that are designed to benefit those organizations as well as our family and caregiver members.

U.S. Consumer Business

Consumer Matching Solutions

Matching the right caregiver with the right family can create tremendous value for our members. Our innovative consumer matching solutions and large member base facilitate quality matches for the diverse and evolving needs of our members. Some of the features and tools we offer to families and caregivers are offered at no cost, others are bundled into one or more subscription packages. In addition, some features and tools are offered on an à la carte basis. Most of our tools and features are accessible on both mobile devices and personal computers.

Tools and Features for Families

- *Job Posting.* Families quickly and easily post a detailed job description specifying their care need (e.g., nanny, babysitter, senior care support, tutor, housekeeper, pet sitter, etc.), the frequency, hourly rate, responsibilities and other requirements for the job and any other relevant information they choose to provide.
- *Search.* Families search for potential caregivers based on specific search criteria such as type of care provided, location, hourly rate, whether the caregiver has their own transportation or smokes, comfort with pets and willingness to accept non-cash payments and/or have taxes withheld. The initial search results are based on an algorithm we designed to highlight the most relevant caregivers, but a family can also sort the search results by additional criteria, such as distance from the family, experience, availability, membership length or age.
- *Detailed Caregiver Profiles.* Families review detailed information about the caregivers who apply to their jobs or appear in their search results. This detailed information includes a bio, work history, the type of care they provide, any additional services they provide (such as laundry, grocery shopping and errands), their experience, certifications and qualifications (such as college degree and CPR training or other languages spoken), their availability and hourly rate, the types of payments they accept, whether they are willing to have taxes withheld, caregiver reviews from other members, a caregiver’s verifications, any shared social connections, and any other relevant information the caregiver chooses to provide. Caregivers also have the option of including a photo or a video with their profile.
- *Messaging.* Members may use our messaging system to contact caregivers who have applied to their jobs or appeared in their search results. Because this messaging system is internal to Care.com, members do not have to disclose personal contact or other information to communicate through this system. When a family sends a message to a caregiver through our messaging system, we also send an email to the caregiver’s personal email and an alert to their mobile device (if they have installed our mobile app) to notify them that a family has sent them a message.
- *Background Check Services.* We currently offer multiple levels of background checks from consumer credit reporting agencies that families may request on caregivers they are interested in hiring. Caregivers must accept the background checks request from a family before the background check is performed.

Tools and Features for Caregivers

- *Profile.* Caregivers create and post detailed profiles that include their bio, work history and reviews, the type of care they provide, any additional services they provide (such as laundry, grocery shopping and errands), their experience, certifications and qualifications (such as college degree and CPR training or other languages spoken), their availability and hourly rate, the types of payments they accept, whether they are willing to have taxes withheld and any other relevant information they choose to provide. To build their credibility with families, caregivers may elect to verify their phone number and email addresses with us and connect to other members. Caregivers also have the option of including a photo or a video with their profile.
- *Search.* Caregivers search for specific jobs posted by families, as well as for families based on specific search criteria such as type of care needed, location, hourly rate and number and age of children.
- *Apply.* Caregivers can review and apply to jobs that interest them. When a caregiver applies to a job, the family is notified of the new applicant by email, SMS text message or a mobile alert.
- *Messaging.* Caregivers can respond to messages from families using our internal messaging system. Based on the caregiver’s subscription package, the caregiver may also initiate contact with a family.
- *Background Check Services.* Caregivers may elect to have a background check run on themselves. We currently offer multiple levels of background checks from consumer credit reporting agencies that caregivers may request on themselves.

Additional Tools and Features for Families and Caregivers

- *Mobile Apps.* Families and caregivers can download our free mobile apps for iOS and Android. These apps provide families and caregivers the same job posting, profile creation, search and messaging features described above.
- *Safety Center.* Our service features a safety center that provides resources and information designed to help families and caregivers make safer and more informed hiring and job selection decisions, including recommendations to families for screening, interviewing and ongoing monitoring of caregivers and recommendations to caregivers for avoiding scams. Members may also contact our member care department directly by phone or email if they have concerns about other members. We also offer an online tool that allows families and caregivers to report other members.
- *Email Notifications.* Families may receive weekly emails highlighting new caregivers near them, and caregivers may receive daily emails notifying them of new jobs in their area. We send families and caregivers additional email communications to help them maximize their use of our consumer matching solutions and to inform them of additional products or services that may be appropriate for them.
- *Access to professional benefits for caregivers.* We provide a peer-to-peer benefits platform between families and caregivers, which enables families to contribute to their caregiver’s benefits just as traditional corporate employers do for their employees. When a family pays a caregiver through Care.com, a percentage of the transaction is added to the payment to fund the Care.com Benefits program, which helps the caregiver pay for essential family expenses, such as healthcare and transportation. These contributions are pooled with others from household employers paying that caregiver through Care.com. From the program, caregivers receive Care Benefit Bucks, which provide access to benefits that are portable – staying with the care worker even if she changes jobs working for numerous families on Care.com.

Consumer Payments Solutions

Our consumer payments solutions provide families several options to manage their financial relationship with their caregiver. These products also help caregivers professionalize and manage their careers.

- *Household Employer Payroll and Tax Services.* Care.com HomePay is our payroll and tax product for families that employ nannies, housekeepers or other domestic employees. Care.com HomePay is a technology-based, turnkey service that includes automated payroll processing and household employer-related tax filings at the federal, state and local levels. In addition, caregivers who are paid through Care.com HomePay may qualify for important benefits such as unemployment insurance and social security. For household employers who only require an automated payroll processing solution, we offer this service separately. In the future, we intend to offer additional payroll and tax services at tiered feature and pricing levels to address a range of market needs. These products are available to anyone, not just paying members of our consumer matching solutions.
- *Peer-to-peer Payments.* This offering enables families to make electronic payments to their caregivers using our website or mobile apps. This solution is particularly applicable for families who pay their caregivers at irregular intervals, such as babysitters, after-school caregivers or tutors, or in varying amounts each time services are performed.

Solutions for Employers via Care@Work

We provide a comprehensive suite of services that employers can offer their employees as an employee benefit. Currently, employers can choose from a number of services, including:

- Our consumer matching solutions;
- Back-up care services for employees needing alternative care arrangements for their child or senior due to events such as school closure or the illness of their child or regular caregiver;
- Care concierge services, which include senior care planning services to assist employees struggling to understand their options for an aging family member as well as hands-on assistance with the caregiver search process; and
- Our consumer payment solutions.

Employers generally pay for these services on a per employee per year basis and have access to features that allow them to manage employee access and track aggregate usage. Depending on the service and the employer's preference, the employer may subsidize all, a portion, or none of the service cost for the employee.

Solutions for Care-Related Businesses

We offer care-related businesses a recruiting solution to help them more effectively recruit caregivers and a marketing solution to help them target families at scale. These solutions also provide additional caregiving choices for families and employment opportunities for caregivers.

- *Recruiting Solutions.* Through this offering, businesses can either post jobs or search for candidates directly from our base of caregivers. Businesses pay us either a per job listing fee for each job posted each month or obtain a subscription fee that ranges in duration from monthly to annual.
- *Marketing Solutions.* Through this offering, businesses can list their services on our website, receive referrals and apply to jobs posted by families. Businesses typically pay us either a referral fee for each lead generated through our site or a subscription that ranges in duration from three months to annual.

Community Platform and Tools

We operate a community and content platform with features such as groups, forums, articles, and resources for families and caregivers. Our platform is used to host and manage some of the largest parenting and family groups in the United States. Parents regularly engage in these groups to request parenting advice and share their experiences with other group members.

Our Technology

Our technology platform is designed to provide an efficient marketplace experience across our website and mobile apps. Our solution is based on stable and mature technology frameworks that allow us to rapidly scale as our business grows. Key elements of our technology solution include:

- *Powerful Search and Ranking.* Our search technology has been designed to handle rapid and continuous growth in search queries and members. Our technology enables families and caregivers to run faceted and free-form search queries and receive results ranked by relevance using our sorting algorithm. Members can run searches based on a variety of parameters, including location, type of care, hours of availability and hourly rate.
- *Targeting.* We employ statistical models and algorithms to ensure that we are managing the efficiency of our marketplace and optimizing the experience for both families and caregivers. These models are used to improve our customer acquisition efforts as well as our product experience and leverage our rich and growing data set. For example, we prioritize the order in which caregivers are presented to a family to give more prominence to caregivers we believe are more appropriate for the family based on their profile, job postings, and/or usage of our services. Similarly, we present caregivers with job opportunities that we feel are best suited to their qualifications and interests. We also employ targeting technology to personalize the content that we display for members as they use our website and mobile apps. We refine the techniques we use for targeting on an ongoing basis.
- *Mobile Solutions.* We offer mobile apps designed specifically for the iOS and Android operating systems. In addition, we also provide a mobile optimized website. These mobile solutions are built on an interface layer that exposes the core features of our service. We use the same interface layer across all of our mobile solutions and believe this architecture will allow us to easily expand our services to new devices and mobile platforms in the future.
- *Testing and Optimization.* We have developed a solution for testing and optimizing the user experience and member engagement on our websites and in our email communications. This solution allows us to run multiple variations of a service feature or email tactic simultaneously and is supported by robust data collection and reporting. Based on our

analysis of the user response to a given test, we are able to dynamically send more users to the experience that produces a better result.

- *Infrastructure Management.* We have developed a proprietary suite of tools for managing, administering and monitoring our production website and mobile app platforms. These tools are used to streamline the deployment of releases and to help ensure high availability of our consumer-facing service.

Our Customers

Our customers are our family and caregiver members, including members who utilize our HomePay services, employers who offer our services as an employee benefit and care-related businesses who subscribe to our marketing and/or our recruiting solutions offerings.

The typical care seeker for our U.S. Consumer Business is female (81%), has an average household income of $75,000, and has at least one child under 18 in the house (68%). Our typical caregiver is also female (94%) and well educated (61% indicating they have at least some college education). Currently, we have 27.3 million members of which 57% represents families and 43% represents caregivers. We have families in approximately 96% of U.S. zip codes and caregivers in approximately 91% of U.S. zip codes. Our members are in every state, and the geographic distribution of our members by state is roughly equal to the overall population distribution by state.

In addition, we have a diverse range of employers who offer our services as a benefit to their employees, including technology companies, educational institutions, professional services firms and Fortune 500 companies. As of December 30, 2017 , these employers employed over 1.3 million employees who have full access to some or all of our services.

Additionally, we have a diverse set of local, regional and national child care, senior care and other care-related businesses that use our services to help either find people who need the care they provide or find caregivers to work at their organization.

Our Competition

With respect to our consumer matching solutions, we compete for members with traditional offline consumer resources, online job boards and other online care marketplaces. We also compete for a share of the overall recruiting and advertising budgets of care-related businesses with traditional, offline media companies and other Internet marketing providers. The principal competitive factors in this market include:

- network size and quality of caregivers and families;
- product reliability, features, effectiveness and efficiency;
- the quality and completeness of family job postings and caregiver profiles;
- product line breadth and applicability;
- affordability and value of the products provided;
- reliability of safety and security measures;
- the performance and reliability of a mobile solution;
- international footprint; and
- brand awareness and reputation.

Our principal competitors in this market are other online care marketplaces, such as Sittercity and UrbanSitter, and online classifieds, such as Craigslist. Our principal competitor in our employer channel is Bright Horizons. In the consumer payments market, Care.com HomePay competes with similar products offered by HomeWork Solutions, Inc. and GTM Payroll Services. We believe we generally compete favorably with our competitors on the basis of our scale, trusted brand and member experience.

Marketing and Sales

Our marketing strategy is focused on attracting families and caregivers to our marketplace. Our marketing efforts are designed to increase brand awareness, maximize reach and penetration and grow our member base. Marketing activities include demand generation, advertising, conferences, press relations and customer awareness.

Our target market is primarily women on both sides of the marketplace. Women are typically the primary care decision makers for their family-either as mothers or adult daughters-and represent 94% of our caregivers and 81% of our families. As a result of the shared characteristics of both sides of our marketplace, we are able to leverage our marketing investments targeted at families to also attract caregivers, resulting in lower acquisition costs for caregivers.

We acquire consumers through a diverse mix of free and paid acquisition channels. As a result of our strong focus on our member experience and engagement to ensure a successful match for families and caregivers, the majority of our new subscribers come from unpaid channels, including word-of-mouth referrals, SEO, online communities and forums and repeat users.

Our paid direct marketing efforts for both families and caregivers comprise both offline channels such as network cable TV, local radio and direct mail and online channels such as SEM, paid social display ads, affiliates and select paid job board sites. Our marketing spend is weighted towards our high seasons based on the timing of demand from families seeking care.

Our sales organization is responsible for attracting and retaining employers and care-related businesses to grow adoption of our services and offerings to those organizations. We expect to continue to grow our sales headcount to grow these channels.

Research and Development

Research and development expenses totaled $25.4 million , $20.4 million , and $19.8 million for fiscal 2017 , fiscal 2016 , and fiscal 2015 , respectively. Please refer to Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations” for further detail on our research and development expenses.

Government Regulation

We are subject to numerous U.S. federal and state, and foreign laws and regulations that affect consumer-based businesses and companies that conduct business on the Internet. Many of these laws and regulations are still evolving and being tested in courts, and could be interpreted in ways that could harm our business. These may involve user privacy, information security and data protection, obtaining and use of consumer background information, intellectual property, electronic contracts and other communications, consumer protection, marketing and advertising, telecommunications, taxation, securities law compliance, and online payment services, among other things.

For example, in the area of information security and data protection, many states have passed laws requiring notification to users when there is a security breach for personal data, such as the Massachusetts Data Breach Notification Law, or requiring the adoption of minimum information security standards that are often vaguely defined and difficult to practically implement. The costs of compliance with these laws may increase in the future as a result of changes in interpretation. In addition, our operations subject us to certain payment card association operating rules, certification requirements and rules, including the Payment Card Industry Data Security Standard, or PCI DSS, a security standard with which companies that collect, store or transmit certain data regarding credit and debit cards, credit and debit card holders, and credit and debit card transactions are required to comply. Our failure to comply fully with the PCI DSS may violate payment card association operating rules, federal and state laws and regulations, and the terms of our contracts with payment processors, merchant banks or other parties.

In addition, in the United States we acquire consumer background information about our members from consumer credit reporting agencies, which subjects us to the Fair Credit Reporting Act, or the FCRA. Among other things, the FCRA limits the distribution and use of consumer reports and establishes consumer rights to access and dispute their own credit files, among other rights and obligations. Violation of the FCRA can result in civil and criminal penalties. Many states have enacted laws with requirements similar to the FCRA. Some of these laws impose additional, or more stringent, requirements than the FCRA.

Also, we offer members a paid subscription service that auto-renews until downgraded to a non-paying membership. Many states have enacted laws specific to auto-renewing contracts. Among other things, these laws may require specific notifications to consumers prior to and/or after a consumer agrees to an auto-renewing contract, and may specify the manner in which such notifications are given. Violation of a state auto-renew law can result in civil penalties and in many instances renders the contract unenforceable, which could result in a refund of all fees paid under the contract.

Because our services are accessible worldwide, we are also subject to a number of laws and regulations in foreign jurisdictions. Moreover, in some cases, a foreign jurisdiction may claim that we are required to comply with its laws even if we have no local entity, employees or infrastructure in that jurisdiction.

U.S. federal and state and foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the new and rapidly-evolving industry in which we operate. If we are not in compliance with existing or new laws or regulations that are applicable to our business or if new or existing laws or regulations are interpreted and applied inconsistently with our current policies and practices, our business could be harmed, and we may be forced to modify our policies and practices.

Intellectual Property

Our success depends in part upon our ability to protect our core technology and intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including trade secrets, copyrights and trademarks, as well as contractual restrictions. We enter into confidentiality and assignment of invention agreements with our employees and certain consultants and confidentiality agreements with other third parties. We do not have any patents or pending patent applications.

We pursue the registration of our domain names, trademarks and service marks in the United States and in certain locations outside the United States when we deem such registration to be beneficial and appropriate.

The efforts we have taken to protect our proprietary rights may not be sufficient or effective. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. In addition, Internet, technology and social media companies are frequently subject to litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights. We have received in the past and may in the future receive notices asserting that we have infringed, misappropriated or otherwise violated a third party's intellectual property rights, and as we face increasing competition, the possibility of intellectual property rights claims against us grows.

Employees

We believe we have assembled a talented group of employees and strive to hire the best employees. As of December 30, 2017 , we had 428 full-time employees and 321 part-time employees, not including approximately 142 part-time caregiver employees of our subsidiary Care Concierge, Inc. ("Care Concierge"), who provide back-up care from time to time. None of our employees is represented by a labor organization or is a party to any collective bargaining arrangement. We have never had a work stoppage, and we consider our relationship with our employees to be good.

Operating Segments and Geographic Areas

We manage our business under one operating segment. The majority of our revenue in the year-ended December 30, 2017 was from paying members in the United States. Additional information required by this item can be found in "Item 8. Financial Statements and Supplementary Data - Note 11. Segment and Geographical Information" of this Annual Report on Form 10-K, and is incorporated by reference herein.

Available Information

We were incorporated in Delaware on October 27, 2006. Our principal executive offices are located at 77 Fourth Avenue, 5th Floor, Waltham, MA 02451, and our telephone number is (781) 642-5900.

Our website is located at www.care.com and our "Investor Relations" website is located at investors.care.com.

We file reports with the Securities and Exchange Commission, or SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any other filings required by the SEC. We make available on our "Investor Relations" website, free of charge, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. References to our website and our "Investor Relations" website in this report are intended to be inactive textual references only, and none of the information contained on our website or our "Investor Relations" website is part of this report or incorporated in this report by reference.

The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (*http://www.sec.gov*) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

Our business is subject to numerous risks. We caution you that the following important factors, among others, could cause our actual results to differ materially from those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors and oral statements. Any or all of our forward-looking statements in this Annual Report on Form 10-K and in any other public statements we make may turn out to be wrong. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Many factors mentioned in the discussion below will be important in determining future results. Consequently, no forward-looking statement can be guaranteed. Actual future results may differ materially from those anticipated in forward-looking statements. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosure we make in our reports filed with the SEC.

Risks Related to Our Business

We may not maintain our current rate of revenue growth.

Our revenues have grown steadily, increasing to $174.1 million in fiscal 2017 from $161.8 million in fiscal 2016 , representing an annual growth rate of 8% . Our continued revenue growth and the rate of our revenue growth depend largely on our ability to effectively and efficiently grow our membership, increase the number of families who pay for our products and services, increase the average revenue per paying families and lengthen the time period existing and new families continue to pay for our products and services. We cannot assure you that we will be successful in continuing to expand our paying family base at historical rates, or at all. In addition, our revenue growth rate may decline if we are not able to grow our paying families while managing our acquisition costs within our targeted return on investment range or if we are unsuccessful in cross-selling new and existing products and services to our members, such as our consumer payments solutions, or in continuing to develop and innovate with new products, services and solutions that members consider valuable, such as our mobile solutions.

You should not rely on our historical rate of revenue growth as an indication of our future performance. If our growth rates were to decline significantly or become negative, it could adversely affect our financial condition and results of operations.

We continue to focus on profitable growth; however, we have a history of cumulative losses and may have operating losses as we continue to grow our business.

We experienced net losses from continuing operations of $0.7 million , and $17.9 million in fiscal 2016 and fiscal 2015 , respectively. Although we had net income from continuing operations of $10.7 million in fiscal 2017 , there is no assurance that this will continue into the future. We expect our operating expenses to increase over the next several years on an absolute basis, which may lead to losses in the future. In particular, we intend to continue to invest substantial resources in marketing to acquire new, paying members. We also intend to hire additional personnel in product, operations, sales and other areas of our business and to introduce new products, services and features, each of which will increase our expenses with no assurance that we will generate sufficient revenue to reduce our losses or achieve profitability. Although our adjusted EBITDA is profitable in fiscal 2017 , there is no assurance that this will continue into the future.

We expect our revenue and operating results to fluctuate on a quarterly and annual basis, which may result in a decline in our stock price.

Our revenue and operating results have historically fluctuated from quarter-to-quarter and year-to-year and we expect these fluctuations to continue in the future. These future fluctuations may be significant and unpredictable and may fail to match our projections or the expectations of securities analysts due to a variety of factors, many of which are outside of our control. Any of these events could cause the market price of our stock to fluctuate.

In addition, we generally experience some seasonality fluctuations in our financial results due to heightened demand for caregivers from families at the beginning of the school year and at the beginning of the calendar year. Accordingly, purchases of subscriptions for our consumer matching solutions generally increase in the first and third quarters compared to the second and fourth quarters. Although historically our revenue has increased in each quarter as we have added members, in the future this seasonality may cause fluctuations in our financial results. In addition, other seasonality trends may develop, and the existing seasonality and consumer behavior that we experience may change.

We have based our current and projected future expense levels on our operating plans and sales forecasts, and our operating costs are relatively fixed in the short term. As a result, we may not be able to reduce our costs sufficiently to compensate for an unexpected shortfall in revenue, and even a small shortfall in revenue could disproportionately and adversely affect our financial results for a given quarter.

In addition to the other risk factors listed in this section, our operating results may be affected by a number of factors, including:

- fluctuations in demand for our products and services;
- fluctuations in sales cycles for our products and services;
- the timing of revenue recognition as a result of guidance under accounting principles generally accepted in the United States;
- general economic conditions in our domestic and international markets and fluctuations in exchange rates;
- our ability to develop and introduce new products and product enhancements that are attractive to our members;
- the mix of monthly memberships and annual memberships, as the amount of revenue recognized per month on an annual membership is less than a monthly membership;
- member acceptance of new product introductions;
- the timing and success of changes in our pricing strategies and our competitor's pricing strategies;
- our ability to sell our services to employers and care-related businesses;
- costs related to acquisitions of other businesses and our ability to successfully integrate, manage and grow those businesses;
- costs associated with actual and threatened lawsuits and government investigations;
- any significant changes in the competitive dynamics of our markets, including new entrants or substantial discounting of products;
- any decision to increase or decrease operating expenses in response to changes in the marketplace or perceived marketplace opportunities;
- our ability to derive benefits from our investments in sales, marketing, engineering or other activities;
- changes in the regulatory environment for our products domestically and internationally;
- volatility in our stock price, which may lead to higher stock compensation expenses; and
- unpredictable fluctuations in our effective tax rate due to disqualifying dispositions of stock from our stock incentive plan, changes in the valuation of our deferred tax assets or liabilities, changes in actual results versus our estimates or changes in tax laws, regulations, accounting principles or interpretations thereof.

We operate in an evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

The market for accessing family care online is rapidly evolving and has not yet reached widespread adoption, making it difficult for us to predict our future operating results. In addition, much of our growth has occurred over the last four years, which makes it difficult for us to predict the expected length of paid memberships, revenue per member, member acquisition costs and other key performance indicators for our business. You should consider our business and prospects in light of the risks and difficulties we may encounter in this rapidly evolving market. These risks and difficulties include those described in this Annual Report on Form 10-K and our ability to, among other things:

- attract and retain members and maintain an appropriate family to caregiver ratio of active members;
- encourage paying families to stay longer and return as paying families sooner after their paid membership lapses;
- cross-sell our products and services to our new and existing members;
- continue to develop and diversify our product offerings for members;
- innovate ahead of competition to maintain and expand our market leading position;
- anticipate and react to changes in technology such as the shift from personal computers to mobile devices;
- sell our services to employers and care-related businesses;
- provide our members with superior user experiences;
- motivate members to contribute additional, timely and accurate content to our marketplace;
- anticipate and react to challenges from existing and new competitors;

- maintain the strength and increase awareness of our brand;
- integrate and grow the businesses we acquire as anticipated; and
- manage and grow our international operations in existing and new markets.

Failure to adequately address these risks and difficulties could harm our business, impact our ability to reduce our operating losses and achieve profitability, and/or cause our operating losses to grow. In addition, if the demand for online care does not develop as we expect, or if we fail to address the needs of this demand, our business will be harmed.

If the revenue generated by paying families differs significantly from our expectations, or if our membership acquisition costs differ significantly from our expectations, we may not be able to recover our membership acquisition costs or generate profits from these investments.

We had $66.9 million in sales and marketing expenses in fiscal 2017 and $72.3 million in sales and marketing expenses in fiscal 2016 . While we intend to further leverage unpaid marketing channels, we expect to continue to make significant investments to acquire additional members, including advertising through television, online, social media and other advertising campaigns. Our decisions regarding these investments are based on our anticipated marketing cost to acquire each additional paying family, the success of our unpaid marketing initiatives, and our analysis of the revenue we believe we can generate per paying family over the expected lifetime of such membership.

In addition, most of our paying families are currently enrolled in monthly memberships, and the average total paid membership length for our consumer matching solutions is approximately 10.6 months. As a result, we must regularly replace paying families who allow their membership to lapse with new paying families either by converting existing non-paying families or by attracting new families to our service. Our anticipated member acquisition costs and our analysis of the revenue that we expect new paying families to generate over the life of the membership depends upon several estimates and assumptions, including paid membership lengths and increasing renewal rates, conversion rates of existing families to paying families, future membership fees and our success in cross-selling existing and new products and services to members.

If our estimates and assumptions regarding either our cost to acquire paying families or the revenue we can generate from those memberships over their lifetime prove incorrect, we may be unable to recover our member acquisition costs and our operating losses may increase. Similarly, if our member acquisition costs increase, the return on our investment may be lower than we anticipate irrespective of the revenue generated by new members. If we cannot generate profits from this investment, we may need to alter our growth strategy, and our growth rate and results of operations may be adversely affected.

If we are unable to introduce new and diversified products, services or features that families and caregivers find valuable, we may not be able to attract and retain families and caregivers on our online marketplace or expand our paying family base. Our efforts to develop new and diversified products and services could require us to incur significant costs.

In order to continue to attract and retain families and caregivers on our online marketplace and expand our paying family base, we will need to continue to invest in the innovation and development of new and diversified products, services and features that add value for families and caregivers. The success of new and diversified products, services and features depends on several factors, including the timely completion, introduction and market acceptance of the product, service or feature. If families and caregivers do not recognize the value of our new or diversified products, services or features, they may choose not to use our online marketplace or pay for our services.

Attempting to develop and deliver new or diversified products, services or features involves inherent hazards and difficulties, and is costly. We cannot guarantee that we will be able to successfully manage these product developments or that they will work as intended or provide value to families and caregivers. In addition, some new or diversified products, services or features may be difficult for us to market and may also involve unfavorable pricing. Even if we succeed, we cannot guarantee that our members will respond favorably.

Many individuals use mobile devices to access online services. If users of these devices do not widely adopt solutions we develop for these devices or if we are unable to effectively operate on mobile devices, our business could be adversely affected.

The number of people who access online services through mobile devices, such as smart phones, handheld tablets and mobile telephones, as opposed to personal computers, has increased dramatically in the past few years and is projected to continue to increase. In fiscal 2017 , we had an average of over 9.5 million unique visitors to our platform each month, 65% of whom visited our site from mobile devices. In fiscal 2018 , we expect the percentage of visitors from mobile devices to increase. If the mobile solutions we have developed and develop in the future do not meet the needs of prospective members or current members, they may not register for our services, they may not become paying families of our services and/or they may reduce their usage of our services and our business could suffer. Additionally, we are dependent on the interoperability of Care.com with popular mobile operating systems that we do not control, such as Android and iOS, and any changes in such systems and terms of service that degrade our solutions' functionality, give preferential treatment to competitive products or prevent our ability to promote our services could adversely affect traffic and monetization on mobile devices.

Growth in access to our services through mobile devices as a substitute for access on personal computers may negatively affect our revenue and operating results.

Our members are increasingly accessing our platforms on mobile devices. While many of our members who use our online services on mobile devices also access our platforms through personal computers, we have seen substantial growth in mobile usage and mobile only usage. We are devoting valuable resources to solutions related to monetization of mobile usage, and cannot assure you that these solutions will be successful. If our members increasingly use mobile devices as a substitute for access to our online services as opposed to personal computers, and if we are unable to successfully implement monetization strategies for our solutions on mobile devices, or these strategies are not as successful as our offerings for personal computers, or if the expenses we incur in this effort are greater than we anticipated, our financial performance and ability to grow revenue would be negatively affected.

Our business depends on the strength of our brand. If the services we provide fail to meet our members' expectations, or if inappropriate actions by certain of our members is attributed to us, our brand may be damaged, and we may be unable to maintain or expand our base of members and paying families.

The strength of our brand is essential to our business. Member awareness, and the perceived value, of our brand depends largely on the success of our marketing efforts and the ability of our members to have a consistent, high-quality experience with our service. As a result, we must ensure that our new and existing members are satisfied with our products and services. Complaints, negative views, or negative publicity regarding our products or services, irrespective of their validity, could diminish members' confidence in and the use of our platform and adversely impact our brand. For example, like many subscription businesses, some members make negative comments about the auto-renew nature of our paid subscriptions in online forums and other public venues. In addition, news reports have been published in the past raising concerns about the background check services offered through our platform.

In addition, our member experience extends beyond the products and services that we offer through our website and to the point of service. As a result, inappropriate, illegal or otherwise harmful acts by caregivers or families, even if only by one or a small number of our members and even if such acts are outside of our control, could result in negative publicity or legal action that could have a significant negative impact on our brand. For example, in recent years there has been an increase in fraud perpetrated against caregivers who seek employment opportunities on sites such as ours, and Care.com has been featured in news reports regarding these scams. There also have been news reports of alleged criminal conduct by caregivers against families they met through our site, including conduct resulting in death, and in some cases lawsuits have been filed against Care.com relating to such conduct. If a decision were rendered against us in a lawsuit of this type, we may incur further negative publicity, incremental costs and this could have an adverse effect on our financial statements. If our efforts to promote and maintain our brand are not successful or if our member experience is not otherwise positive, our operating results and our ability to attract and retain members may be adversely affected.

Furthermore, an adverse, public event resulting from the actions of a caregiver on a competitor's platform could adversely affect us, even if the caregiver has no relationship with our platform and reduce consumer confidence in seeking caregivers through an online platform.

We depend on highly skilled personnel to grow and operate our business and if we are unable to hire, retain and motivate our personnel, we may not be able to grow effectively.

Our future success will depend upon our continued ability to identify, hire, develop, motivate and retain highly-skilled personnel. Our ability to execute efficiently depends upon contributions from all of our employees, in particular our senior management team and employees from key business areas such as product, engineering and analytics. Key institutional knowledge remains with a small group of long-term employees whom we may not be able to retain. We do not have employment agreements other than offer letters with any of our key employees, including our chief executive officer, and we do not currently maintain key person life insurance for any employee. In addition, from time to time, there may be changes in our senior management team that may be disruptive to our business. If our senior management team, including any new hires that we may make, fails to work together effectively and to execute our plans and strategies on a timely basis, our business could be harmed. Our growth strategy also depends on our ability to expand and retain our talent pool. Identifying, recruiting, training and integrating qualified individuals require significant time, expense and attention. In addition to hiring new employees, we must continue to focus on retaining our best talent. Competition for these resources, particularly in Boston, Austin and the San Francisco Bay area, three areas where we have offices, is intense. If we are not able to effectively increase and retain our talent, our ability to achieve our strategic objectives will be adversely impacted, and our business will be harmed.

We believe that our culture has the potential to be a key contributor to our success. As we grow, if we do not continue to develop our corporate culture it could harm our ability to foster the innovation, creativity and teamwork we believe we need to support our growth.

Finally, we utilize the resources of third parties over whom we have limited control to assist us in developing certain products and features. If any of these third parties terminates their relationship with us or fails to provide adequate services, it could cause delays in our release of new product offerings and/or features and harm our business.

If we fail to manage our growth effectively, our business, operating and financial results may suffer.

We have recently experienced, and expect to continue to experience, significant growth, which has placed, and will continue to place, significant demands on our management and our operational and financial infrastructure. We expect that our growth strategy will require us to commit substantial financial, operational and technical resources. It is important that we appropriately prioritize our efforts and allocate our limited resources effectively. Continued growth also could strain our ability to maintain reliable service levels for our members, to enhance our product offerings, to develop and improve our operational, financial and management controls, to continue to strengthen our reporting systems and procedures and to recruit, train and retain highly skilled personnel. As our operations grow in size, scope and complexity, we will need to scale our systems and infrastructure accordingly and may determine we need to open additional offices, add more network capacity and make other capital investments, which will require significant expenditures and allocation of valuable management resources. For example, in fiscal 2017 to access additional personnel talent, we made the decision to increase our staffing and resources in the Bay Area, a market which is more expensive and competitive than other markets in which we operate. If we continue to see the need to enter or increase personnel in markets to access specific types of talent, this may increase our expenses going forward. Additionally, i f we fail to maintain the necessary level of discipline and efficiency, or if we fail to appropriately prioritize our efforts and allocate limited resources effectively in our organization as it grows, our business, operating results and financial condition may suffer.

If evolving consumer behavior in the era of mobile devices and messaging/social networking apps hinders our ability to effectively market to and communicate with members and potential members, our business, financial condition and results of operations could be adversely affected.

Evolving consumer behavior can affect the availability of profitable marketing opportunities. For example, as traditional television viewership declines and as consumers spend more time on mobile devices rather than desktop computers, the reach of many of our traditional advertising channels may contract. To continue to reach potential members and grow our businesses, we must identify and devote more of our overall marketing expenditures to newer advertising channels, such as mobile and online video platforms as well as targeted campaigns in which we communicate directly with potential, former and current members via new virtual means. Generally, the opportunities in and sophistication of newer advertising channels are relatively undeveloped and unproven, and there can be no assurance that we will be able to continue to appropriately manage and fine-tune our marketing efforts in response to these and other trends in the advertising industry. Any failure to do so could adversely affect our business, financial condition and results of operations.

In addition, as consumers communicate less via email and more via text messaging and other virtual means, the reach of our email campaigns may be adversely impacted. One of our primary means of communicating with our members and keeping them engaged with our products is via email. Our ability to communicate via email enables us to keep our members updated on activity with respect to their job postings or profile, inform them of new members they may be interested in connecting with, introduce them to new products or services they may be interested in utilizing, and present discount and free trial offers, among other things. Any erosion in our ability to communicate successfully with our members via email could have an adverse impact on member experience and the rate at which non-paying members become paid members.

If we fail to expand and increase adoption of our Care@Work and consumer payments solutions, our future growth could suffer.

As part of our growth strategy, we intend to grow our Care@Work solutions. Although we have continued to acquire new customers, our growth could be adversely affected if we are unable to acquire new customers at the same rate or volume as we have in the past. Additionally, our growth could be impacted if we are unable to scale our internal enterprise sales team. As our Care@Work solutions grow, we also may need to scale our in-home and in-center back-up care network and otherwise scale our operations to deliver services. We may also need to further differentiate our Care@Work products and services to effectively compete with our competition. If we fail to continue to acquire new customers, scale our internal enterprise sales team and operations, and differentiate our Care@Work products and services, then our growth may be adversely impacted.

Additionally, as part of our growth strategy, we intend to grow our consumer payments solutions. Although an increasing number of our members are using Care.com HomePay, a household employer payroll and tax product, our growth could be adversely affected if this trend does not continue. We also intend to develop other payment and financial solutions to offer to our members as we expand our offerings and services. When we develop a new product, we typically incur expenses and expend resources upfront to market, promote and sell the new offering. Therefore, these new products must achieve high levels of market acceptance in order to justify the amount of our investment in developing and bringing them to market. If we fail to increase adoption of Care.com HomePay, or if any other payments solutions we may offer do not achieve adequate acceptance in the market, our competitive position may be impaired, and our growth could be adversely impacted.

Data security and integrity are critically important to our business, and breaches of security, unauthorized disclosure of information about our members, denial of service attacks or the perception that member information is not secure could result in a material loss of business, substantial legal liability or significant harm to our reputation.

We collect, process and store a large amount of consumer information, including financial information and sensitive personal information. This data is often accessed through transmissions over public and private networks, including the Internet. Despite our physical security measures, implementation of technical controls and contractual precautions designed to identify, detect and prevent the unauthorized access, alteration, use or disclosure of our data, there is no guarantee that these measures or any other measures can provide absolute security. Systems that access or control access to our services and databases may be compromised, as a result of criminal activity, including cyber-attacks and other intentional business disruptions, negligence or otherwise. Threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. Several recent, highly publicized data security breaches and denial of service attacks at other companies have heightened consumer awareness of this issue and may embolden individuals or groups to target our systems. Unauthorized disclosure or use, or loss or corruption, of our data or inability of our members to access our systems could disrupt our operations, subject us to substantial legal liability, result in a material loss of business, and significantly harm our reputation.

We are subject to diverse laws and regulations in the United States and foreign countries mandating notification to affected individuals in the event that personal data (as defined in the various governing laws) is accessed or acquired by unauthorized persons. In addition, the General Data Protection Regulation (“GDPR”), which was adopted by the European Union in 2016 and is scheduled to go into effect in May 2018, includes data breach notification requirements with which we will have to comply. Complying with such numerous and complex regulations in the event of unauthorized access would be expensive and difficult, and failure to comply with these regulations could subject us to regulatory scrutiny and additional liability.

We use, store and, in some instances, share information collected from or about our members and site visitors and their devices, which may subject us to governmental and industry regulation and other legal obligations related to privacy, and our actual or perceived failure to comply with such obligations could harm our business.

We receive, store and process information from and about our members and website visitors and their devices, as well as information about Care.com HomePay and back-up care users, including name, contact information, and in some cases sensitive personal information, such as credit card numbers, tax return information, bank account numbers, social security numbers and other personal information such as criminal background information. In addition, our service enables our members to direct us to share information, including personal and background information, with other members and with third parties.

Diverse legal and industry requirements in the regions where our members and site visitors reside may apply to our collection, use, storage and sharing information about such individuals, including to the extent that our members choose to share data about themselves or family members in connection with potential employment in the home setting. The scope of these privacy and data protection obligations are changing in substantial and unpredictable ways, subject to differing interpretations, and may be inconsistent between different regions or conflict with other rules. For example, the E.U.-U.S. Safe Harbor program was invalidated and replaced with the Privacy Shield program in 2016. Privacy Shield has been subject to legal challenges and may not be appropriate for us.

In addition, in April 2016 the E.U. formally adopted the GDPR, which will replace the Data Protection Directive 95/46/EC on May 25, 2018. The GDPR will introduce numerous privacy-related changes for companies operating in or targeting consumers in the E.U., including greater control for data subjects (e.g., the right to erasure of personal data), data portability for consumers, data breach notification requirements, and increased fines, with potential fines for violations of certain provisions of the GDPR reaching as high as the greater of 20,000,000 Euros or 4% of a company’s annual revenue, potentially including the revenue of its affiliates. The GDPR may also have a significant impact on the transfer of data from the E.U. to companies in the United States, including us. While currently we have legally recognized mechanisms in place that we believe allow for the transfer of E.U. member, customer, and employee information to the United States, it is possible that these mechanisms may not be sufficient under the GDPR or other future legal requirements that could have an impact on how we move data from the European Union to Care.com entities outside the European Union. In response to these regulatory changes, we may have to require some of our vendors who process personal data to take on additional privacy and security obligations, and some may refuse, causing us to incur potential disruption and expense related to our business processes. If our policies and practices, or those of our vendors, are, or are perceived to be, insufficient or if our members and customers have concerns regarding the transfer of data from the European Union to the United States, we could be subject to enforcement actions or investigations by individual E.U. Data Protection Authorities or lawsuits by private parties, member engagement could decline and our business could be negatively impacted. The requirements imposed by the GDPR and similar laws, regulations and policies that are applicable to us may limit the use and adoption of our products and solutions, which together with the costs of compliance, could have a material adverse impact on our results of operations.

Some industry requirements subject us to payment card association operating rules, certification requirements and rules, including the Payment Card Industry Data Security Standard, or PCI DSS, a security standard with which companies that collect, store or transmit certain data regarding credit and debit cards, credit and debit card holders, and credit and debit card transactions are required to comply. Our failure to remain fully compliant with the PCI DSS may violate payment card association operating rules, federal and state laws and regulations, and the terms of our contracts with payment processors and merchant banks. Such failure to comply fully may also subject us to fines, penalties, damages and civil liability, and may result in the loss of our ability to accept credit and debit card payments. In addition, there is no guarantee that PCI DSS compliance will prevent illegal or improper use of our services or the theft, loss or misuse of data pertaining to credit and debit cards, credit and debit card holders and credit and debit card transactions.

We strive to comply with all applicable laws, policies, legal obligations and industry requirements relating to privacy and data protection, to the extent reasonably possible. However, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with our posted privacy policies, our privacy-related obligations to users or other third parties, or any other privacy-related legal obligations, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause our members and customers to lose trust in us, which could have an adverse effect on our business. Additionally, if third parties we work with, such as customers, vendors or developers, violate applicable laws, their contractual obligations to us or our policies, such violations may also put our members' information at risk and could in turn have an adverse effect on our business.

Complying with existing and proposed laws, regulations and industry standards applicable to the collection, use, storage and sharing of data about our members and site visitors can be costly and can delay or impede the development of new products, result in negative publicity and reputational harm, increase our operating costs, require significant management time and attention, increase our risk of non-compliance and subject us to claims or other remedies, including fines or demands that we modify or cease existing business practices.

If the businesses we have acquired or invested in do not perform as expected or we are unable to effectively integrate acquired businesses, our operating results and prospects could be harmed.

We have acquired nine businesses since our inception. The benefits that we expect to achieve as a result of our acquisitions or investments depend in part on our ability to realize anticipated growth opportunities and cost savings synergies. Our success in realizing these opportunities and synergies and the timing of this realization depend among other things on the successful integration of the acquired companies' businesses and operations with our businesses and operations and the adoption of our respective best practices. Even if we are able to integrate these businesses and operations successfully and implement those strategic initiatives, it may not result in the realization of the full benefits of the growth opportunities and synergies we currently expect to achieve, within the anticipated time frame or at all. If a company we purchase does not perform as we expected, our investment could become impaired or we could discontinue the operations and our financial results could be negatively impacted.

Our mergers and acquisitions involve numerous risks, including the following:

- difficulties in integrating and managing the combined operations, technologies, technology platforms and products of the acquired companies and realizing the anticipated economic, operational and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical or financial problems;
- legal or regulatory challenges or litigation post-acquisition, which could result in significant costs or require changes to the businesses or unwinding of the transaction;
- failure of the acquired company to achieve anticipated revenue, earnings or cash flow;
- diversion of management's attention or other resources from our existing business;
- our inability to maintain the key customers and business relationships and the reputations of acquired businesses;
- uncertainty of entry into markets in which we have limited or no prior experience or in which competitors have stronger market positions;
- our dependence on unfamiliar affiliates and partners of acquired businesses;
- unanticipated costs associated with pursuing acquisitions;

- responsibility for the liabilities of acquired businesses, whether such liabilities were disclosed to us or not prior to our acquisition and whether such liabilities meet or exceed our estimates, including, without limitation liabilities arising out of the acquired business's failure to maintain effective data protection and privacy controls and comply with applicable regulations;
- difficulties in assigning or transferring intellectual property licensed by acquired companies from third parties to us or our subsidiaries;
- potential loss of key employees of the acquired companies;
- challenges in integrating and auditing the financial statements of acquired companies that have not historically prepared financial statements in accordance with U.S. generally accepted accounting principles;
- difficulties in integrating acquired companies' systems controls, policies and procedures to comply with the internal control over financial reporting requirements of the Sarbanes-Oxley Act of 2002; and
- potential accounting charges to the extent intangibles recorded in connection with an acquisition, such as goodwill, trademarks, customer relationships or intellectual property, are later determined to be impaired and written down in value.

Moreover, we rely heavily on the representations and warranties provided to us by the sellers of acquired companies, including as they relate to the financial condition of the company, creation, ownership and rights in intellectual property, and compliance with laws and contractual requirements. If any of these representations and warranties are inaccurate or breached, such inaccuracy or breach could result in costly litigation and assessment of liability for which there may not be adequate recourse against such sellers, in part due to contractual time limitations and limitations of liability.

We may continue to make acquisitions, which could require significant management attention, disrupt our business, result in dilution to our stockholders, and adversely affect our financial results.

As part of our business strategy, we have made, and may in the future make, acquisitions to add specialized employees, complementary companies, products or technologies. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete identified acquisitions. Acquisitions may also involve the entry into geographic or business markets in which we have little or no prior experience. Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized or we may be exposed to unknown liabilities. For any such transaction, we may:

- issue additional equity securities that would dilute our stockholders;
- use cash that we may need in the future to operate our business;
- incur debt on terms unfavorable to us or that we are unable to repay;
- incur large charges or expenses or assume substantial liabilities;
- become subject to new laws and regulations about which we have limited prior experience or knowledge;
- encounter difficulties retaining key employees of the acquired companies; and
- become subject to adverse tax consequences, substantial depreciation or deferred compensation charges.

Any of these risks could harm our business and operating results. In addition, for legal, technical or business reasons, we may not be able to successfully assimilate and integrate the business, technologies, solutions, personnel or operations of any company we acquire as quickly or fully as we would like. The integration of any acquired company may require, among other things, coordination of administrative, sales and marketing, accounting and finance functions, harmonization of legal terms and privacy policies and expansion of information and management systems.

Acquisitions can also lead to large non-cash charges that can have an adverse effect on our results of operations as a result of write-offs for items such as future impairments of intangible assets or goodwill.

We have recorded significant goodwill impairment charges from our discontinued operations and may be required to record additional charges to future earnings if our goodwill or intangible assets become impaired.

We are required under generally accepted accounting principles to review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. Factors that may be considered a change in circumstances indicating that the carrying value of our intangible assets may not be recoverable include a decline in stock price and market capitalization, slower growth rates in our industry or our own operations, and/or other materially adverse events that have implications on the profitability of our business. In the fourth quarter of 2014, we recorded a pre-tax goodwill and intangible asset impairment charges of $33.8 million and $2.4 million, respectively, related to our Citrus Lane business. As a result of our decision to exit the Citrus Lane, business, we recorded pre-tax goodwill and intangible asset impairment charges of $8.0 million and $1.7 million, respectively related to our Citrus Lane business in the second half of fiscal 2015. We will need to continue to evaluate the carrying value of our goodwill and may be required to record additional charges to earnings during the period in which any impairment of our goodwill or other intangible assets is determined which could adversely impact our results of operations. As of December 30, 2017 , our goodwill balance was $60.3 million and our intangible asset balance was $1.1 million , which represented 33% and 1% of total consolidated assets, respectively.

Our international operations are subject to certain challenges and risks.

While we intend to focus most of our international efforts on growing our existing international markets, we also may expand our international operations in the future. Our ability to manage our business and conduct our operations internationally requires considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal systems, regulatory systems and commercial infrastructures. Our international operations require us to invest significant funds and other resources. International expansion also subjects us to numerous risks, including risks associated with:

- recruiting and retaining talented and capable employees in foreign countries;
- providing products and services across a significant distance, in different languages and among different cultures, including potentially modifying our solutions and features to ensure that they are culturally relevant in different countries;
- compliance with applicable foreign laws and regulations, which, in certain areas such as privacy and data protection, may be more restrictive than U.S. laws and regulations;
- compliance with anti-bribery laws, including without limitation compliance with the Foreign Corrupt Practices Act and the United Kingdom Bribery Act;
- currency exchange rate fluctuations; and
- higher costs of doing business internationally.

If our revenue from our international operations does not exceed the expense of establishing and maintaining these operations, our business and operating results will suffer.

We depend on search engines and job board sites to attract a significant percentage of our members, and if those businesses change their ranking or listings practices, algorithms or increase their pricing, it could impact our ability to attract new members.

Many of our members locate our services through search engines, such as Google and Bing. Search engines typically provide two types of search results, algorithmic and purchased listings, and we rely on both types. Algorithmic listings cannot be purchased and are determined and displayed by a set of formulas designed by the search engine. Search engines revise their algorithms from time to time in an attempt to optimize search result listings. If the search engines on which we rely for algorithmic listings modify their algorithms in a manner that reduces the prominence of our listing, fewer potential members may find and click through to our services. Additionally, our competitors' search engine optimization efforts may result in their services receiving greater prominence in search result listings than ours, which could also reduce the number of potential members that visit our services. We have experienced fluctuations in the prominence of our search result listings in the past and we anticipate fluctuations in the future. In addition, costs for purchased listings on search engines have increased in the past and may continue to increase in the future. Price increases could reduce the number of potential members that visit our services and increase our costs. Any reduction in the number of users directed to our services from search engines would harm our business and operating results.

Job board sites are also an important source of our caregiver acquisition efforts. We derive much of that volume from organic search listings within those job boards. Should those job board aggregators deny our listings within their organic search listings, we would have to find alternative paid sources to acquire caregivers, which would increase our acquisition costs.

We are subject to litigation and other legal proceedings and investigations which could have an adverse effect on our financial condition.

We are, and expect in the future to be, subject to litigation and various legal proceedings and/or government investigations, including litigation, proceedings and/or government investigations related to privacy, advertising, other consumer protection laws, contracts, intellectual property or other matters and that involve claims for substantial amounts of money or for other relief or that might necessitate changes to our business or operations. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves and/or disclose the relevant litigation claims or legal proceedings, as and when required or appropriate. These assessments and estimates are based on information available to management at the time of such assessment or estimation and involve a significant amount of judgment. As a result, actual outcomes or losses could differ materially from those envisioned by our current assessments and estimates. Our failure to successfully defend or settle any of these litigations or legal proceedings could result in liability that, to the extent not covered by our insurance, could have an adverse effect on our business, financial condition and results of operations.

The number of our registered families is significantly higher than the number of our paying families and substantially all of our revenue is derived from our paying families.

The number of registered members in our marketplace is significantly higher than the number of paying families because some families choose to register, but not become paying families, and others become paying families, but choose not to renew their paid memberships. If we are not able to attract new registered families, convert registered families to paying families or retain our paying families for a longer period of time our business may not grow as fast as we expect, which will harm our operating and financial results and may cause our stock price to decline. Therefore, we must provide features and products that demonstrate the value of our marketplace to our members and motivate them to become paying members. If we fail to successfully motivate our members to do so, our business and operating results could be adversely affected.

Our business may be harmed if users view our marketplace as primarily limited to finding full-time caregivers for children.

Our membership growth and engagement rates could be adversely affected if consumers perceive the utility of our marketplace to be limited to finding full-time caregivers for children. Despite the breadth of care needs that can be met through our platform, including after school care, occasional babysitting, senior care, pet care, tutoring and housekeeping, 29% of job postings in fiscal 2017 were for full-time child caregivers. In addition, our convenience payments product, which may be useful to families who employ any type of caregiver part-time or full-time, child care or senior care, is still in the early stages of adoption among our membership base and we cannot be certain what the rate of adoption will be or if enough of our users will find it sufficiently useful for us to continue to support it. If families and caregivers fail to utilize the breadth of the family care and other services available through our marketplace, our membership growth and engagement rates could be negatively impacted, and our business will be harmed.

We may not timely and effectively scale and adapt our existing technology and network infrastructure to ensure that our platform is accessible, and our business is subject to risks of events outside of our control.

Our members access information through our websites and mobile apps. Our reputation and ability to acquire, retain and serve our members depend upon the reliable performance of our websites and mobile apps and the underlying network infrastructure. We have previously experienced, and may experience in the future, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, computer viruses or physical or electronic break-ins, denial of service attacks, capacity constraints and fraud or security violations. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve the availability of our platform, especially during peak usage times and as our solutions become more complex and if our user traffic increases. If our platform is unavailable when users attempt to access it or it does not load as quickly as they expect, users may use other services and may not return to our platform as often in the future, or at all. This would negatively impact our ability to attract users and increase engagement on our website and mobile apps. We expect to continue to make significant investments to maintain and improve the availability of our platform and to enable rapid releases of new features and products. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our infrastructure to accommodate actual and anticipated changes in our business and in our technology, our business and operating results may be harmed.

Substantially all of our communications, network and computer hardware used to operate our online services and mobile applications are located in facilities that we do not own or control. Our systems and operations are also vulnerable to damage or interruption from tornadoes, floods, fires, power losses, telecommunications failures or acts of war. For example, a significant natural disaster, such as a major snowstorm or flood, could have a material adverse impact on our business, operating results and financial condition, and our insurance coverage may be insufficient to compensate us for such losses that may occur. In addition, acts of terrorism could cause disruptions in our business or the economy as a whole.

We have implemented disaster recovery procedures that allow us to move our services to a back-up operating infrastructure in the event of a catastrophe or other event outside of our control. However, these procedures do not yet provide a real time solution. Therefore, if our primary operating infrastructure becomes due to a catastrophe or other events outside of our control, there will be a period of time that our platform will remain unavailable while the transition to a back-up operating infrastructure takes place.

Interruptions or delays in service arising from our third-party vendors could impair the delivery of our service and harm our business.

We rely upon third-party vendors to provide certain services upon which we rely, including data center, communications and networking infrastructure services, credit card and payment processing services, background checking services, in-center and in-home back-up care services, email management and delivery services, customer relationship management services and other services critical to our business. The operation of our product and service offerings could be impaired if the availability of these services is interrupted or limited in any way. We have contractual relationships with these parties but do not have physical control over their daily operations, which increases our vulnerability to problems with the services they provide. If any of these third-party service providers terminates their relationship with us, or does not provide an adequate level of service to our members, it would be disruptive to our business as we seek to replace the service provider or remedy the inadequate level of service.

In addition, these service providers are vulnerable to damage or interruption from tornadoes, floods, fires, power loss, telecommunications failures and similar events. They also are subject to break-ins, sabotage, acts of vandalism, the failure of physical, administrative, and technical security measures, terrorist acts, human error, financial insolvency and other unanticipated problems or events. The occurrence of any of these events could result in interruptions in our service and unauthorized access to, or alteration of, the content and data contained on our systems and the content and data that these third-party vendors store and deliver on our behalf.

We have experienced, and expect in the future to experience, interruptions and delays in service and availability from third party vendors. Any errors, failures, interruptions or delays experienced in connection with third-party technologies and services could negatively impact our relationship with our members, our brand and reputation and our ability to attract, retain and serve our members.

If we or our service providers fail to process payment transactions effectively and accurately or fail to protect against potential fraudulent activities relating to payment transactions, we may incur expenses and suffer reputational harm.

We offer Care.com HomePay, our household employer payroll and tax services through our subsidiary Breedlove. We also offer an electronic payments solution through a third-party payments processor that allows families to make electronic payments to their caregivers through our website and mobile apps. It is possible that we or our service provider may make errors in processing payments or that funds may be misappropriated due to fraud. We may also make errors in calculating and remitting taxes to the Internal Revenue Service and state tax authorities. In addition, the online tax preparation, payroll administration and online payments industries have increasingly been subject to fraudulent activities by third parties. In addition to any direct damages and potential fines we may incur as a result of payment processing errors or fraud relating to our payments products, negative publicity or a loss of confidence regarding these services could harm our business and damage our brand.

We may not be able to compete successfully against current and future competitors.

We are and will continue to be faced with many competitive challenges, any of which could adversely affect our prospects, results of operations and financial condition.

With respect to our consumer matching solutions, we compete for families, caregivers, employers and care-related businesses with traditional offline consumer resources, online job boards and other, online care marketplaces. We also compete for a share of care-related businesses' overall recruiting and advertising budgets with traditional, offline media companies and other Internet marketing providers. Our principal competitors are Craigslist, a ''free to consumer'' website, and Sittercity, Inc., an online care specific marketplace. Our principal competitor in our employer channel is Bright Horizons. In the consumer payments market, Care.com HomePay competes with similar products offered by HomeWork Solutions, Inc. and GTM Payroll Services. In addition, we may in the future be subject to competition from companies that operate other online marketplaces and that decide to expand into the online care market or other established companies that decide to expand into the consumer payments market. These potential competitors may be larger and have more resources than we do, may enjoy substantial competitive advantages, such as greater name recognition, longer operating histories and larger marketing budgets, as well as substantially greater financial, technical and other resources. As a result, these potential competitors may be able to respond more quickly and effectively than we can to new or changing opportunities or technologies.

To compete effectively for members, we must continue to invest significant resources in marketing and in the development of our products and services to enhance their value. To compete effectively for revenue from employers and care-related businesses, we must continue to invest in marketing and in growing our membership. Failure to compete effectively against our current or future competitors could result in loss of current or potential members, which could adversely affect our margins, and prevent us from achieving or maintaining profitability. We cannot assure you that we will be able to compete effectively for members in the future against existing or new competitors, and the failure to do so could result in loss of existing or potential members, reduced membership revenue, increased marketing or selling expenses or diminished brand strength, any of which could harm our business.

We may incur liability or other expenses if caregivers or other users of our services engage in inappropriate, harmful or illegal conduct, or if we do not notify our members of alleged inappropriate or illegal conduct.

Families and caregivers have sought, and may seek in the future, damages from us if a caregiver or family does not meet their expectations or causes them harm. Currently, Care.com is a party to several lawsuits brought by members relating to alleged criminal acts by other members they found through the Care.com site, including acts resulting in death. These types of claims also may be brought under foreign laws. If a decision were rendered against us in a claim of this type, we may incur significant liability and/or negative publicity. Even if these claims do not result in liability to us, they may result in significant investigation or defense costs, as well as negative publicity. In addition, because there is a particularly low tolerance for failure when seeking care for a loved one, any such claims, events or publicity could have a significant adverse effect on our reputation and brand. Any of these results, particularly damages to our brand and reputation, could adversely affect our financial condition, business and operating results.

Our subsidiary Care Concierge provides back-up child and adult care to families by directly assigning caregivers, some of whom are Care Concierge employees, to families in need of temporary care. The caregivers and families involved in these transactions are not required to be members of our consumer matching solutions. To the extent that a caregiver provided through our back-up services does not meet the expectations of a family or causes harm, we may be subject to claims from that family or from the employer that subscribed to this service and offered it as an employee benefit to the family.

From time to time, we become aware of information relating to our members through complaints from other members, publicly available sources or otherwise, which results in the removal of the member from our marketplace. Because of the complex legal and regulatory environment in which our business operates, we generally do not advise other members when we decide to remove a particular member and, when we do advise members that we have removed a member, we generally do not tell them the reason for removal. As a result, a member who hires a caregiver through our platform may not be aware that the caregiver has subsequently been removed from our marketplace or the reason the caregiver was removed, and may seek to make a legal claim against us for failure to notify them of the removal or the reason for the removal. Any such claims, whether or not meritorious, or any claim by a caregiver that he or she should not have been so removed, may be a distraction to management, result in our incurring costs to defend the claim or otherwise harm our business and reputation.

Adverse economic conditions may adversely impact our business.

Our business depends on the overall demand for care. Our prospective members' employment and income impact their demand for care. Increased unemployment or a reduction in labor force participation could reduce the number of dual-income families-a key component of our target market-and therefore the number of families seeking care. In addition, if consumer spending is reduced due to a weak economy, families may decrease spending on care services they believe to be non-essential, such as housekeeping and tutoring, or reduce or eliminate certain activities that typically require the services of our caregivers, such as date nights that require babysitters and vacations that may require pet sitters. As a result, weakened macroeconomic conditions could decrease the traffic on our platform, reduce sales of our products and services and delay adoption of new offerings.

If we require additional funds from outside sources in the future, those funds may not be available on acceptable terms, or at all.

We may require additional funds from outside sources in the future, and we may not be able to obtain those funds on acceptable terms, or at all. If we raise additional funds by issuing equity securities, our stockholders may experience dilution. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any debt or additional equity financing that we raise may contain terms that are not favorable to us or our stockholders.

If we do not have, or are not able to obtain, sufficient outside funds, we may have to delay development of new product offerings. If we are unable to raise adequate funds, we may have to liquidate some or all of our assets, or delay, reduce the scope of or eliminate some or all of our development programs. We also may have to reduce marketing or other resources devoted to our products or cease operations. Any of these actions could harm our operating results.

Our business is subject to a variety of U.S. and foreign laws, some of which are unsettled and still developing and which could subject us to claims or otherwise harm our business.

We are or may be found to be subject to numerous U.S. federal and state, and foreign laws and regulations that affect consumer-based businesses and companies that conduct business on the Internet. The regulatory environment for many of these laws is very unsettled in the United States and internationally, especially as it applies to the products and services we offer and to the operation of our business generally. These may involve user privacy, information security and data protection, use of consumer background information, intellectual property, electronic contracts and other communications, consumer protection, telecommunications, taxation, securities law compliance, and online payment services.

For example, our operations are subject to numerous laws that regulate privacy, information security and data protection, and the use of consumer background information. Certain of these laws provide for civil and criminal penalties for the unauthorized release of, or access to, this protected information or for not adopting processes or procedures for handling reported inaccuracies in this protected information. For example, in the United States we acquire information about our members from consumer credit reporting agencies and other third-party sellers of public data about unique individuals. We use this information in an effort to verify the accuracy of the information members provide about themselves and to further our business objective to maintain a trusted online community for our members. We also facilitate the purchase and sharing of third-party consumer reports and criminal background checks by members at the direction of the individual who is the subject of the report. The Fair Credit Reporting Act, or the FCRA, applies to consumer credit reporting agencies as well as data furnishers and users of consumer reports, as those terms are defined in the FCRA. The FCRA promotes the accuracy, fairness and privacy of information in the files of consumer reporting agencies that engage in the practice of assembling or evaluating information relating to consumers for certain specified purposes, including for employment. The FCRA limits the distribution and use of consumer reports and establishes consumer rights to access and dispute their own credit files, among other rights and obligations. Members who access consumer reports about job applicants via our service expressly agree to follow the FCRA requirements for employers. Violation of the FCRA can result in civil and criminal penalties. The U.S. Federal Trade Commission, the Consumer Financial Protection Bureau, and the State Attorneys' General, acting alone or in cooperation with one another, actively enforce the FCRA as do private litigants. Many states have enacted laws with requirements similar to the FCRA. Some of these laws impose additional, or more stringent, requirements than the FCRA.

Our operations also subject us to numerous state laws related to auto-renewing contracts. Among other things, these laws may require specific notifications to consumers prior to and/or after a consumer agrees to an auto-renewing contract, and may specify the manner in which such notifications are given. We have been, and from time to time may become, subject to legal proceedings and/or government investigations relating to our compliance with state auto-renewing contract laws. Violation of a state auto-renew law could result in civil penalties and in many instances renders the contract unenforceable, which could result in a refund of all fees paid under the contract.

In addition, the payment processing and tax preparation industries are receiving heightened attention from federal and state governments. New legislation, regulation, public policy considerations, litigation by the government or private entities or new interpretations of existing laws may subject us to additional legal or regulatory oversight or obligations, restrict the types of products and services that we can offer or the prices we can charge, or otherwise cause us to change the way we operate our payment processing and tax preparation businesses or offer our payment processing and tax products and services. This in turn may increase our cost of doing business and limit our revenue opportunities. In addition, if our practices are not consistent with current or new interpretations of existing laws, we may become subject to lawsuits, penalties and other liabilities.

Because our services are accessible worldwide, we are also subject to a number of laws and regulations in foreign jurisdictions. Moreover, in some cases, a foreign jurisdiction may claim that we are required to comply with its laws even if we have no local entity, employees or infrastructure in that jurisdiction.

If we are not able to comply with existing or new laws or regulations or if we become liable under these laws or regulations, we could be directly harmed, and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to discontinue certain solutions, which would negatively affect our business, financial condition and results of operations. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm our reputation or otherwise impact the growth of our business. Any costs incurred as a result of this potential liability could harm our business and operating results.

As we develop and sell new products, services and features, we may be subject to additional and unexpected regulations, which could increase our costs or otherwise harm our business.

As we develop and sell new products, services and features to our members, we may become subject to additional laws and regulations, which could create unexpected liabilities for us, cause us to incur additional costs or restrict our operations. For example, we offer our convenience payments product to our members through a third party. If, in the future, we provide this product directly to our members, we would be subject to complex financial regulations. We may also become subject to financial regulations as we develop additional payment and financial solutions for our members. In addition, if we expand our offerings to include more personalized services, we may become subject to various laws and regulations relating to the protection of children, seniors and/or prospective employees.

Our failure to accurately anticipate the application of laws and regulations that governmental organizations or others may claim are applicable to new products and services we may offer, or other failure to comply, could create liability for us, result in adverse publicity or cause us to alter our business practices, which could cause our revenue to decrease, our costs to increase or our business otherwise to be harmed.

We could face liability or other expenses for information on or accessible through our online marketplace, including criminal background check reports.

We offer families the ability to purchase and view through our marketplace criminal background checks of caregivers they are interesting in hiring, subject to the caregivers' consent. We contract with reputable third-party consumer reporting agencies to offer a variety of background checks that range in cost and comprehensiveness. For various reasons, including federal and state law limitations, state and county criminal record reporting system limitations, and human and electronic misstatements or errors, even the most comprehensive background check offered may not disclose the existence of all criminal records in all jurisdictions. Even though we disclose to families that the criminal background checks they purchase and/or view through our marketplace may not be 100% accurate or complete, we are and may continue to be subject to lawsuits alleging that background checks offered through our marketplace failed to accurately disclose the criminal history of a caregiver, which resulted in the family hiring the caregiver and experiencing a loss for which we are responsible. In addition, we are, and in the future may be, subject to government investigations and inquiries into whether we failed to adequately describe or disclose the limitations of background checks offered through our marketplace. Our failure to successfully defend or settle any of these litigations or government proceedings could result in liability that, to the extent not covered by our insurance, could have an adverse effect on our business, financial condition and results of operations.

In addition, a significant portion of the information available through our online marketplace, including job postings, caregiver profiles and photographs, is submitted by families, caregivers and third parties. We also allow care-related businesses and other third parties to advertise their products and services on our websites and include links to third-party websites. We could be exposed to liability with respect to this information. Members could assert that information concerning them on our website contains errors or omissions and/or seek damages from us for losses incurred if they rely upon incorrect information provided by our members, care-related businesses or others. We could also be subject to claims that the persons posting information on our websites do not have the right to post such information or are infringing the rights of third parties, such as copyrights in photographs and privacy and publicity rights. Among other things, we might be subject to claims that by directly or indirectly providing links to websites operated by third parties, we are liable for wrongful actions by the third parties operating those websites. These claims also may be brought under foreign laws that often do not provide the same protections for online services companies as in the United States. We could incur significant costs in investigating and defending against these claims even if they do not result in liability to us.

We also allow families to submit reviews of caregivers. Our terms of use prohibit members from providing inaccurate, misleading, defamatory or false information to us or to any other user of our website and that all opinions expressed must be genuinely held. However, we do not have a regular practice of verifying the accuracy of all member content. There is a risk that a review or other content posted by a member may be considered defamatory or otherwise offensive, objectionable or illegal under applicable law. Therefore, there is a risk that publication on our website of our ratings and reviews may result in a suit against us for defamation, civil rights infringement, negligence, copyright or trademark infringement, invasion of privacy, personal injury, discrimination, or other legal claims. Even if these claims do not result in liability to us, they may result in costly and time-consuming litigation and/or injury to our reputation.

If we are unable to protect our intellectual property rights, our competitive position could be harmed or we could be required to incur significant expenses to enforce our rights.

We rely on a combination of intellectual property rights, including trade secrets, copyrights and trademarks, as well as contractual restrictions, to safeguard our intellectual property. We do not have any patents or pending patent applications. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy our digital content, aspects of our solutions for members, our technology, software, branding and functionality, or obtain and use information that we consider proprietary. Moreover, policing our proprietary rights is difficult and may not always be effective. As we expand internationally, we may need to enforce our rights under the laws of countries that do not protect proprietary rights to as great an extent as do the laws of the United States.

Our digital content is not protected by any registered copyrights or other registered intellectual property. Rather, our digital content is protected by statutory and common law rights, user agreements that limit access to and use of our data and by technological measures. Compliance with use restrictions is difficult to monitor, and our proprietary rights in our digital content databases may be more difficult to enforce than other forms of intellectual property rights.

We hold several registered trademarks in the United States, including ‘‘Care.com’’, which is registered on the principal register. We also hold registered trademarks in the E.U., Germany and Canada. Some of our trade names may not be eligible to receive trademark protection. Trademark protection may also not be available, or sought by us, in every country in which our service may become available. Competitors may adopt service names similar to ours, or purchase our trademarks and confusingly similar terms as keywords in Internet search engine advertising programs, thereby impeding our ability to build brand identity and possibly confusing consumers and caregivers.

We currently hold the ‘‘Care.com’’, ‘‘Betreut.de’’, and ‘‘Breedlove.com’’ Internet domain names and various other domain names. Domain names generally are regulated by Internet regulatory bodies. If we lose the ability to use a domain name in the United States or any other country, we would be forced to incur significant additional expense to market our solutions, including the development of a new brand and the creation of new promotional materials, which could substantially harm our business and operating results. The regulation of domain names in the United States and in foreign countries is subject to change. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we may not be able to acquire or maintain the domain names that utilize the ‘‘Care’’ name or other names we utilize in all of the countries in which we currently intend to conduct business.

In order to protect our trade secrets and other confidential information, we rely in part on confidentiality agreements with our personnel, consultants and third parties with whom we have relationships. These agreements may not effectively prevent disclosure of trade secrets and other confidential information, and may not provide an adequate remedy in the event of misappropriation of trade secrets or any unauthorized disclosure of trade secrets and other confidential information. In addition, others may independently discover trade secrets and confidential information and, in such cases, we could not assert any trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our trade secret rights and related confidentiality and nondisclosure provisions, and failure to obtain or maintain trade secret protection, or our competitors being able to obtain our trade secrets or to independently develop technology similar to ours or competing technologies, could adversely affect our competitive business position.

Assertions by third parties of infringement or other violation by us of their intellectual property rights could result in significant costs and substantially harm our business and operating results.

Internet, technology and social media companies are frequently subject to litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights. Some own large numbers of patents, copyrights, trademarks and trade secrets, which they may use to assert claims against us. We have received in the past and may in the future receive notices asserting that we have infringed, misappropriated or otherwise violated a third party’s intellectual property rights, and as we face increasing competition, the possibility of intellectual property rights claims against us grows. We cannot assure you that we are not infringing or violating any third-party intellectual property rights.

We cannot predict whether assertions of third-party intellectual property rights or any infringement or misappropriation claims arising from such assertions will substantially harm our business and operating results. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. Furthermore, an adverse outcome of a dispute may require us to: pay damages, potentially including treble damages and attorneys’ fees, if we are found to have willfully infringed a party’s patent or copyright rights; cease making, licensing or using solutions that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our solutions; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, content or materials; and to indemnify our partners and other third parties. Royalty or licensing agreements, if required or desirable, may be unavailable on terms acceptable to us, or at all, and may require significant royalty payments and other expenditures. Any of these events could seriously harm our business, operating results and financial condition. In addition, any lawsuits regarding intellectual property rights, regardless of their success, could be expensive to resolve and would divert the time and attention of our management and technical personnel.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired, which would adversely affect our business and our stock price.

Ensuring that we have adequate internal financial and accounting controls and procedures in place to produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be reevaluated frequently.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Our management does not expect that our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company will be detected.

Our revenue may be negatively affected if we are required to charge sales tax or other transaction taxes on all or a portion of our past and future sales in jurisdictions where we are currently not collecting and reporting tax.

We currently only charge and collect sales or other transaction taxes in certain of the jurisdictions where our members reside. A successful assertion by any state, local jurisdiction or country in which we do not charge and collect such taxes that we should be collecting sales or other transaction taxes on the sale of our products or services, or the imposition of new laws requiring the collection of sales or other transaction taxes on the sale of our products or services, could result in substantial tax liabilities related to past sales, create increased administrative burdens or costs, reduce demand for our products or services, decrease our ability to compete if competitors lower their fees to offset the tax but we do not or otherwise substantially harm our business and results of operations.

Changes in our provision for (benefit from) income taxes or adverse outcomes resulting from examination of our income tax returns could adversely affect our results.

Our (benefit from) provision for income taxes is subject to volatility and could be adversely affected by the following:

- changes in the valuation of our deferred tax assets;
- foreign or domestic income tax assessments and any related tax interest or penalties;
- expiration of, or lapses in, the research and development tax credit laws;
- tax effects of nondeductible compensation;
- adjustments to the pricing of intercompany transactions and transfers of intellectual property or other assets;
- changes in accounting principles; or
- changes in tax laws and regulations, including changes in taxation of the services provided by our foreign subsidiaries.

Significant judgment is required to determine the recognition and measurement attributes prescribed in the accounting guidance for uncertainty in income taxes. The accounting guidance for uncertainty in income taxes applies to all income tax positions, including the potential recovery of previously paid taxes, that if settled unfavorably could adversely impact our provision for income taxes or additional paid-in capital. In addition, we are subject to the examination of our income tax returns by the U.S. Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. The outcomes from these examinations might have a material and adverse effect on our operating results and financial condition.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 30, 2017 , we had federal net operating loss carryforwards of $131.3 million and state net operating loss carryforwards of $108.8 million . Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an ‘‘ownership change,’’ the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income and taxes may be limited. In general, an ‘‘ownership change’’ generally occurs if there is a cumulative change in our ownership by ‘‘5-percent shareholders’’ that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We may have experienced an ownership change in the past and may experience ownership changes in the future as a result of future transactions in our stock, some of which may be outside our control. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards, or other pre-change tax attributes, to offset U.S. federal and state taxable income and taxes may be subject to significant limitations.

Our international operations subject us to potentially adverse tax consequences.

We generally conduct our international operations through wholly owned subsidiaries and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

Comprehensive tax reform bills could adversely affect our business and financial condition.

The U.S. government recently enacted comprehensive federal income tax legislation that includes significant changes to the taxation of business entities. These changes include, among others, (i) a permanent reduction to the corporate income tax rate, (ii) a partial limitation on the deductibility of business interest expense, (iii) a shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a territorial system (along with certain rules designed to prevent erosion of the U.S. income tax base) and (iv) a one-time tax on accumulated offshore earnings held in cash and illiquid assets, with the latter taxed at a lower rate. Notwithstanding the reduction in the corporate income tax rate, the overall impact of this tax reform is uncertain, and our business and financial condition could be adversely affected. In addition, the recently-enacted legislation could create additional operational cost for our Care.com HomePay service and/or adversely affect the tax position of caregivers, which may negatively impact our revenue from that service. This Annual Report on Form 10-K does not discuss any such tax legislation or the manner in which it might affect purchasers of our common stock. We urge our stockholders to consult with their legal and tax advisors with respect to any such legislation and the potential tax consequences of investing in our common stock.

We may not be able to successfully prevent others, including copycat websites and mobile apps, from misappropriating our content in the future.

From time to time, third parties have attempted to misappropriate our content through website scraping, search robots or other means. We have deployed several technologies designed to detect and prevent such efforts. However, we may not be able to successfully detect and prevent all such efforts in a timely manner or assure that no misuse of our content occurs.

In addition, third parties operating ''copycat'' websites have attempted to imitate our brand or the functionality of our service. When we have become aware of such efforts by other companies, we have employed technological or legal measures in an attempt to halt their operations. However, we may not be able to detect all such efforts in a timely manner, or at all, and even if we could, the technological and legal measures available to us may be insufficient to stop their operations. In some cases, particularly in the case of companies operating outside of the United States, our available remedies may not be adequate to protect us against the damage to our business caused by such websites or mobile apps. Regardless of whether we can successfully enforce our rights against the operation of these third parties, any measures that we may take could require us to expend significant financial or other resources and have a significantly adverse effect on our brand.

Some of our solutions contain open-source software, which may pose particular risks to our proprietary software and solutions.

We use open-source software in our solutions and will use open source software in the future. From time to time, we may face claims from third parties claiming ownership of, or demanding release of, the open source software and/or derivative works that we developed using such software (which could include our proprietary source code), or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to purchase a costly license or cease offering the implicated solutions unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. Any of these risks could be difficult to eliminate or manage and, if not addressed, could have a negative effect on our business and operating results.

We are an ''emerging growth company,'' and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an ''emerging growth company,'' as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of our initial public offering, (b) in which we have total annual gross revenue of at least $1.07 billion, or (c) in which we become a large accelerated filer and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, reduced disclosure obligations regarding executive compensation and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In this Annual Report on Form 10-K, we have not included all of the executive compensation-related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. We will no longer be an "emerging growth company," as defined by the JOBS Act as of December 28, 2019 or the earlier if any of the criteria above are met. If any of the above criteria are met, we may not be permitted to rely on any of the exemptions for emerging growth companies in our Annual Report on Form 10-K for the 2018 fiscal year.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we are subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. We have and will continue to incur increased costs as a result of operating as a public company, and our management has and will continue to be required to devote substantial time to new compliance initiatives and corporate governance practices.

As a public company, and particularly after we are no longer an ‘‘emerging growth company,’’ we have and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The New York Stock Exchange and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel have devoted and will continue to need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased and will continue to increase our legal and financial compliance costs and make some activities more time-consuming and costly.

We are continually evaluating these rules and regulations and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

The results of the United Kingdom’s referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.

On June 23, 2016, the United Kingdom (the “U.K.”) held a referendum in which voters approved an exit from the European Union (the “E.U.”), commonly referred to as “Brexit.” As a result of the referendum, the British government has begun negotiating the terms of the U.K.’s withdrawal from the E.U. A withdrawal could, among other outcomes, disrupt the free movement of goods, services and people between the U.K. and the E.U., undermine bilateral cooperation in key policy areas and significantly disrupt trade between the U.K. and the E.U. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which E.U. laws to replace or replicate. Given the lack of comparable precedent, it is unclear what financial, trade and legal implications the withdrawal of the U.K. from the E.U. would have and how such withdrawal would affect us.

The announcement of Brexit caused significant volatility in global stock markets and currency exchange rate fluctuations that resulted in the strengthening of the U.S. dollar against foreign currencies in which we conduct business. The strengthening of the U.S. dollar relative to other currencies may adversely affect our operating results. The announcement of Brexit and the withdrawal of the U.K. from the E.U. have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Such global economic uncertainty may cause our customers to closely monitor their costs and reduce their spending budgets. Any of these effects of Brexit, among others, could adversely affect our business, financial condition, operating results and cash flows.

Risks Related to Ownership of Our Common Stock

Our stock price may be volatile, and the value of an investment in our common stock may decline.

Shares of our common stock were sold in our initial public offering in January 2014 at a price of $17.00 per share and, from the date our common stock first traded on the New York Stock Exchange through February 21, 2018 our common stock has subsequently traded as high as $29.25 and as low as $4.89. The market price of our common stock could be subject to significant fluctuations in response to various factors, some of which are beyond our control. In addition to the factors discussed in this ‘‘Risk Factors’’ section and elsewhere in this Annual Report on Form 10-K, these factors include:

- our operating performance and the operating performance of similar companies;
- the overall performance of the equity markets;
- the number of shares of our common stock publicly owned and available for trading;
- threatened or actual litigation;
- changes in laws or regulations relating to our solutions;

- any major change in our board of directors or management;
- publication of research reports about us or our industry or changes in recommendations or withdrawal of research coverage by securities analysts;
- large volumes of sales of shares of our common stock by existing stockholders; and
- general political and economic conditions.

In addition, the stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of listed companies. Broad market and industry factors may seriously affect the market price of companies' stock, including ours, regardless of actual operating performance. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. This litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources and harm our business, operating results and financial condition.

If securities or industry analysts publish inaccurate or unfavorable research about our business, cease coverage of our company or make projections that exceed our actual results, our stock price and trading volume could decline.

The trading market for our common stock is and will be influenced by the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

Furthermore, such analysts publish their own projections regarding our actual results. These projections may vary widely from one another and may not accurately predict the results we actually achieve. Our stock price may decline if we fail to meet securities and industry analysts' projections.

Our management has broad discretion over our existing cash resources and might not use such funds in ways that increase the value of your investment.

Our management generally has broad discretion over the use of our cash resources, and you will be relying on the judgment of our management regarding the application of these resources. Our management might not apply these resources in ways that increase the value of your investment.

Concentration of ownership among our officers, directors, large stockholders and their affiliates may prevent new investors, from influencing corporate decisions.

Our officers, directors and their affiliated funds and certain of our pre-IPO stockholders beneficially own or control, directly or indirectly, a substantial percentage of the outstanding shares of our common stock. As a result, if some of these persons or entities act together, they will have significant influence over the outcome of matters submitted to our stockholders for approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or its assets. This concentration of ownership could limit the ability of other stockholders to influence corporate matters and may have the effect of delaying or preventing an acquisition or cause the market price of our stock to decline. Some of these persons or entities may have interests different from yours. For example, because some of these stockholders purchased their shares at prices substantially below the price at which shares are currently being sold to the public and have held their shares for a relatively longer period, they may be more interested in selling the company to an acquirer than other investors or may want us to pursue strategies that are different from the wishes of other investors.

We do not intend to pay dividends for the foreseeable future.

We never have declared or paid any cash dividends on our capital stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain any future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their shares of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Anti-takeover provisions contained in our certificate of incorporation and by-laws, as well as provisions of Delaware law, could impair a takeover attempt.

Our certificate of incorporation, by-laws and Delaware law contain provisions that could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by our board of directors. Our corporate governance documents include provisions:

- authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings and to take action by written consent in lieu of a meeting;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors;
- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings;
- providing our board of directors with the express power to postpone previously scheduled annual meetings and to cancel previously scheduled special meetings;
- establishing a classified board of directors so that not all members of our board are elected at one time;
- limiting the determination of the number of directors on our board of directors and the filling of vacancies or newly created seats on the board to our board of directors then in office; and
- providing that directors may be removed by stockholders only for cause.

These provisions, alone or together, could delay hostile takeovers and changes in control of our company or changes in our management.

Risks Related to Our Series A Preferred Stock

The issuance of shares of our Series A Preferred Stock to CapitalG LP reduces the relative voting power of holders of our common stock, dilutes the ownership of such holders, may adversely affect the market price of our common stock and could discourage a change in control of our company.

On June 29, 2016, we completed the sale of shares of our Series A Preferred Stock to CapitalG LP (“CapitalG”) for an aggregate purchase price of $46.35 million pursuant to an Investment Agreement, dated June 29, 2016, between us and CapitalG (the “Investment Agreement”). As of June 29, 2016, these shares represented approximately 13.7% of our outstanding common stock, on an as-converted basis. Holders of Series A Preferred Stock are entitled to a cumulative dividend at the rate of 5.5% per annum, payable semi-annually in arrears. The dividends are to be paid in-kind over a seven-year period.

As holders of our Series A Preferred Stock are entitled to vote on an as-converted basis together with holders of our common stock on all matters submitted to a vote of the holders of our common stock, the issuance of the Series A Preferred Stock to CapitalG, and the subsequent payment of in-kind dividends, effectively reduces the relative voting power of the holders of our common stock, though the impact of the share issuance and subsequent dividends is mitigated by the Company’s repurchase of 3.7 million shares of common stock held by Matrix Partners immediately after the closing of the CapitalG transaction.

In addition, the conversion of the Series A Preferred Stock to common stock would dilute the ownership interest of existing holders of our common stock, and any sales in the public market of the common stock issuable upon conversion of the Series A Preferred Stock could adversely affect prevailing market prices of our common stock. We granted CapitalG customary registration rights in respect of any shares of common stock issued upon conversion of the Series A Preferred Stock. These registration rights would facilitate the resale of such securities into the public market, and any such resale would increase the number of shares of our common stock available for public trading. Sales by CapitalG, or transferees of our Series A Preferred Stock, of a substantial number of shares of our common stock in the public market, or the perception that such sales might occur, could have a material adverse effect on the price of our common stock.

CapitalG is owned by Alphabet Inc., a multinational conglomerate whose portfolio encompasses several industries and includes numerous companies including Google LLC It is possible that CapitalG’s affiliation with companies such as Google LLC. may deter other companies from exploring acquisition opportunities of the company, particularly if those potential acquirers view Google LLC or other companies affiliated with CapitalG as competitors.

CapitalG may exercise influence over us, including through their ability to designate and the ability of the Series A Preferred Stock holders to elect a member of our Board of Directors, and their interests may not always be aligned with the holders of our common stock.

As of December 30, 2017 , CapitalG is the beneficial owner of approximately 13.6% of our outstanding common stock, on an as converted basis, making CapitalG our largest stockholder. Moreover, the ongoing payment of in-kind dividends to CapitalG is expected to increase the company's ownership interest in our company. CapitalG is in the business of making investments in companies, including businesses that may directly or indirectly compete with certain portions of our business, and they may have interests that diverge from, or even conflict with, those of our other stockholders.

In addition, pursuant to the terms of the Investment Agreement and the Series A Preferred Stock, for so long as CapitalG or its affiliates beneficially own at least 50% of the shares of Series A Preferred Stock purchased from us pursuant to the Investment Agreement, the holders of Series A Preferred Stock shall have the right to elect one director to our board, with CapitalG having the right to designate the nominee for such position. Notwithstanding the fact that all directors will be subject to fiduciary duties to us and to applicable law, the interests of the director designated by CapitalG may differ from the interests of our stockholders as a whole or of our other directors.

Our Series A Preferred Stock has rights, preferences and privileges that are not held by, and are preferential to, the rights of our common stockholders, which could adversely affect our liquidity and financial condition, and may result in the interests of CapitalG or other holders of Series A Preferred Stock differing from those of our common stockholders.

The Series A Preferred Stock ranks senior to our common stock with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company.

The holders of our Series A Preferred Stock also have certain redemption rights or put rights, including the right to require us to repurchase the Series A Preferred Stock on any date after June 29, 2023, at 100% of the Liquidation Preference thereof plus all Accrued but Unpaid Dividends, and the right to require us to repurchase the Series A Preferred Stock upon certain change of control events at 150% of the then current Liquidation Preference plus all Accrued but Unpaid Dividends.

These preferential rights could result in divergent interests between CapitalG or other holders of our Series A Preferred Stock and holders of our common stock. Moreover, the repurchase obligations could impact our liquidity and reduce the amount of cash flows available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holders of Series A Preferred Stock could also limit our ability to obtain additional financing or increase our borrowing costs, which could have an adverse effect on our financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease approximately 108,700 square feet of space in our headquarters in Waltham, Massachusetts under leases that expire in January 2025. Of such space, we sublet approximately 10,400 square feet in April 2016, and we ceased use of 25,812 square feet of the same facility in August 2017. We also lease approximately 20,000 square feet of space in Austin, Texas, approximately 19,000 square feet of space in Berlin, Germany and have insignificant rental spaces in various other locations in the United States and Europe. We believe our current and planned office facilities are generally suitable to meet our needs for the foreseeable future. However, we will seek additional space as needed to satisfy our growth.

ITEM 3. LEGAL PROCEEDINGS

From time to time we are involved in legal proceedings arising in the ordinary course of our business. Please refer to Note 6, "Legal Matters" in the Notes to the Consolidated Financial Statements for more information. Regardless of the outcome, legal proceedings can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock began trading on the New York Stock Exchange under the symbol "CRCM" on January 24, 2014. The following table sets forth the high and low sales prices per share for our Common Stock on the New York Stock Exchange for the indicated periods.

	Fiscal 2017		Fiscal 2016	
	High	Low	High	Low
First Quarter	$ 12.97	$ 8.05	$ 7.46	$ 4.90
Second Quarter	$ 16.07	$ 11.26	$ 9.49	$ 5.78
Third Quarter	$ 16.50	$ 12.80	$ 12.00	$ 8.11
Fourth Quarter	$ 20.88	$ 14.37	$ 10.45	$ 7.51

Holders

As of February 21, 2018 there were 32 holders of record of shares of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

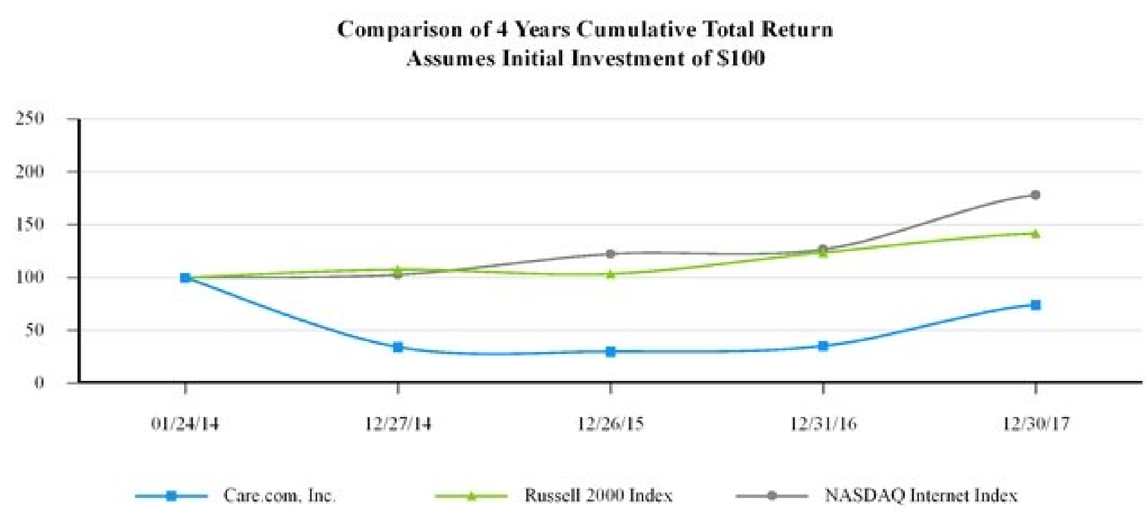
Dividend Policy

There were no cash dividends paid on any of our classes of equity during the past three fiscal years. Our board of directors does not currently intend to pay regular dividends on our common stock. We anticipate that we will retain any future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Our Series A Redeemable Convertible Preferred Stock ranks senior to the shares of our common stock with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the company.

Performance Graph

The following performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the Securities Exchange Commission nor shall any such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

The following graph compares the cumulative total return of our common stock during the period commencing January 24, 2014 (the date our common stock began trading on the NYSE) to December 30, 2017 , with the Russell 2000 Index and the NASDAQ Internet Index. The graph depicts the results of investing $100 in our common stock, the Russell 2000 Index and the NASDAQ Internet Index at closing prices on January 24, 2014 and assumes, with respect to the Russell 2000 Index and the NASDAQ Internet Index, that all dividends were reinvested. We did not declare or pay any cash dividends on our stock. Such returns are based on historical results and are not intended to suggest future performance.



ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following selected historical consolidated financial data below should be read in conjunction with Item 7, ‘‘Management’s Discussion and Analysis of Financial Condition and Results of Operations,’’ our consolidated financial statements, the related notes appearing in Item 8 “Consolidated Financial Statements and Supporting Data” of this Annual Report on Form 10-K to fully understand factors that may affect the comparability of the information presented below. The selected consolidated financial data in this section are not intended to replace the consolidated financial statements and are qualified in their entirety by the consolidated financial statements and related notes included in this Annual Report on Form 10-K.

The consolidated statements of operations for the fiscal years ended and as of December 30, 2017 , December 31, 2016 , and December 26, 2015 , and the consolidated balance sheets as of December 30, 2017 and December 31, 2016 , are derived from our audited consolidated financial statements appearing in Item 8 “Consolidated Financial Statements and Supplementary Data” of this Annual Report on Form 10-K. The selected statements of operations data for fiscals 2014 and 2013, and selected balance sheet data for fiscal 2015, 2014, and 2013, are derived from our audited consolidated financial statements not included in this report. In addition, during the fourth quarter of fiscal 2015 we substantially completed our plan to exit the Citrus Lane business, and during the fourth quarter of fiscal 2016, we completed the exit of this business. As such, all assets, liabilities, and results of operations have been reclassified to discontinued operations for all periods presented. See Note 3, “Discontinued Operations” in the Notes to Consolidated Financial Statements for more information.

Our historical results are not necessarily indicative of the results to be expected in the future (in thousands, except per share data and revenue per paying family and caregiver):

	Fiscal Year Ended				
	December 30, 2017	**December 31, 2016**	**December 26, 2015**	**December 27, 2014 (1)**	**December 28, 2013**
Revenue	$ 174,090	$ 161,754	$ 138,681	$ 110,712	$ 81,487
Cost of revenue	35,773	31,830	26,117	23,464	18,844
Operating expenses:					
Selling and marketing	66,906	72,266	73,521	73,799	55,250
Research and development	25,423	20,402	19,801	16,216	11,816
General and administrative	35,214	31,939	30,158	27,325	18,841
Depreciation and amortization	1,684	2,972	4,503	4,363	4,387
Restructuring charges	3,136	714	—	—	—
Total operating expenses	132,363	128,293	127,983	121,703	90,294
Operating income (loss)	5,954	1,631	(15,419)	(34,455)	(27,651)
Other income (expense), net	2,203	(1,064)	(1,239)	(3,856)	(291)
Income (loss) from continuing operations before income taxes	8,157	567	(16,658)	(38,311)	(27,942)
(Benefit from) provision for income taxes	(2,506)	1,282	1,221	(752)	354
Income (loss) from continuing operations	10,663	(715)	(17,879)	(37,559)	(28,296)
Income (loss) from discontinued operations, net of tax	—	7,761	(17,116)	(42,733)	—
Net income (loss)	10,663	7,046	(34,995)	(80,292)	(28,296)
Accretion of preferred stock	—	—	—	(4)	(57)
Accretion of Series A Redeemable Convertible Preferred Stock dividends	(2,599)	(1,310)	—	—	—
Accretion of Series A Redeemable Convertible Preferred Stock issuance costs	—	(2,124)	—	—	—

	Fiscal Year Ended				
	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014 (1)	December 28, 2013
Net income attributable to Series A Redeemable Convertible Preferred Stock	(1,120)	(467)	—	—	—
Net income (loss) attributable to common stockholders	$ 6,944	$ 3,145	$ (34,995)	$ (80,296)	$ (28,353)
Net income (loss) per share attributable to common stockholders (Basic):					
Income (loss) per share from continuing operations attributable to common stockholders	$ 0.23	$ (0.12)	$ (0.56)	$ (1.30)	$ (9.45)
Income (loss) per share from discontinued operations attributable to common stockholders	—	$ 0.22	$ (0.53)	(1.47)	—
Net income (loss) per share attributable to common stockholders	$ 0.23	$ 0.10	$ (1.09)	$ (2.77)	$ (9.45)
Net income (loss) per share attributable to common stockholders (Diluted):					
Income (loss) per share from continuing operations attributable to common stockholders	$ 0.22	$ (0.12)	$ (0.56)	$ (1.30)	$ (9.45)
Income (loss) per share from discontinued operations attributable to common stockholders	—	0.22	(0.53)	(1.47)	—
Net income (loss) per share attributable to common stockholders	$ 0.22	$ 0.10	$ (1.09)	$ (2.77)	$ (9.45)
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:					
Basic	29,680	30,535	32,001	28,941	3,000
Diluted	32,406	30,535	32,001	28,941	3,000

(1) The results of operations for Citrus Lane, Inc. have been included in our consolidated financial statements since the date of acquisition on July 17, 2014 and are presented within discontinued operations.

Other Financial and Operational Data:					
Adjusted EBITDA (2)	$ 23,302	$ 13,402	$ (5,032)	$ (21,106)	$ (17,199)
Total members	27,312	22,826	18,377	13,788	9,744
Total families	15,510	12,900	10,265	7,612	5,281
Total caregivers	11,802	9,926	8,112	6,176	4,463

(2) Adjusted EBITDA is a non-GAAP measure. We define adjusted EBITDA as income (loss) from continuing operations, which excludes the accretion of preferred stock dividends and issuance costs, as well as: federal, state and franchise taxes, other income (expense), net, depreciation and amortization, stock-based compensation, accretion of contingent consideration, merger and acquisition related costs, and other unusual or non-cash significant adjustments, such as impairment and restructuring charges. Adjusted EBITDA eliminates the effects of financing, income taxes and the accounting effects of capital spending, which is based on the Company's estimate of the useful life of tangible and intangible assets. Please see ''Adjusted EBITDA'' below for more information and for a reconciliation of adjusted EBITDA to net income (loss) from continuing operations, the most directly comparable financial measure calculated and presented in accordance with U.S. generally accepted accounting principles, or GAAP.

Stock-based compensation included in the statements of operations data above was as follows (in thousands):

	Fiscal Year Ended				
	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014 [(1)]	December 28, 2013
Cost of revenue	$ 396	$ 316	$ 236	$ 156	$ 161
Selling and marketing	1,216	898	813	582	348
Research and development	1,771	1,103	760	437	356
General and administrative	6,310	4,153	3,116	2,704	997
Income (loss) from discontinued operations	—	14	589	1,926	—
Total	$ 9,693	$ 6,484	$ 5,514	$ 5,805	$ 1,862

(1) The results of operations for Citrus Lane, Inc. have been included in our consolidated financial statements since the date of acquisition on July 17, 2014 and are presented within discontinued operations.

	As of				
	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 86,728	$ 61,094	$ 61,240	$ 71,881	$ 29,959
Working capital	79,651	56,959	24,060	43,834	13,201
Total assets	184,376	155,224	142,478	173,104	113,829
Total deferred revenue	18,626	15,971	13,435	11,472	8,304
Total non-current liabilities	7,071	9,363	7,306	12,828	7,063
Series A Redeemable Convertible Preferred Stock	50,259	47,660	—	—	—
Redeemable convertible preferred stock	—	—	—	—	152,194
Total stockholders' equity (deficit)	89,461	66,949	88,252	118,050	(68,306)

Adjusted EBITDA

To provide investors with additional information regarding our financial results, we have disclosed in the table above and within this Annual Report on Form 10-K adjusted EBITDA, a non-GAAP financial measure. The table below represents a reconciliation of adjusted EBITDA to net income (loss) from continuing operations, the most directly comparable GAAP financial measure.

We have included adjusted EBITDA in this Annual Report on Form 10-K because it is a key measure used by our management and board of directors to understand and evaluate our consolidated operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating adjusted EBITDA can provide a useful measure for period-to-period comparisons of our business.

Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Our use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- adjusted EBITDA does not reflect discontinued operations;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

• adjusted EBITDA does not consider the potentially dilutive impact of equity-based compensation;

• adjusted EBITDA does not include accretion of Series A Redeemable Convertible Preferred Stock dividends, issuance costs, and income attributable to the Series A Redeemable Convertible Preferred Stock;

• adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and

• other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net loss, and our other GAAP results. The following table presents a reconciliation of adjusted EBITDA for each of the periods indicated (in thousands):

	Fiscal Year Ended		
	December 30, 2017	**December 31, 2016**	**December 26, 2015**
Net income (loss) from continuing operations	$ 10,663	$ (715)	$ (17,879)
Federal, state and franchise taxes	(2,228)	1,619	1,411
Other (income) expense, net	(2,203)	1,064	1,239
Depreciation and amortization	2,240	3,722	5,218
EBITDA	8,472	5,690	(10,011)
Stock-based compensation	9,693	6,470	4,926
Merger and acquisition related costs	407	128	53
Restructuring related costs	3,136	714	—
Litigation related costs	636	400	—
Software implementation costs	471	—	—
Severance related costs	487	—	—
Adjusted EBITDA	$ 23,302	$ 13,402	$ (5,032)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes thereto included in Item 8 "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. In addition to historical information, this discussion contains forward-looking statements that involve risks and uncertainties. You should read Item 1A "Risk Factors" of this report for a discussion of important factors that could cause actual results to differ materially from our expectations.

Overview

We are the world's largest online marketplace for finding and managing family care. We have 27.3 million members, including 15.5 million families and 11.8 million caregivers, spanning more than 20 countries. We help families address their particular lifecycle of care needs, which includes child care, senior care, special needs care and other non-medical family care needs such as pet care, tutoring and housekeeping. In the process, we also help caregivers find rewarding full-time and part-time employment opportunities.

Our consumer matching solutions allow families to search for, qualify, vet, connect with and ultimately select caregivers in a low-cost, reliable and easy way. We also provide caregivers with solutions to create personal profiles, describe their unique skills and experience, and otherwise differentiate and market themselves in a highly fragmented marketplace.

In addition to our consumer matching solutions, we offer our members innovative products and services to facilitate their interaction with caregivers. We provide solutions intended to improve both the ease and reliability of the care relationship in the home. One product area we are particularly focused on is payments solutions. Through Care.com HomePay, families can subscribe to payroll and tax preparation services for domestic employees. This offering deepens our relationship with our members and could enhance the lifetime value associated with each member.

We also serve employers by providing access to certain of our products and services to employer-sponsored families. In addition, we serve care-related businesses—such as day care centers, nanny agencies and home care agencies—who wish to market their services to our care-seeking families and recruit our caregiver members. These businesses improve our member experience by providing additional caregiving choices for families and employment opportunities for caregivers.

In July 2014, we completed our Citrus Lane acquisition, adding social commerce capabilities to our platform, including the sales of curated products designed for families. Citrus Lane generates revenue through the sale of subscriptions and other products to customers in the United States. During the second half of fiscal 2015, we made the decision to exit the Citrus Lane business, and during the fourth quarter of fiscal 2016, we completed the exit of this business. As a result, all operations have been presented in discontinued operations.

We have experienced steady growth in revenue and members. Our members increased to 27.3 million as of December 30, 2017 from 22.8 million as of December 31, 2016 , representing a 20% annual growth rate. Our revenue has increased to $174.1 million for the fiscal year ended December 30, 2017 from $161.8 million for the fiscal year ended December 31, 2016 . We experienced net income from continuing operations of $10.7 million in fiscal 2017 and a net loss from continuing operations of $0.7 million in fiscal 2016 . We completed the closure of the Citrus Lane business in the fourth quarter of fiscal 2016, and we had no income or losses from discontinued operations in fiscal 2017 . In comparison, we had net income from discontinued operations of $7.8 million in fiscal 2016 due to a settlement agreement completed in the first quarter of fiscal 2016. Refer to Note 3.

Key Business Metrics

In addition to traditional financial and operational metrics, we use the following business metrics to monitor and evaluate results (in thousands, except monthly average revenue per paying family - U.S. Consumer Business):

	Fiscal Year Ended		
	December 30, 2017	**December 31, 2016**	**December 26, 2015**
Total members	27,312	22,826	18,377
Total families	15,510	12,900	10,265
Total caregivers	11,802	9,926	8,112
Paying families - U.S. Consumer Business	302	274	266
Monthly average revenue per paying family - U.S. Consumer Business	$ 40	$ 40	$ 39

Total Members. We define total members as the sum of paying families, non-paying families, and caregivers worldwide who have registered through our websites and mobile apps since the launch of our marketplace in 2007. Total members also includes subscribers of our Care.com HomePay service. We believe this metric is significant to our business because it represents the universe of families and caregivers who are more likely than the general population to drive revenue because our members are more familiar with our brand and the services we offer and are interested in enough in them to have registered. Our total members increased 20% and 24% during the fiscal years ended December 30, 2017 and December 31, 2016 , respectively, compared to the corresponding period in the prior fiscal year.

Total Families. We define total families as the number of paying and non-paying families who have registered through our websites and mobile apps since the launch of our marketplace in 2007, as well as subscribers of our Care.com HomePay. Our total families increased 20% and 26% during the fiscal years ended December 30, 2017 and December 31, 2016 , respectively, compared to the corresponding period in the prior fiscal year.

Total Caregivers. We define total caregivers as the number of paying and non-paying caregivers who have registered through our websites and mobile apps since the launch of our marketplace in 2007. Our total caregivers increased 19% and 22% during the fiscal years ended December 30, 2017 and December 31, 2016 , respectively, compared to the corresponding period in the prior fiscal year.

Paying Families - U.S. Consumer Business . We define paying families - U.S. Consumer Business as the number of families located in the United States who have registered through our U.S.-based websites and mobile apps and who are paying subscribers of our U.S.-based matching services or our Care.com HomePay services as of the end of the fiscal period. The number of paying families in our U.S. Consumer Business increased 10% and 3% as fiscal year ends December 30, 2017 and December 31, 2016 , respectively, compared to the corresponding period in the prior fiscal year.

Monthly Average Revenue per Paying Family - U.S. Consumer Business . We define monthly average revenue per paying family, or ARPPF, for our U.S. Consumer Business as total U.S. Consumer Business revenue, including revenue from subscriptions and products, divided by the average number of paying families of our U.S.-based matching services and Care.com HomePay services in a given fiscal period, expressed on a monthly basis. We believe ARPPF is significant to our business because it represents how successful we have been at monetizing the subset of members who we have converted into paying families. The numerator of this metric includes revenue that comes from caregivers in addition to revenue that comes from families - while the denominator includes only paying families. We believe this is the most meaningful presentation because we do not consider the caregiver component of our business to be separate and distinct; rather, we believe revenue generated from caregivers is a byproduct of the families that have registered on our site. Our U.S. Consumer Business ARPPF remained constant and increased 3% during the fiscal years ended December 30, 2017 and December 31, 2016 , respectively, compared to the corresponding period in the prior fiscal year.

Factors and Trends of Our Business

We believe that our performance and future success depend upon a number of factors, including our ability to continue to expand our member base, convert basic members to paying families, introduce innovative new products and enhance existing offerings and our infrastructure. Each of these areas presents significant opportunities for us, but also poses significant risks and challenges that we must successfully address. See the section titled ‘‘Risk Factors’’ for a further discussion on these and other risks to our business.

Lifetime Revenue. Our revenue is impacted by a number of factors, including the pricing and mix of our monthly, quarterly and annual subscriptions, our ability to cross-sell our suite of products and services and the total length of time a paying family subscribes to the various solutions we offer, which we refer to as length of paid time. This includes both initial and reuse subscription periods, which we define as the duration of subscriptions by the same paying family, which may not necessarily occur consecutively with the paying family's initial subscription. Based on historical data, we estimate that the average total length of paid time for a U.S. Consumer Business paying family is 14.0 months, measured over a seven year period. During fiscal 2017 , our U.S. Consumer Business ARPPF was $40 .

Customer Acquisition Costs. We expect to continue to make significant investments to grow our member and enterprise customer bases. Our average cost of acquisition per member and the number of new members we generate depends on a number of factors, including the effectiveness of our marketing campaigns, changes in cost of media, the mix of our media expenditures between television and search advertising, the competitive environment in our markets and publicity about our company. In addition, an increasing percentage of our paying families has come from word-of-mouth referrals, search engine optimization and reuse, reducing our overall per-member customer acquisition cost. Currently, a majority of our marketing expenditures is spent on attracting paying families for our U.S. Consumer Business, and in fiscal 2017 , we spent an average of $99 per new subscription. These expenditures included television advertising, search advertising and all other direct marketing expenses.

Impact of Seasonal Demands. We generally experience some seasonality fluctuations in our financial results due to a heightened demand for caregivers at the beginning of a school year and at the beginning of a calendar year. Accordingly, purchases of subscriptions for our consumer matching solutions generally increase in the first and third quarters compared to the second and fourth quarters. Revenue recognition associated with these subscriptions is recognized on a ratable basis over the subscription term, which could result in cash collection and revenue recognition occurring in different fiscal quarters.

Acquisitions. As part of our ongoing growth strategy, we have completed a number of acquisitions since July 2012. Our growth since this time has been significantly affected by these acquisitions. In general, we pursue acquisitions for several reasons, such as acquiring additional products which enhance the user experience of our services and complement our existing business. Our balance sheet includes goodwill of $60.3 million and intangible assets of $1.1 million related to various prior acquisitions. We perform our annual goodwill impairment test annually as of the first day of our fiscal fourth quarter, or more frequently if certain events or circumstances warrant. Events or changes in circumstances that might indicate potential impairment in goodwill include the specific factors described in the Risk Factors section of this Annual Report on Form 10-K, including a decline in stock price and market capitalization, slower growth rates in our industry or our own operations, and/or other materially adverse events that have implications on the profitability of our business.

During fiscal 2014 in connection with our annual impairment analysis we recorded $36.2 million of impairment charges related to goodwill and intangible assets from our acquisition of Citrus Lane. Additionally, during the second half of fiscal 2015, we determined that we should consider the advisability of a sale or wind-down of the Citrus Lane business. As a result of this determination, we concluded that indicators of impairment existed in the Citrus Lane business and performed an analysis of whether any material impairment charges would be required. As a result of this analysis we recorded $9.7 million of impairment charges related to goodwill and intangible assets. Both of these charges are included within discontinued operations on our Consolidated Statements of Operations. Management continues to evaluate and monitor all key factors impacting the carrying value of our recorded goodwill, as well as other long lived assets. Adverse changes in our expected operating results, market capitalization, business climate, or other negative events could result in a material non-cash impairment charge in the future.

Financial Operations Overview

Revenue

We generate revenue primarily through (a) subscription fees to our suite of products and services, which enable families to manage their diverse and evolving care needs and caregivers to describe their unique skills and experience, and otherwise differentiate and market themselves in a highly fragmented marketplace; and (b) annual contracts with corporate employers - providing access to our suite of products and services as an employee benefit and through contractual obligations with businesses so they can recruit employees and advertise their business profiles on our platform. The majority of our revenue earned is recognized on a ratable basis over the period the service is provided, with the exception of revenue from background checks, which is recognized when the services are delivered to the end customer.

The following are our sources of revenue:

U.S. Consumer Business

Our U.S. Consumer Business consists of our U.S. matching solutions and our payments solutions.

Our U.S. matching solutions provide families access to job posting features, search features, caregiver profiles and content and are offered directly to consumers. Access to this platform is free of charge for basic members. Paying family members pay a monthly, quarterly or annual subscription fee to connect directly with caregivers and to utilize enhanced tools such as third-party background checks. Paying caregiver members pay a subscription fee for priority notification of jobs, messaging services and to perform third-party background checks on themselves. Subscription payments are received from all paying members at the time of sign-up and are recognized on a daily basis over the subscription term as the services are delivered once the revenue recognition criteria are met (see ‘‘Critical Accounting Policies and Estimates’’ for a description of the revenue recognition criteria).

Our payments solutions provide families several options to manage their financial relationship with their caregiver through the use of household employer payroll and tax services. Revenue related to Care.com HomePay, our household payroll and tax service, is primarily generated through quarterly subscriptions and recognized on a daily ratable basis over the period the services are provided.

Other Revenue

Other revenue includes revenue generated from international markets. This revenue is typically recognized on a daily basis over the term of a member’s subscription. Other revenue also includes revenue generated through contracts that provide corporate employers access to certain of our products and services, as well as, on-demand back-up care through our Care@Work solution. This product offering is typically sold through the use of an annual contract with an automatic renewal clause. Revenue related to this offering is typically recognized on a daily basis over the subscription term. Additionally, we generate revenue through our marketing solutions offering, which is designed to provide care-related businesses an efficient and cost-effective way to target qualified families seeking care services, and through our recruiting solutions offering, which allows care-related businesses to recruit caregivers for full-time and part-time employment. Revenue related to these product offerings is typically recognized in the period earned.

Cost of Revenue and Operating Expenses

Cost of Revenue. Our cost of revenue primarily consists of expenses that are directly related, or closely correlated, to revenue generation, including matching and payments member variable servicing costs such as personnel costs for customer support, transaction fees related to credit card payments, the cost of background checks run on both families and caregivers and the fulfillment costs of back-up care. Additionally, cost of revenue includes website hosting fees and amortization expense related to caregiver relationships, proprietary software acquired as part of acquisitions. We currently expect cost of revenue to increase on an absolute basis in the near term as we continue to expand our related customer base.

Selling and Marketing. Our selling and marketing expenses primarily consist of customer acquisition marketing, including television advertising, branding, other advertising and public relations costs, as well as allocated facilities and other supporting overhead costs. In addition, sales and marketing expenses include salaries, benefits, stock-based compensation, travel expense and incentive compensation for our sales and marketing employees. We plan to continue to invest in sales and marketing to grow our current customer base, continue building brand awareness, and expand our global footprint.

Research and Development. Our research and development expenses primarily consist of salaries, benefits and stock-based compensation for our engineers, product managers and developers. In addition, product development expenses include third-party resources, as well as allocated facilities and other supporting overhead costs. We believe that continued investment in features, software development tools and code modification is important to attaining our strategic objectives and, as a result, we expect product development expense to increase on an absolute basis in the near term.

General and Administrative. Our general and administrative expenses primarily consist of salaries, benefits and stock-based compensation for our executive, finance, legal, information technology, human resources and other administrative employees. In addition, general and administrative expenses include: third-party resources; legal and accounting services; insurance premiums; acquisition-related costs; and facilities. We expect that our general and administrative expenses will increase on an absolute basis in the near term as we continue to expand our business to support our operations as a publicly traded company, including expenses related to audit, legal, regulatory and tax-related services associated with maintaining compliance with exchange listing and Securities and Exchange Commission requirements, director and officer insurance premiums and investor relations costs.

Depreciation and Amortization. Depreciation and amortization expenses primarily consist of depreciation of computer equipment, software and leasehold improvements and amortization of acquired intangibles. We expect that depreciation and amortization expenses will decrease as our business is not capital intensive.

Restructuring Charges. Restructuring charges consists primarily of costs associated with the expected loss on the sublease and cease-use of certain portions of our facilities.

Other Income (Expense), Net. Other expense, net consists primarily of the interest income earned on our cash and cash equivalents, restricted cash and investments, net of changes in the fair value of redeemable convertible preferred stock warrants, changes in the fair value of contingent consideration payable in preferred stock and foreign exchange gains and losses.

(Benefit from) Provision for Income Taxes. Provision for (Benefit from) income taxes consists of federal and state income taxes in the United States and income taxes in certain foreign jurisdictions.

Discontinued Operations

We report the results of operations of a component of our company that either has been exited, disposed of, or held for sale in discontinued operations. We present such events as discontinued operations so long as the financial results can be clearly identified, the future operations and cash flows are completely eliminated from ongoing operations, and so long as we do not have any significant continuing involvement in the operations of the component after the disposal or termination transaction.

Results of Operations

The following table sets forth our consolidated results of operations for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results (in thousands, except per share data):

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Revenue	$ 174,090	$ 161,754	$ 138,681
Cost of revenue	35,773	31,830	26,117
Operating expenses:			
Selling and marketing	66,906	72,266	73,521
Research and development	25,423	20,402	19,801
General and administrative	35,214	31,939	30,158
Depreciation and amortization	1,684	2,972	4,503
Restructuring charges	3,136	714	—
Total operating expenses	132,363	128,293	127,983
Operating income (loss)	5,954	1,631	(15,419)
Other income (expense), net	2,203	(1,064)	(1,239)
Income (loss) from continuing operations before income taxes	8,157	567	(16,658)
(Benefit from) provision for income taxes	(2,506)	1,282	1,221
Income (loss) from continuing operations	10,663	(715)	(17,879)
Income (loss) from discontinued operations, net of tax	—	7,761	(17,116)
Net income (loss)	10,663	7,046	(34,995)
Accretion of Series A Redeemable Convertible Preferred Stock dividends	(2,599)	(1,310)	—
Accretion of Series A Redeemable Convertible Preferred Stock issuance costs	—	(2,124)	—
Net income attributable to Series A Redeemable Convertible Preferred Stock	(1,120)	(467)	—
Net income (loss) attributable to common stockholders	$ 6,944	$ 3,145	$ (34,995)
Net income (loss) per share attributable to common stockholders (Basic):			
Income (loss) per share from continuing operations attributable to common stockholders	$ 0.23	$ (0.12)	$ (0.56)
Income (loss) per share from discontinued operations attributable to common stockholders	—	0.22	(0.53)

Net income (loss) per share attributable to common stockholders	$ 0.23	$ 0.10	$ (1.09)
Net income (loss) per share attributable to common stockholders (Diluted):			
Income (loss) per share from continuing operations attributable to common stockholders	$ 0.22	$ (0.12)	$ (0.56)
Income (loss) per share from discontinued operations attributable to common stockholders	—	0.22	(0.53)
Net income (loss) per share attributable to common stockholders	$ 0.22	$ 0.10	$ (1.09)
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:			
Basic	29,680	30,535	32,001
Diluted	32,406	30,535	32,001

Stock-based compensation included in the results of operations data above was as follows (in thousands):

	Fiscal Year Ended		
	December 30, 2017	**December 31, 2016**	**December 26, 2015**
Cost of revenue	$ 396	$ 316	$ 236
Selling and marketing	1,216	898	813
Research and development	1,771	1,103	760
General and administrative	6,310	4,153	3,116
Income (loss) from discontinued operations	—	14	589

The following tables set forth our consolidated results of operations for the periods presented as a percentage of revenue for those periods (certain items may not foot due to rounding).

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Revenue	100 %	100 %	100 %
Cost of revenue	21 %	20 %	19 %
Operating expenses:			
Selling and marketing	38 %	45 %	53 %
Research and development	15 %	13 %	14 %
General and administrative	20 %	20 %	22 %
Depreciation and amortization	1 %	2 %	3 %
Restructuring charges	2 %	— %	— %
Total operating expenses	76 %	79 %	92 %
Operating income (loss)	3 %	1 %	(11)%
Other income (expense), net	1 %	(1)%	(1)%
Income (loss) from continuing operations before income taxes	5 %	— %	(12)%
(Benefit from) provision for income taxes	(1)%	1 %	1 %
Income (loss) from continuing operations	6 %	— %	(13)%
Income (loss) from discontinued operations, net of tax	— %	5 %	(12)%
Net income (loss)	6 %	4 %	(25)%
Accretion of Series A Redeemable Convertible Preferred Stock dividends	(1)%	(1)%	— %
Accretion of Series A Redeemable Convertible Preferred Stock issuance costs	— %	(1)%	— %
Net income attributable to Series A Redeemable Convertible Preferred Stock	(1)%	— %	— %
Net income (loss) attributable to common stockholders	4 %	2 %	(25)%

Revenue

	Fiscal Year Ended			Fiscal 2017 Compared to Fiscal 2016		Fiscal 2016 Compared to Fiscal 2015	
	December 30, 2017	December 31, 2016	December 26, 2015	$ Change	% Change	$ Change	% Change
	(in thousands, except percentages)						
Revenue	$ 174,090	$ 161,754	$ 138,681	$ 12,336	8%	$ 23,073	17%

Fiscal 2017 Compared to Fiscal 2016

The change was primarily attributed to a $5.9 million increase in our consumer matching business, principally related to an increased number of paying families and caregiver subscriptions and a higher number of background checks services provided. Additionally, there were increases in consumer payment solutions and Care@Work revenues of $3.2 million and $3.1 million , respectively.

Fiscal 2016 Compared to Fiscal 2015

The change was primarily attributed to a $14.5 million increase in our consumer matching business, principally related to a higher number of paying families and caregiver subscriptions, higher average revenue per paying family, and a higher number of background checks services provided. Additionally, there were increases in Care@Work and consumer payment solutions revenues of $3.7 million and $3.7 million, respectively.

Cost of Revenue

	Fiscal Year Ended			Fiscal 2017 Compared to Fiscal 2016		Fiscal 2016 Compared to Fiscal 2015	
	December 30, 2017	December 31, 2016	December 26, 2015	$ Change	% Change	$ Change	% Change
	(in thousands, except percentages)						
Cost of revenue	$ 35,773	$ 31,830	$ 26,117	$ 3,943	12%	$ 5,713	22%
Percentage of revenue	21%	20%	19%				

Fiscal 2017 Compared to Fiscal 2016

The change was primarily related to higher member servicing costs and background check screening fees of $1.8 million , and to a lesser extent increased credit card fees and compensation related costs of $1.4 million and $0.6 million , respectively.

Fiscal 2016 Compared to Fiscal 2015

The change was primarily related to higher member servicing costs and background check screening fees of $3.6 million, and to a lesser extent increased compensation related costs and credit card fees of $1.5 million and $1.1 million, respectively. These were partially off-set by a decrease in hosting expenses of $0.6 million.

Selling and Marketing

	Fiscal Year Ended			Fiscal 2017 Compared to Fiscal 2016		Fiscal 2016 Compared to Fiscal 2015	
	December 30, 2017	December 31, 2016	December 26, 2015	$ Change	% Change	$ Change	% Change
	(in thousands, except percentages)						
Selling and marketing	$ 66,906	$ 72,266	$ 73,521	$ (5,360)	(7)%	$ (1,255)	(2)%
Percentage of revenue	38%	45%	53%				

Fiscal 2017 Compared to Fiscal 2016

The change principally related to decreased spending on marketing of $7.3 million , as we continue to focus on unpaid channels. This was partially off-set by higher compensation related costs and consulting expenses of $1.1 million and $1.1 million , respectively.

Fiscal 2016 Compared to Fiscal 2015

The change principally related to decreases in spending on acquisition marketing expense of $3.3 million. These were partially off-set by higher compensation related costs and consulting expenses of $1.4 million and $0.5 million, respectively.

Research and Development

	Fiscal Year Ended			Fiscal 2017 Compared to Fiscal 2016		Fiscal 2016 Compared to Fiscal 2015	
	December 30, 2017	December 31, 2016	December 26, 2015	$ Change	% Change	$ Change	% Change
	(in thousands, except percentages)						
Research and development	$ 25,423	$ 20,402	$ 19,801	$ 5,021	25%	$ 601	3%
Percentage of revenue	15%	13%	14%				

Fiscal 2017 Compared to Fiscal 2016

The change was primarily related to increases in expenses related to third-party consulting and compensation related costs of $2.7 million and $2.3 million , respectively.

Fiscal 2016 Compared to Fiscal 2015

The change was primarily related to increases in expenses related to third-party consulting and compensation related costs of $0.4 million and $0.2 million, respectively. This was partially off-set by a decrease in expense related to occupancy of $0.1 million.

General and Administrative

	Fiscal Year Ended			Fiscal 2017 Compared to Fiscal 2016		Fiscal 2016 Compared to Fiscal 2015	
	December 30, 2017	December 31, 2016	December 26, 2015	$ Change	% Change	$ Change	% Change
	(in thousands, except percentages)						
General and administrative	$ 35,214	$ 31,939	$ 30,158	$ 3,275	10%	$ 1,781	6%
Percentage of revenue	20%	20%	22%				

Fiscal 2017 Compared to Fiscal 2016

The change was primarily related to higher compensation related costs of $2.9 million , primarily due to stock-based compensation, as well as, increases in third-party consulting and employee benefit costs of $0.8 million , $0.2 million , respectively. These were partially off-set by decreases in bad-debt expense and professional service expenses of $0.4 million and $0.2 million , respectively.

Fiscal 2016 Compared to Fiscal 2015

The change was primarily related to higher compensation related costs of $2.0 million primarily due to stock-based compensation, as well as, increases in hosted applications and IT operations expenses, bad-debt, and professional service fees of $0.5 million, $0.4 million, and $0.3 million, respectively. These were partially off-set by reductions in consulting, recruiting, and legal expenses of $1.0 million, $0.4 million, and $0.2 million, respectively.

Depreciation and Amortization

	Fiscal Year Ended			Fiscal 2017 Compared to Fiscal 2016		Fiscal 2016 Compared to Fiscal 2015	
	December 30, 2017	December 31, 2016	December 26, 2015	$ Change	% Change	$ Change	% Change
	(in thousands, except percentages)						
Depreciation and amortization	$ 1,684	$ 2,972	$ 4,503	$ (1,288)	(43)%	$ (1,531)	(34)%
Percentage of revenue	1%	2%	3%				

Fiscal 2017 Compared to Fiscal 2016

The change was primarily attributable to certain intangible assets reaching the end of their useful lives during fiscal years 2016 and 2017. Over the next five years, we expect to incur total annual amortization expense associated with previous acquisitions of $0.9 million .

Fiscal 2016 Compared to Fiscal 2015

The change was primarily attributable to certain intangible assets reaching the end of their useful lives during fiscals 2015 and 2016. Over the next five years, we expect to incur total annual amortization expense associated with previous acquisitions of $1.4 million.

Restructuring Charges

	Fiscal Year Ended			Fiscal 2017 Compared to Fiscal 2016		Fiscal 2016 Compared to Fiscal 2015	
	December 30, 2017	December 31, 2016	December 26, 2015	$ Change	% Change	$ Change	% Change
	(in thousands, except percentages)						
Restructuring charges	$ 3,136	$ 714	$ —	$ 2,422	339%	$ 714	100%
Percentage of revenue	2%	—%	—%				

Fiscal 2017 Compared to Fiscal 2016 and Fiscal 2016 Compared to Fiscal 2015

During the quarter ended June 25, 2016, we recorded a $0.5 million sublease loss liability and related expenses of $0.2 million for the expected loss on the sublease, in accordance with *ASC 840-20 Leases* , because the monthly payments we expect to receive under the sublease are less than the amounts that we will owe the lessor for the sublease space. During the quarter ended September 30, 2017, we recorded a lease obligation charge of $3.1 million, as we met the cease-use date requirements for a portion of the facility where our corporate headquarters are located. In order to estimate the lease obligation charges included in the restructuring expense, we made certain assumptions, including the time period it will take to obtain a subtenant and certain sublease rates.

Other Income (Expense), net

	Fiscal Year Ended			Fiscal 2017 Compared to Fiscal 2016		Fiscal 2016 Compared to Fiscal 2015	
	December 30, 2017	December 31, 2016	December 26, 2015	$ Change	% Change	$ Change	% Change
	(in thousands, except percentages)						
Other income (expense), net	$ 2,203	$ (1,064)	$ (1,239)	$ 3,267	(307)%	$ 175	(14)%
Percentage of revenue	1%	(1)%	(1)%				

Fiscal 2017 Compared to Fiscal 2016

The change was primarily driven by the favorable movement of foreign exchange rates, primarily due to the weakening of the US dollar against the Euro and British Pound Sterling during fiscal 2017 compared to fiscal 2016 .

Fiscal 2016 Compared to Fiscal 2015

The change was primarily driven by the favorable movement of foreign exchange rates, primarily due to the strengthening of the US dollar against the British Pound Sterling and Euro during fiscal 2016 compared to fiscal 2015.

(Benefit from) Provision for Income Taxes

	Fiscal Year Ended			Fiscal 2017 Compared to Fiscal 2016		Fiscal 2016 Compared to Fiscal 2015	
	December 30, 2017	December 31, 2016	December 26, 2015	$ Change	% Change	$ Change	% Change
	(in thousands, except percentages)						
(Benefit from) provision for income taxes	$ (2,506)	$ 1,282	$ 1,221	$ (3,788)	(295)%	$ 61	5%
Percentage of revenue	(1)%	1%	1%				

Fiscal 2017 Compared to Fiscal 2016

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Act") was signed into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a corporate tax rate decrease from 34% to 21% effective January 1, 2018, the transition of U.S international taxation from a worldwide tax system to a territorial system, and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. We have calculated our best estimate of the impact of the Act in our year end income tax provision in accordance with our understanding of the Act and guidance available as of the date of this filing. The change in the tax provision/(benefit) was primarily related to the application of the Act. The Act reduced the federal tax rate from 34% to 21%. This rate change was applied to the measurement of our deferred tax assets and liabilities. We recorded a provisional tax benefit of $1.7 million in the fourth quarter of fiscal 2017 primarily due to the remeasurement of net deferred tax liabilities related to indefinite lived intangible assets, mainly goodwill. The Act also provides for net operating losses generated on or after January 1, 2018 to have an indefinite carryforward period. In light of the Act, we evaluated our existing indefinite lived deferred tax liabilities and concluded they can serve as a source of net income supporting the realization of certain deferred tax assets which, when they reverse, will become an indefinite lived net operating loss. This resulted in an additional provisional tax benefit of $2.3 million. We continue to refine our calculations of valuation allowance in light of the Act.

Fiscal 2016 Compared to Fiscal 2015

The change was primarily related to the amortization of certain goodwill associated with the acquisition of HomePay for tax purposes, for which there is no corresponding book deduction, and certain state and foreign taxes based on operating income that are payable without regard to our tax loss carry forwards.

Income (Loss) from Discontinued Operations, Net of Taxes

	Fiscal Year Ended			Fiscal 2017 Compared to Fiscal 2016		Fiscal 2016 Compared to Fiscal 2015	
	December 30, 2017	**December 31, 2016**	**December 26, 2015**	**$ Change**	**% Change**	**$ Change**	**% Change**
			(in thousands, except percentages)				
Income (loss) from discontinued operations, net of tax	$ —	$ 7,761	$ (17,116)	$ (7,761)	(100)%	$ 24,877	(145)%
Percentage of revenue	—%	5%	(12)%				

Fiscal 2017 Compared to Fiscal 2016

We completed the closure of the Citrus Lane business in the fourth quarter of fiscal 2016, and we had no income or losses from discontinued operations for fiscal 2017.

Fiscal 2016 Compared to Fiscal 2015

The increase was related to a settlement agreement with the previous shareholders of Citrus Lane. The settlement agreement related to our acquisition of Citrus Lane and the merger agreement pursuant to which the acquisition was consummated. Under the terms of the settlement agreement, we paid the previous shareholders of Citrus Lane $15.6 million for contingent consideration payments that were fair valued at $16.0 million as of December 26, 2015 that was otherwise payable to them in the event Citrus Lane achieved certain milestones in 2015 and 2016. In connection with the settlement, the former shareholders forfeited the $5.0 million in original cash consideration that was being held in an escrow account, as well as the 0.4 million shares of common stock issued at closing (valued at $2.0 million as of the settlement date and $3.9 million as of the original closing date) and 0.1 million shares of common stock which was subject to the achievement of certain milestones in 2015 and 2016 (valued at $0.6 million as of the settlement date and $1.1 million as of the original closing date) offered as part of the deal consideration. As a result of this settlement, we recognized a gain within income (loss) from discontinued operations on the consolidated statements of operations for fiscal 2016 of $8.0 million.

Liquidity and Capital Resources

The following table summarizes our cash flow activities for the periods indicated (in thousands):

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Cash flow provided by (used in):			
Operating activities - Continuing operations	22,133	12,690	160
Operating activities - Discontinued operations	—	2,421	(5,124)
Investing activities - Continuing operations	(825)	(15,580)	(4,323)
Investing activities - Discontinued operations	—	—	(2)
Financing activities - Continuing operations	3,906	15,108	(1,063)
Financing activities - Discontinued operations	—	(14,510)	—
Effect of exchange rates on cash balances	420	(275)	(289)
Increase (decreases) in cash and cash equivalents	$ 25,634	$ (146)	$ (10,641)

As of December 30, 2017 , we had cash and cash equivalents and short-term investments of $101.7 million , which consisted of $86.7 million in cash and cash equivalents and $15.0 million in short-term investments. Cash and cash equivalents and short-term investments consists of cash, certificates of deposit, and money market funds. Cash held internationally as of December 30, 2017 was $8.1 million . We did not have any long-term investments. Additionally, we do not have any outstanding bank loans or credit facilities in place. To date, we have been able to finance our operations through proceeds from the public and private sales of equity, including our IPO in January 2014 and issuance of Series A Redeemable Convertible Preferred Stock in June 2016, and to a lesser extent from the exercise of employee stock options. We believe that our existing cash and cash equivalents balance will be sufficient to meet our working capital expenditure requirements for at least the next 12 months from the date of filing this Annual Report on Form 10-K. From time to time, we may explore additional financing sources to develop or enhance our services, to fund expansion, to respond to competitive pressures, to acquire or to invest in complementary products, businesses or technologies, or to lower our cost of capital, which could include equity, equity-linked and debt financing. We cannot assure you that any additional financing will be available to us on acceptable terms, if at all.

Operating Activities

Our primary source of cash from operations was from ongoing subscription fees to our consumer matching solutions. We believe that cash inflows from these fees will grow from our continued penetration into the market for care.

Fiscal 2017

Cash from continuing operating activities provided $22.1 million during fiscal 2017 . This amount resulted from a net income from continuing operations of $10.7 million , adjusted for non-cash items of $7.5 million , and a net $3.9 million source of cash due to changes in working capital.

Non-cash expenses within net income from continuing operations consisted primarily of $9.7 million of stock-based compensation expense and $2.2 million for depreciation and amortization. These were partially off-set by $3.0 million and $1.8 million of changes in deferred tax liabilities related to our provisional tax accounting related to the Act and non-cash foreign currency remeasurement gain, respectively.

Increases in operating liabilities and decreases in operating assets provided a net source of $3.9 million of cash within operating activities. The increase in working capital was primarily due to increases in accrued expenses and other liabilities of $3.0 million , deferred revenue of $2.5 million , and other non-current liabilities of $1.8 million . These were partially off-set by increases in accounts receivable and prepaid expenses and other current assets of $2.3 million and $0.6 million , respectively.

Fiscal 2016

Cash from continuing operating activities provided $12.7 million during fiscal 2016. This amount resulted from a net loss from continuing operations of $0.7 million, adjusted for non-cash items of $12.6 million, and a net $0.8 million source of cash due to changes in working capital.

Non-cash expenses within net loss from continuing operations consisted primarily of $6.5 million of stock-based compensation expense, $3.7 million for depreciation and amortization, $1.3 million of foreign currency remeasurement, and$1.1 million in changes in deferred tax liabilities.

An increase in operating liabilities and decreases in operating assets provided a net source of $0.8 million of cash within operating activities. The increase in working capital was primarily due to increases in deferred revenue of $2.6 million, accrued expenses and other liabilities of $0.9 million, and other non-current liabilities of $0.2 million combined with decreases in accounts receivable of $0.3 million. These were partially off-set by a decrease in accounts payable of $0.7 million and increases in unbilled accounts receivable of $1.9 million and prepaid expenses and other current assets of $0.6 million.

Cash provided by discontinued operations totaled $2.4 million. This amount resulted from a net income from discontinued operations of $7.8 million, partially offset by a net $5.4 million use of cash from changes in working capital and non-cash related adjustments.

Fiscal 2015

Cash from continuing operating activities provided $0.2 million during fiscal 2015. This amount resulted from a net loss from continuing operations of $17.9 million, adjusted for non-cash items of $12.4 million, and a net $5.6 million source of cash due to changes in working capital.

Non-cash expenses within net loss from continuing operations consisted primarily of $5.2 million for depreciation and amortization, $4.9 million of stock-based compensation expense, $1.3 million of foreign currency remeasurement and $1.1 million in changes in deferred tax liabilities.

An increase in both operating liabilities and assets was a net source of $5.6 million of cash within operating activities. The increase in working capital was primarily due to increases in deferred revenue, accrued expenses and other current liabilities, and other non-current liabilities of $2.3 million, $1.9 million, and $0.9 million, respectively, combined with a decrease in prepaid expenses and other current assets of $2.1 million. These were partially offset by a decrease in accounts payable of $0.6 million and increases in accounts receivable and unbilled accounts receivable of $0.6 million and $0.3 million, respectively.

Cash used in discontinued operations totaled $5.1 million. This amount resulted from a net loss from discontinued operations of $17.1 million, partially offset by a net $12.0 million source of cash from changes in working capital and non-cash related adjustments, including charges related to the impairment of goodwill and intangible assets of $9.7 million, and contingent consideration accretion expense of $0.9 million.

Investing Activities

Fiscal 2017

Cash used in investing activities totaled $0.8 million primarily related to the purchases of property, equipment, and software.

Fiscal 2016

Cash used in investing activities totaled $15.6 million primarily related to the purchase of short-term investments of $15.0 million, the purchase of Kinsights Inc., the developer and operator of an online community platform and service, for $0.4 million, and purchases of property and equipment of $0.2 million.

Fiscal 2015

During fiscal 2016, we used $4.3 million of cash for investing activities, primarily related to property and equipment purchases related to our new corporate headquarters. We are not currently a party to any material purchase contracts related to future purchases of property and equipment.

Financing Activities

Fiscal 2017

During fiscal 2017 , cash provided by financing activities from continuing operations totaled $3.9 million , which was related to the exercise of common stock options.

Fiscal 2016

During fiscal 2016, cash provided by financing activities from continuing operations totaled $15.1 million, primarily related to the net cash proceeds received from the issuance of the Series A Preferred Stock of $44.2 million and the exercise of common stock options of $1.4 million. These were partially off-set by the repurchase of common stock of $30.5 million.

Cash from financing activities for discontinued operations used $14.5 million related to the payment associated with the Citrus Lane settlement.

Fiscal 2015

During fiscal 2015, we used $1.1 million of cash related to financing activities from continuing operations. Of this amount, $1.8 million related to payments of contingent consideration previously established in purchase accounting for our HomePay and Care Concierge acquisitions, partially offset by $0.8 million in proceeds from the exercise of common stock options.

Investment Agreement between Care.com and CapitalG LP

On June 29, 2016, we announced our entry into an Investment Agreement with CapitalG LP (“CapitalG”) relating to the issuance and sale (the “Transaction”) to CapitalG of 46.4 thousand shares of the Company’s Series A Preferred Stock, par value $0.001 per share, for an aggregate purchase price of $46.35 million, or $1,000 per share. The Transaction closed on June 29, 2016. We utilized a portion of the proceeds from the Transaction to repurchase an aggregate of 3.7 million shares of common stock at a price of $8.25 per share from Matrix Partners VII, L.P. and Weston & Co. VII LLC. This repurchase also closed on June 29, 2016.

The Series A Preferred Stock ranks senior to our common stock with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company. The Series A Preferred Stock has a liquidation preference of $1,000 per share (equal to the original issuance price) plus all Accrued and Unpaid Dividends. Holders of the Series A Preferred Stock are entitled to a cumulative dividend at a rate of 5.50% per annum during the period from the date of the issuance of the Series A Preferred Stock (the “Closing Date”) to the seventh anniversary of the Closing Date, payable semi-annually in arrears. Dividends shall be paid in additional Liquidation Preference (as defined in the Certificate of Designations) per share of Series A Preferred Stock.

The Series A Preferred Stock is convertible at the option of the holders at any time into shares of Common Stock at an initial conversion price of $10.50 per share, which rate will be subject to adjustment upon the occurrence of certain events. At any time after the seventh anniversary of the Closing Date, and if between the fifth anniversary and the seventh anniversary of the Closing Date, the consolidated closing price of the Common Stock equals or exceeds 150% of the then prevailing Conversion Price (as defined in the Certificate of Designations) for at least 20 trading days in any period of 30 consecutive trading days, including the last trading day of such 30-day period, then following such time, all or some of the Series A Preferred Stock may be converted, at the election of the Company, into the relevant number of shares of Common Stock. At our option, at any time after the seventh anniversary of the Closing Date, all of the Series A Preferred Stock may be redeemed by us at the then current Liquidation Preference plus Accrued and Unpaid Dividends after giving the holders of Series A Preferred Stock the ability to convert their shares into Common Stock at the then current Conversion Price. At any point after the seventh anniversary of the Closing Date, each holder of the Series A Preferred Stock may cause the Company to redeem all of such holder’s Series A Preferred Stock at the then current Liquidation Preference plus Accrued and Unpaid Dividends.

Holders of Series A Preferred Stock are entitled to vote with the holders of the Common Stock on an as-converted basis.

Upon certain change of control events involving the Company, holders of Series A Preferred Stock can elect to either (1) convert the Series A Preferred Stock into Common Stock at the then current Conversion Price or (2) require us to redeem the Series A Preferred Stock for 150% of the then current Liquidation Preference plus Accrued and Unpaid Dividends, provided that in the case of a change of control event in which the Common Stock is converted into or canceled for cash or publicly traded securities, such conversion or redemption will be mandatory, with the selection deemed to be in favor of the alternative that would result in holders of Series A Preferred Stock receiving the greatest consideration.

Additionally, at any time when at least 50% of the shares of Series A Preferred Stock purchased from us pursuant to the Investment Agreement are outstanding, we cannot, without the written consent or affirmative vote of the holders of a majority of the then outstanding shares of preferred stock, (a) amend the Certificate of Incorporation in a manner that adversely affects the preferences or rights of the preferred stock; (b) authorize or issue capital stock unless it ranks equal to or junior to the preferred stock, or increase the authorized number of shares of preferred stock; or (c) reclassify or amend any existing security of the Company that is equal to or junior to the preferred stock to render such security senior to the Series A Preferred Stock.

Pursuant to the Investment Agreement and the Certificate of Designations, for so long as CapitalG or its affiliates beneficially own at least 50% of the shares of Series A Preferred Stock purchased from us pursuant to the Investment Agreement, the holders of Series A Preferred Stock shall have the right to elect one director to our Board, with CapitalG having the right to designate nominees for such position.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K of the Securities and Exchange Commission, in fiscal 2017 , 2016 , or 2015 .

Contractual Obligations

Our contractual obligations relate primarily to non-cancelable operating leases.

The following table describes our contractual obligations as of December 30, 2017 (in thousands):

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	Thereafter
Operating lease obligations	$ 26,435	$ 3,524	$ 11,281	$ 7,680	$ 3,950

In July 2014, we entered into a lease agreement pursuant to which we agreed to lease office space to be used for our new headquarters, or the Prime Lease. The Prime Lease is initially for 36,174 square feet of office space, comprising of the entire sixth floor of the building located at 77 Fourth Avenue, Waltham, Massachusetts, or the Building. The leased premises under the Prime Lease will increase by an additional 36,395 square feet, comprising of the entire fourth floor of the Building, on March 1, 2019 and by an additional 36,174 square feet, comprising of the entire fifth floor of the Building, on April 1, 2019. The term of the Prime Lease commenced on August 4, 2014 and expires 120 months from the date base rent payments first become due, which date is the earlier of January 1, 2015 and the date we commence operations in the space. The total cash obligation for the base rent over the term of the Prime Lease is $34.5 million.

Also in July 2014, we entered into two sublease agreements pursuant to which we agreed to lease the entire fourth and fifth floors of the Building. The term of the fourth floor sublease commenced August 4, 2014 and expires on February 15, 2019, after which the space will be leased by us pursuant to the Prime Lease. The total cash obligation for the base rent over the term of this sublease is $4.3 million. The term of the fifth floor sublease commenced on August 4, 2014 and expires on March 30, 2019, after which the space will be leased by us pursuant to the Prime Lease. The total cash obligation for the base rent over the term of this sublease is $4.1 million. We have the right to extend the term of the lease agreement for one ten-year period.

In addition to the base rent, we will also be required to pay our pro rata share of any building operating expenses and real estate taxes in excess of the amounts allocable to the leased space as of the applicable base years referenced in the Prime Lease and subleases.

In connection with the execution of the Prime Lease, we entered into an amendment to our lease agreement for our previous headquarters pursuant to which that agreement will terminate without penalty on the earlier of (i) ten days after the date we commenced operations under the Prime Lease and (ii) December 31, 2014.

On April 14, 2016, we entered into a sublease agreement to lease approximately 10,362 square feet of our 108,743 square foot Prime Lease. Additionally, in August 2017 we met the cease-use date requirements for an additional portion of the Prime Lease that consists of an additional 25,812 square feet, which was vacated. Please refer to Note 14 for further detail on the restructuring charges incurred by us as a result of this sublease.

In March 2016, we entered into a 5-year property lease. The lease commenced on April 1, 2016, and we will pay an aggregate of approximately $0.8 million over the 5-year lease period.

In August 2017, we entered into an approximate 2-year property lease. The lease commenced on September 1, 2017, and we will pay an aggregate of approximately $0.7 million over the 2-year lease period.

The Jumpstart Our Business Startups Act

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was signed into law. The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for an ‘‘emerging growth company.’’ As an ‘‘emerging growth company,’’ we are electing to not take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to not take advantage of the extended transition period for complying with new or revised accounting standards is irrevocable.

Subject to certain conditions set forth in the JOBS Act, if as an ‘‘emerging growth company’’ we choose to rely on such exemptions, we may not be required to, among other things, (i) provide an auditor’s attestation report on our system of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (auditor discussion and analysis), or (iv) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of our chief executive officer's compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of our IPO or until we no longer meet the requirements of being an ''emerging growth company,'' whichever is earlier. We expect our status as an "emerging growth company" to cease on the last day of fiscal 2019, which is the end of the fifth year following the completion of our IPO.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of our consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe that the assumptions and estimates associated with the following critical accounting policies have the greatest potential impact on our consolidated financial statements:

- Revenue recognition;
- Redeemable convertible preferred stock;
- Goodwill;
- Amortization and impairment of intangible assets.

For further information on our significant accounting policies, see Note 2, " *Summary of Significant Accounting Policies* ," in the accompanying notes to the consolidated financial statements.

Revenue Recognition

In general, we recognize revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered to the customer, (iii) the fee is fixed or determinable, and (iv) collectability is reasonably assured. We derive our revenue primarily from on-going subscription fees. Revenue from subscription fees is recognized on a daily basis over the subscription term or on a pro-rata basis as the services are delivered. Revenue from background checks, lead generation and advertising is recognized in the period earned. Other service revenues are recognized as the services are performed. Taxes that are collected from customers and remitted to government authorities are presented on a net basis and are excluded from revenue. As it relates to our Citrus Lane business, which is presented within discontinued operations, for product sales, these criteria are deemed to have been met when the items are delivered to the end customer. Shipping and handling charges are included in revenue on a gross basis.

Certain of our arrangements provide companies the opportunity to purchase Care.com services on behalf of their employees. These arrangements typically include a subscription to our consumer matching solutions for their employees. These arrangements are accounted for as multiple element arrangements. We have concluded that each element in the arrangement has stand-alone value as the individual services can be sold separately. In addition, there is no right of refund once a service has been delivered. Therefore, we have concluded each element of the arrangement is a separate unit of accounting. In accordance with authoritative guidance on revenue recognition, we allocate consideration at the inception of an arrangement to each unit of accounting based on the relative selling price method in accordance with the selling price hierarchy. The objective of the hierarchy is to determine the price at which we would transact a sale if the service were sold on a stand-alone basis, and requires the use of: (1) vendor-specific objective evidence, or VSOE, if available; (2) third-party evidence, or TPE, if VSOE is not available; and (3) best estimate of selling price, or BESP, if neither VSOE nor TPE is available. Since VSOE or TPE are not typically available, BESP is generally used to allocate the selling price to each unit of accounting. We determine BESP for units of account by considering multiple factors including, but not limited to, prices we charge for similar offerings, sales volumes, geographies and other factors contemplated in negotiating multiple element transactions. While we have individual elements in the arrangement, the recognition of the majority of these elements follows a consistent ratable recognition given the pattern over which services are provided.

Redeemable Convertible Preferred Stock

We classify redeemable convertible preferred stock as temporary equity in the consolidated balance sheet due to certain contingent redemption clauses that are at the election of the holder. We will accrete the carrying value of the redeemable convertible preferred stock to the redemption value through June 20, 2023, which is the seventh anniversary of the Closing Date (June 29, 2016), at a rate of 5.50% per annum, which represents the cumulative dividends owed on the convertible preferred stock, using the interest rate method. We elected to accrete the carrying value of the redeemable convertible preferred stock on the issuance date to the redemption value as it relates to the issuance costs that were netted against the proceeds of issuance of the redeemable convertible preferred stock.

Goodwill

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. We evaluate goodwill and indefinite lived intangible assets for impairment at the reporting unit level (operating segment or one level below an operating segment) annually or more frequently if we believe indicators of impairment exist. In accordance with the guidance, we are permitted to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We refer to this as the "Qualitative Screen." If we conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a two-step goodwill impairment test is performed.

In 2016 we performed quantitative Step 1 tests for each reporting unit, and all reporting units passed the Step 1 test. None of the reporting units were identified as having a higher risk of impairment in 2016, and none would have failed the Step 1 test had the fair value of the reporting unit decreased by 10%. As a result of this fact, and combined with other positive developments in our business during 2017, the performance of each reporting unit against the forecasts used in the 2016 impairment test, and the increase in our stock price and market capitalization, we determined it would be appropriate to perform the Qualitative Screen for each of our reporting units in 2017 as a starting point for assessing whether an impairment of our goodwill exists. If after performing a Qualitative Screen impairment indicators are present, or we identify factors that cause us to believe it is appropriate to perform a more precise calculation of fair value, we would move beyond the Qualitative Screen to perform a quantitative impairment test.

For any reporting unit for which we move beyond the Qualitative Screen, we utilize the two-step approach prescribed under Accounting Standards Codification, or ASC, 350, *Intangibles - Goodwill and Other* . The first step requires a comparison of the reporting unit against its aggregate carrying value, including goodwill. If the carrying amount exceeds the reporting unit's carrying value to its fair value. We consider a number of factors to determine the fair value of a reporting unit, including an independent valuation to conduct this test. The valuation is based upon expected future discounted operating cash flows of the reporting unit. We base the discount rate on the weighted average cost of capital, or WACC, of market participants. If the carrying value of a reporting unit exceeds its estimated fair value, we will perform the second step of the goodwill impairment test to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of a reporting unit's goodwill to its carrying value. The second step requires us to perform a hypothetical purchase allocation as of the measurement date and estimate the fair value of net tangible and intangible assets. The fair value of intangible assets is determined as described below and is subject to significant judgment.

Since the fair value of our reporting units was determined by use of discounted cash flows, or DCF, and the key assumptions that drive the fair value in this model are the WACC, terminal values, growth rates, and the amount and timing of expected future cash flows, significant judgment is applied in determining fair value. If the current economic environment were to deteriorate, this would likely result in a higher WACC because market participants would require a higher rate of return. In the DCF as the WACC increases, the fair value decreases. The other significant factor in the DCF is our projected financial information (i.e., amount and timing of expected future cash flows and growth rates) and if these assumptions were to be adversely impacted, this could result in a reduction of the fair value of this reporting unit.

We conducted our fiscal 2017 annual impairment test as of October 1, 2017 (the first day of our fourth fiscal quarter). As a result of the Qualitative Screen, we did not identify any indicators of impairment in any of our reporting units; however, for one of our reporting units we performed a quantitative Step 1 test given that in the prior year the excess of the fair value of the reporting unit was less than the other reporting units. For this reporting unit we utilized the DCF approach to estimate fair value for our impairment test conclusions. We believe we used reasonable estimates and assumptions about future revenue, cost projections, cash flows, market multiples and discount rates as of the measurement date.

There was no impairment of goodwill as a result of the annual impairment tests completed during the fourth quarters of 2017 and 2016. Based on our impairment review in the fourth quarter of 2017, we do not consider any of our reporting units to be at risk of impairment.

During the second half of fiscal 2015 we made the decision to exit the Citrus Lane business through either a sale or wind-down. As a result of this decision, we determined that indicators of impairment existed in our Citrus Lane business. The fair value of the business was deemed to be below its carrying value and Step 2 of the goodwill impairment test was performed. Step 2 of the goodwill impairment test requires the completion of a hypothetical purchase price allocation to determine the fair value of the implied goodwill. As a result of this analysis and our decision during the second half of 2015 to exit the business, we recorded a goodwill impairment loss of $8.0 million within discontinued operations. Including the impairment loss recognized in 2015, we have recognized accumulated goodwill impairment losses to date with respect to the Citrus Lane business of $41.8 million.

Amortization and Impairment of Intangible Assets

We amortize our intangible assets that have finite lives over their estimated useful lives. We use a straight-line method of amortization, unless a method that better reflects the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up can be reliably determined. Amortization is recorded over the estimated useful lives ranging from one to ten years. We review our intangible assets subject to amortization to determine if any adverse conditions exist, or a change in circumstances has occurred that would indicate impairment or a change in the remaining useful life. If the carrying value of an asset exceeds its undiscounted cash flows, we will write-down the carrying value of the intangible asset, or asset group, to its fair value in the period identified. In assessing fair value, we must make assumptions regarding estimated future cash flows and discount rates. If these estimates or related assumptions change in the future, we may be required to record impairment charges. We generally calculate fair value as the present value of estimated future cash flows to be generated by the asset using a risk-adjusted discount rate. If the estimate of an intangible asset's remaining useful life is changed, we will amortize the remaining carrying value of the intangible asset prospectively over the revised remaining useful life.

During the second half of fiscal 2015 we made the decision to exit the Citrus Lane business through either a sale or wind-down. As a result of this decision, we determined that indicators of impairment existed in our Citrus Lane business. We completed Step 1 of our goodwill impairment analysis with the assistance of an independent valuation firm and determined that the fair value of this reporting unit was lower than its carrying value. This required us to proceed to Step 2 of our impairment analysis. As a result of this analysis and our decision during the second half of 2015 to exit the business, we recorded an intangible asset impairment of $1.7 million within discontinued operations.

Recently Issued and Adopted Accounting Pronouncements

Information concerning recently issued accounting pronouncements may be found in Note 2 to our consolidated financial statements included in this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business.

Foreign Currency Exchange Risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar, principally the Euro, the British pound sterling, the Canadian dollar, Australian dollar, and the Swiss franc. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. We have experienced and will continue to experience fluctuations in our net loss as a result of transaction gains (losses) related to revaluing certain cash balances, trade accounts receivable balances and accounts payable balances that are denominated in currencies other than the U.S. dollar. In the event our foreign currency denominated cash, accounts receivable, accounts payable, sales or expenses increase, our operating results may be more greatly affected by fluctuations in the exchange rates of the currencies in which we do business. A hypothetical change of 10% in appreciation or depreciation in foreign currency exchange rates from the quoted foreign currency exchange rates at December 30, 2017 would not have a material impact on our revenue, operating results or cash flows in the coming year.

At this time, we do not, but we may in the future, enter into derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk. It is difficult to predict the impact hedging activities would have on our results of operations.

Interest Risk

We did not have any long-term borrowings as of December 30, 2017 or December 31, 2016 . Under our current investment policy, we invest our excess cash in money market funds and certificates of deposit. Our current investment policy seeks first to preserve principal, second to provide liquidity for our operating and capital needs and third to maximize yield without putting our principal at risk. Our investments are exposed to market risk due to the fluctuation of prevailing interest rates that may reduce the yield on our investments or their fair value. As our investment portfolio is short-term in nature, we do not believe an immediate 10% increase in interest rates would have a material effect on the fair market value of our portfolio, and therefore we do not expect our results of operations or cash flows to be materially affected to any degree by a sudden change in market interest rates.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CARE.COM, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Care.com, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Care.com, Inc. (the Company) as of December 30, 2017 and December 31, 2016 , and the related consolidated statements of operations, comprehensive income (loss), redeemable convertible preferred stock and stockholders' equity and cash flows for each of the three years in the period ended December 30, 2017 , and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 30, 2017 and December 31, 2016 , and the results of its operations and its cash flows for each of the three years in the period ended December 30, 2017 , in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal cover over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditors since 2007.
Boston, Massachusetts
February 27, 2018

CARE.COM, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

	December 30, 2017		December 31, 2016	
Assets				
Current assets:				
Cash and cash equivalents	$	86,728	$	61,094
Short-term investments		15,000		15,000
Accounts receivable (net of allowance of $102 and $163, respectively) (1)		5,171		2,789
Unbilled accounts receivable (2)		5,454		5,541
Prepaid expenses and other current assets		4,883		3,787
Total current assets		117,236		88,211
Property and equipment, net		3,651		4,947
Intangible assets, net		1,142		1,708
Goodwill		60,281		57,910
Other non-current assets		2,066		2,448
Total assets	$	184,376	$	155,224
Liabilities, redeemable convertible preferred stock, and stockholders' equity				
Current liabilities:				
Accounts payable (3)	$	1,873	$	2,483
Accrued expenses and other current liabilities (4)		17,086		12,798
Deferred revenue (5)		18,626		15,971
Total current liabilities		37,585		31,252
Deferred tax liability		1,292		4,276
Other non-current liabilities		5,779		5,087
Total liabilities		44,656		40,615
Commitments and Contingencies (see note 6)		—		—
Series A Redeemable Convertible Preferred Stock, $0.001 par value; 46 shares designated; 46 shares issued and outstanding at December 30, 2017 and December 31, 2016; at aggregate liquidation and redemption value at December 30, 2017 and December 31, 2016		50,259		47,660
Stockholders' equity				
Preferred Stock, $0.001 par value; 5,000 shares authorized at December 30, 2017 and December 31, 2016, respectively		—		—
Common stock, $0.001 par value; 300,000 shares authorized; 30,390 and 28,984 shares issued and outstanding at December 30, 2017 and December 31, 2016, respectively		30		29
Additional paid-in capital		266,030		255,031
Accumulated deficit		(177,145)		(187,808)
Accumulated other comprehensive income (loss)		546		(303)
Total stockholders' equity		89,461		66,949
Total liabilities, redeemable convertible preferred stock and stockholders' equity	$	184,376	$	155,224

(1) Includes accounts receivable due from related party of $307 and $150 at December 30, 2017 and December 31, 2016, respectively. (Note 12)

(2) Includes unbilled accounts receivable due from related party of $222 and $286 at December 30, 2017 and December 31, 2016, respectively, (Note 12)

(3) Includes accounts payable due to related party of $128 and $107 at December 30, 2017 and December 31, 2016, respectively. (Note 12)

See accompanying notes to the consolidated financial statements

[4] Includes accrued expenses and other current liabilities due to related party of $542 and $1,055 at December 30, 2017 and December 31, 2016, respectively. (Note 12)

[5] Includes deferred revenue associated with related party of $2 and $151 at December 30, 2017 and December 31, 2016, respectively. (Note 12)

See accompanying notes to the consolidated financial statements

CARE.COM, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

See accompanying notes to the consolidated financial statements

	Fiscal Year Ended		
	December 30, 2017	**December 31, 2016**	**December 26, 2015**
Revenue [1]	$ 174,090	$ 161,754	$ 138,681
Cost of revenue	35,773	31,830	26,117
Operating expenses:			
Selling and marketing [2]	66,906	72,266	73,521
Research and development	25,423	20,402	19,801
General and administrative	35,214	31,939	30,158
Depreciation and amortization	1,684	2,972	4,503
Restructuring charges	3,136	714	—
Total operating expenses	132,363	128,293	127,983
Operating income (loss)	5,954	1,631	(15,419)
Other income (expense), net	2,203	(1,064)	(1,239)
Income (loss) from continuing operations before income taxes	8,157	567	(16,658)
(Benefit from) provision for income taxes	(2,506)	1,282	1,221
Income (loss) from continuing operations	10,663	(715)	(17,879)
Income (loss) from discontinued operations, net of tax	—	7,761	(17,116)
Net income (loss)	10,663	7,046	(34,995)
Accretion of Series A Redeemable Convertible Preferred Stock dividends	(2,599)	(1,310)	—
Accretion of Series A Redeemable Convertible Preferred Stock issuance costs	—	(2,124)	—
Net income attributable to Series A Redeemable Convertible Preferred Stock	(1,120)	(467)	—
Net income (loss) attributable to common stockholders	$ 6,944	$ 3,145	$ (34,995)
Net income (loss) per share attributable to common stockholders (Basic):			
Income (loss) per share from continuing operations attributable to common stockholders	$ 0.23	$ (0.12)	$ (0.56)
Income (loss) per share from discontinued operations attributable to common stockholders	—	0.22	(0.53)
Net income (loss) per share attributable to common stockholders	$ 0.23	$ 0.10	$ (1.09)
Net income (loss) per share attributable to common stockholders (Diluted):			
Income (loss) per share from continuing operations attributable to common stockholders	$ 0.22	$ (0.12)	$ (0.56)
Income (loss) per share from discontinued operations attributable to common stockholders	—	0.22	(0.53)
Net income (loss) per share attributable to common stockholders	$ 0.22	0.10	$ (1.09)
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:			
Basic	29,680	30,535	32,001
Diluted	32,406	30,535	32,001

See accompanying notes to the consolidated financial statements

(1) Includes related party revenue of $1,854 and $1,593 for the years ended December 30, 2017 and December 31, 2016, respectively. (Note 12)
(2) Includes related party expenses of $13,472 and $14,724 for the year ended December 30, 2017 and December 31, 2016, respectively. (Note 12)

See accompanying notes to the consolidated financial statements

CARE.COM, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Net income (loss)	$ 10,663	$ 7,046	$ (34,995)
Other comprehensive income (loss):			
Foreign currency translation adjustments	849	292	(889)
Comprehensive income (loss)	$ 11,512	$ 7,338	$ (35,884)

See accompanying notes to the consolidated financial statements

CARE.COM, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(In thousands, except per share data)

	Redeemable Convertible Preferred Stock		Stockholders' Equity					
			Common Stock					
	Number of Shares	Amount	Number of Shares	$0.001 Par Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 27, 2014	—	—	31,615	32	277,583	(159,859)	294	118,050
Exercises of stock options	—	—	256	—	575	—	—	575
Issuance of restricted stock units	—	—	214	—	—	—	—	—
Stock-based compensation	—	—	—	—	5,511	—	—	5,511
Foreign currency translation adjustment	—	—	—	—	—	—	(889)	(889)
Issuance of common stock in connection with acquisitions	—	—	191	—	—	—	—	—
Net loss	—	—	—	—	—	(34,995)	—	(34,995)
Balance at December 26, 2015	—	—	32,276	32	283,669	(194,854)	(595)	88,252
Exercises of stock options	—	—	373	—	1,406	—	—	1,406
Issuance of restricted stock units	—	—	513	—	—	—	—	—
Stock-based compensation	—	—	—	—	6,504	—	—	6,504
Return of stock related to settlement of Citrus Lane (Note 3)	—	—	(478)	—	(2,593)	—	—	(2,593)
Issuance of Series A Redeemable Convertible Preferred Stock, net of issuance costs of $2,124	46	44,226	—	—	—	—	—	—
Common stock repurchase [(1)]	—	—	(3,700)	(3)	(30,521)	—	—	(30,524)
Accretion of Series A Redeemable Convertible Preferred Stock dividends	—	1,310	—	—	(1,310)	—	—	(1,310)
Accretion of Series A Redeemable Convertible Preferred Stock issuance costs	—	2,124	—	—	(2,124)	—	—	(2,124)
Foreign currency translation adjustment	—	—	—	—	—	—	292	292
Net income			—	—	—	7,046	—	7,046
Balance at December 31, 2016	46	47,660	28,984	29	255,031	(187,808)	(303)	66,949
Exercises of stock options	—	—	840	1	3,906	—	—	3,907
Issuance of restricted stock units	—	—	566	—	(1)	—	—	(1)
Stock-based compensation	—	—	—	—	9,693	—	—	9,693
Accretion of Series A Redeemable Convertible Preferred Stock dividends	—	2,599	—	—	(2,599)	—	—	(2,599)
Foreign currency translation adjustment	—	—	—	—	—	—	849	849
Net income	—	—	—	—	—	10,663	—	10,663
Balance at December 30, 2017	46	$ 50,259	30,390	$ 30	$ 266,030	$ (177,145)	$ 546	$ 89,461

(1) Common stock repurchased was subsequently retired in fiscal 2016.

See accompanying notes to the consolidated financial statements

CARE.COM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Year Ended		
	December 30, 2017	**December 31, 2016**	**December 26, 2015**
Cash flows from operating activities			
Net income (loss)	$ 10,663	$ 7,046	$ (34,995)
Income (loss) from discontinued operations, net of tax	—	7,761	(17,116)
Income (loss) from continuing operations	10,663	(715)	(17,879)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by (cash used) in operating activities:			
Stock-based compensation	9,693	6,470	4,926
Depreciation and amortization	2,240	3,722	5,218
Deferred taxes	(2,983)	1,110	1,094
Foreign currency remeasurement (gain) loss	(1,838)	1,261	1,275
Other non-operating expenses (income)	489	41	(98)
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable	(2,349)	281	(604)
Unbilled accounts receivable	95	(1,947)	(291)
Prepaid expenses and other current assets	(647)	(589)	2,076
Other non-current assets	95	(3)	(22)
Accounts payable	(638)	(688)	(588)
Accrued expenses and other current liabilities	3,031	938	1,864
Deferred revenue	2,531	2,581	2,280
Other non-current liabilities	1,751	228	909
Net cash provided by operating activities by continuing operations	22,133	12,690	160
Net cash provided by (used in) operating activities by discontinued operations	—	2,421	(5,124)
Net cash provided by (used in) operating activities	22,133	15,111	(4,964)
Cash flows from investing activities			
Purchases of property and equipment and software	(792)	(244)	(4,396)
Payments for acquisitions, net of cash acquired	—	(420)	—
Cash withheld for purchase consideration	—	—	73
Proceeds from security deposit for sub-lease	—	84	—
Payments for security deposits	(33)	—	—
Purchases of short-term investments	(15,000)	(15,000)	—
Sale of short-term investments	15,000	—	—
Net cash used in investing activities by continuing operations	(825)	(15,580)	(4,323)
Net cash used in investing activities by discontinued operations	—	—	(2)
Net cash used in investing activities	(825)	(15,580)	(4,325)

See accompanying notes to the consolidated financial statements

Cash flows from financing activities			
Proceeds from issuance of Series A Redeemable Convertible Preferred Stock, net of issuance costs of $2,124	—	44,226	—
Proceeds from exercise of common stock options	3,906	1,406	777
Payments of contingent consideration previously established in purchase accounting	—	—	(1,840)
Payment for repurchase of common stock	—	(30,524)	—
Net cash provided by (used in) financing activities by continuing operations	3,906	15,108	(1,063)
Net cash used in financing activities by discontinued operations	—	(14,510)	—
Net cash provided by (used in) financing activities	3,906	598	(1,063)
Effect of exchange rate changes on cash and cash equivalents	420	(275)	(289)
Net increase (decrease) in cash and cash equivalents	25,634	(146)	(10,641)
Cash and cash equivalents, beginning of the period	61,094	61,240	71,881
Cash and cash equivalents, end of the period	$ 86,728	$ 61,094	$ 61,240
Supplemental disclosure of cash flow activities			
Cash paid for taxes	$ 101	$ 177	$ 171
Supplemental disclosure of non-cash investing and financing activities			
Unpaid purchases of property and equipment	$ 22	$ 8	$ 43
Series A Redeemable Convertible Preferred Stock dividend accretion	$ 2,599	$ 1,310	$ —
Series A Redeemable Convertible Preferred Stock issuance costs accretion	$ —	$ 2,124	$ —
Fair value of common shares received from legal settlement (Note 3)	$ —	$ 2,593	$ —

See accompanying notes to the consolidated financial statements

1. Organization and Description of Business

Care.com, Inc. (the "Company", "we", "us", and "our"), a Delaware corporation, was incorporated on October 27, 2006. We are the world's largest online marketplace for finding and managing family care. Our consumer matching solutions enable families to connect to caregivers and caregiving services in a reliable and easy way and our payment solutions enable families to pay caregivers electronically online or via their mobile device and to manage their household payroll and tax matters with Care.com HomePay. We also serve employers through Care@Work by providing access to certain of our products and services and back-up care for children and seniors to employer-sponsored families. In addition, we serve employers by providing access to our platform to employer-sponsored families and care-related businesses-such as day care centers, nanny agencies and home care agencies-who wish to market their services to our care-seeking families and recruit our caregiver members.

Certain Significant Risks and Uncertainties

We operate in a dynamic industry and, accordingly, our business is affected by a variety of factors. For example, we believe that negative changes in any of the following areas could have a significant negative effect on our future financial position, results of operations or cash flows: rates of revenue growth; member engagement and usage of our existing and new products; protection of our brand; retention of qualified employees and key personnel; management of our growth; scaling and adaptation of existing technology and network infrastructure; competition in our market; performance of acquisitions and investments; protection of our intellectual property; protection of customers' information and privacy concerns; security measures related to our website; and access to capital at acceptable terms, among other things.

2. Summary of Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and our wholly owned subsidiaries, after elimination of all intercompany balances and transactions. We have prepared the accompanying financial statements in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Fiscal Year-End

For periods prior to fiscal 2013, we operated and reported on a calendar basis fiscal year. Beginning in the third quarter of fiscal 2013, we operate and report using a 52 or 53-week fiscal year ending on the Saturday in December closest and prior to December 31. Fiscal 2016 had 53 weeks. Accordingly, our fiscal quarters end on the Saturday that falls closest to the last day of the third month of each quarter.

Discontinued Operations

To be reported within discontinued operations, we must dispose of a component or a group of components that represents a strategic shift which will have a major effect on our operations and financial results. We aggregate the results of operations for discontinued operations within a single line item on the income statement. General corporate overhead is not allocated to discontinued operations. We disclose any gain or loss that is recognized upon the disposition of a discontinued operation.

During the fourth quarter of fiscal 2015, we made the decision to shut down the Citrus Lane business and had substantially completed our plans for ceasing the operation of the business. We completed the plans to cease operation of the business in the fourth quarter of 2016. This represented a strategic shift that will have a major effect on our operations and financial results. As such, financial results of Citrus Lane have been presented as net income (loss) from discontinued operations on the consolidated statements of operations for the years ended December 30, 2017 , December 31, 2016 and December 26, 2015 . As of December 30, 2017 and December 31, 2016 , we did not have any assets or liabilities from discontinued operations (see Note 3, "Discontinued Operations").

Use of Estimates

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to accounts receivable and revenue allowances, intangible asset valuations, expected future cash flows used to evaluate the recoverability of long-lived assets, the useful lives of long-lived assets including property and equipment and intangible assets, fair value of stock-based awards, goodwill, income taxes, restructuring liabilities, and contingencies. We base our estimates of the carrying value of certain assets and liabilities on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, when these carrying values are not readily available from other sources. These estimates are based on information available as of the date of the consolidated financial statements; therefore, actual results could differ from the estimates.

Revenue Recognition

In general, we recognize revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered to the customer, (iii) the fee is fixed or determinable, and (iv) collectability is reasonably assured. We derive our revenue primarily from on-going subscription fees. Revenue from subscription fees is recognized on a daily basis over the subscription term or on a pro-rata basis as the services are delivered. Revenue from background checks, lead generation and advertising is recognized in the period earned. Other service revenues are recognized as the services are performed. Taxes that are collected from customers and remitted to government authorities are presented on a net basis and are excluded from revenue. We recognize revenue net of a reserve for refunds based on our actual refund history. During fiscal 2017 , fiscal 2016 , and fiscal 2015 , we recorded \$7.0 million , \$6.1 million , and \$5.6 million in refunds to customers. As it relates to our Citrus Lane business, which is presented within discontinued operations, for product sales, these criteria are deemed to have been met when the items are delivered to the end customer. Shipping and handling charges are included in revenue on a gross basis.

Certain of our arrangements provide companies the opportunity to purchase Care.com services on behalf of their employees. These arrangements typically include a subscription to our consumer matching solutions for their employees. These arrangements are accounted for as multiple element arrangements. We have concluded that each element in the arrangement has stand-alone value as the individual services can be sold separately. In addition, there is no right of refund once a service has been delivered. Therefore, we have concluded each element of the arrangement is a separate unit of accounting. In accordance with the authoritative guidance on revenue recognition, we allocate consideration at the inception of an arrangement to each unit of accounting based on the relative selling price method in accordance with the selling price hierarchy. The objective of the hierarchy is to determine the price at which we would transact a sale if the service were sold on a stand-alone basis, and requires the use of: (1) vendor-specific objective evidence (''VSOE''), if available; (2) third-party evidence (''TPE''), if VSOE is not available; and (3) best estimate of selling price (''BESP''), if neither VSOE nor TPE is available. Since VSOE or TPE are not typically available, BESP is generally used to allocate the selling price to each unit of accounting. We determine BESP for units of account by considering multiple factors including, but not limited to, prices we charge for similar offerings, sales volumes, geographies and other factors contemplated in negotiating multiple element transactions. While we have multiple elements in these arrangements, the recognition of the majority of these elements follows a consistent ratable recognition given the pattern over which services are provided.

Deferred Revenue

Deferred revenue primarily consists of payments received in advance of revenue recognition of the services described above, and is recognized as the revenue recognition criteria are met. Our customers pay for most services in advance on a monthly, quarterly or annual basis. Amounts expected to be recognized within the twelve months following the balance sheet date are classified within current liabilities in the accompanying consolidated balance sheets.

Accounts Receivable and Allowance for Doubtful Account

Accounts receivable primarily represent the net cash due from the Company's payment processors for cleared transactions and amounts owed from corporate customers. Accounts receivable are carried at the original invoiced amount less an allowance for doubtful accounts based on the probability of future collection. When management becomes aware of circumstances that may decrease the likelihood of collection, it records a specific allowance against amounts due. The allowance is recorded through a charge to bad-debt expense which is recognized within general and administrative expense in the consolidated statements of operations. The amounts charged also include expenses for uncollected credit card receivables (or "chargebacks"). The following is a roll forward of the Company's allowance for doubtful accounts (in thousands):

	Balance Beginning of Period	Charged to Statement of Operations	Deductions [1]	Balance at End of Period
Allowance for Doubtful Accounts				
Year ended December 30, 2017	$ 163	$ 1,001	$ (1,062)	$ 102
Year ended December 31, 2016	$ 125	$ 1,387	$ (1,349)	$ 163
Year ended December 26, 2015	$ —	$ 991	$ (866)	$ 125

[1] Deductions include actual accounts written-off, net of recoveries.

Unbilled Receivables

Unbilled receivables consist of amounts earned upon satisfying the revenue recognition criteria in advance of billing. Subscribers to our Care.com HomePay solution are billed quarterly in arrears at the beginning of the subsequent calendar quarter to which the services related. Additionally, there are instances in which we have met revenue recognition criteria in advance of billing schedules for our Care@Work employer solutions customers.

Cost of Revenue

Cost of revenue primarily consists of expenses that are directly related, or closely correlated, to revenue generation, including matching and payments member variable servicing costs such as personnel costs for customer support, transaction fees related to credit card payments, the cost of background checks run on both families and caregivers, and back-up care costs related to our Care@Work contracts. Additionally, cost of revenue includes website hosting fees and amortization expense related to caregiver relationships, proprietary software acquired as part of acquisitions and website intangible assets. As it relates to our Citrus Lane business, which is presented within discontinued operations, we have product fulfillment costs, largely consisting of product, shipping and costs associated with our third-party fulfillment providers.

Concentrations of Credit Risk

Financial instruments, which potentially subject us to concentrations of credit risk, consist primarily of cash and cash equivalents, short-term investments, and accounts receivable. We place our cash and cash equivalents and short-term investments with major financial institutions throughout the world that management assesses to be of high-credit quality in order to limit exposure of each investment. As of December 30, 2017 and December 31, 2016 , substantially all of our cash, cash equivalents, and short-term investments had been invested in money market funds and certificates of deposit.

Credit risk with respect to accounts receivable is dispersed due to the large number of customers. During the year ended December 30, 2017 , one customer accounted for more than 15% of total accounts receivable and no customer accounted for more than 10% of revenue or unbilled accounts receivable. During the year ended December 31, 2016 , one customer accounted for more than 14% of total unbilled accounts receivable and no customer accounted for more than 10% of revenue or accounts receivable. In addition, our credit risk is mitigated by a relatively short collection period. Collateral is not required for accounts receivable. We record our accounts receivable in our consolidated balance sheets at net realizable value. We perform on-going credit evaluations of our customers and maintain allowances for potential credit losses, based on management’s best estimates. Amounts determined to be uncollectible are written off against this reserve.

Foreign Currency Translation

We determine the functional currency for our foreign subsidiaries by reviewing the currencies in which their respective operating activities occur. Financial information is translated from the functional currency to the U.S. dollar, the reporting currency, for inclusion in our consolidated financial statements. Income, expenses, and cash flows are translated at average exchange rates prevailing during each month of the fiscal year, and assets and liabilities are translated at fiscal period end exchange rates. Foreign exchange transaction gains and losses are included in other income (expense), net in the accompanying consolidated statements of operations. The effects of foreign currency translation adjustments are included as a component of accumulated other comprehensive income in the accompanying consolidated balance sheets. For the years ended December 30, 2017 , we recorded foreign currency transaction gains of approximately $1.8 million , and losses of $1.3 million and $1.3 million in the years ended December 31, 2016 and December 26, 2015 , respectively, which is included in other expense, net in the accompanying consolidated statements of operations.

Cash Equivalents

We consider highly liquid investments purchased with an original maturity of 90 days or less at the time of purchase to be cash equivalents. As of December 30, 2017 and December 31, 2016 , cash equivalents consisted of money market funds.

Investments

Investments consist of certificates of deposit (“CDs”). CDs having remaining maturities of more than three months at the date of purchase and less than one year from the date of the balance sheet are classified as short-term. We classify our CDs with readily determinable market values as available-for-sale. The CDs are classified as short-term investments on the consolidated balance sheets and are carried at fair market value, with unrealized gains and losses considered to be temporary in nature reported as accumulated other comprehensive income (loss), a separate component of stockholders’ equity. We review all investments for reductions in fair value that are other-than-temporary. When such reductions occur, the cost of the investment is adjusted to fair value through recording a loss on investments in the consolidated statements of operations. Gains and losses on investments are calculated on the basis of specific identification.

Recurring Fair Value Measurements

Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures* , establishes a three-level valuation hierarchy for disclosure of fair value measurements. The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The three levels of the hierarchy are defined as follows:

- Level 1 inputs - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 inputs - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.), or inputs that are derived principally from or corroborated by market data by correlation or other means.
- Level 3 inputs - Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity’s own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Recurring Fair Value Measurements

Assets

Cash equivalents - Cash equivalents include money market mutual funds with original maturities of three months or less. The fair value measurement of these assets is based on quoted market prices in active markets for identical assets and, therefore, these assets are recorded at fair value on a recurring basis and classified as Level 1 in the fair value hierarchy.

Short-term Investments - Short-term investments include certificates of deposit with original maturities of six months or less. The fair value measurement of these assets is based on quoted market prices in active markets for identical assets and therefore, these assets are recorded at fair value on a recurring basis and classified as Level 1 in the fair value hierarchy.

The following table presents information about our assets and liabilities, measured at fair value on a recurring basis as of December 30, 2017 and December 31, 2016 and indicates the fair value hierarchy of the valuation techniques we utilized to determine such fair value (in thousands):

	December 30, 2017				December 31, 2016			
	Fair Value Measurements Using Input Types				Fair Value Measurements Using Input Types			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Money market mutual funds	$ 17,810	$ —	$ —	$ 17,810	$ 17,637	$ —	$ —	$ 17,637
Certificates of deposit	17,282	—	—	17,282	17,377	—	—	17,377
Total assets	$ 35,092	$ —	$ —	$ 35,092	$ 35,014	$ —	$ —	$ 35,014

Non-Recurring Fair Value Measurements

We remeasure the fair value of certain assets and liabilities upon the occurrence of certain events. Such assets are comprised of long-lived assets, including property and equipment, restructuring liabilities, intangible assets and goodwill. No remeasurement of long-lived assets occurred as of December 30, 2017 or December 31, 2016 . Other financial instruments not measured or recorded at fair value in the accompanying consolidated balance sheets principally consist of accounts receivable, accounts payable, and accrued liabilities. The estimated fair values of these instruments approximate their carrying values due to their short-term nature.

In the quarter ended September 30, 2017, we ceased use of 25,812 square feet of the Company's headquarters facility and recorded a restructuring liability. Refer to Note 14. The restructuring liability charge of $2.6 million includes an estimate of the lease obligation charges associated with restructuring liabilities and deferred rent balances previously accrued. The estimate includes assumptions for the time period it will take to obtain a subtenant, construction costs, and certain sublease rates. These estimates may vary from the sublease agreements ultimately executed, if at all, and could result in an adjustment to the restructuring liability. The fair value of the restructuring liability was estimated by discounting future cash flows that were estimated using inputs for the assumptions listed above. The recorded restructuring accrual associated with this event is classified within Level 3 of the fair value hierarchy wherein fair value is estimated using significant unobservable inputs.

The cash flows estimate of the restructuring liability has been discounted to reflect the time value of money, and therefore, these estimates may vary from the sublease agreements ultimately executed, if at all, and could result in changes to the estimated restructuring liability. The restructuring liability and any future changes in the estimate will be recorded in restructuring charges in the accompanying consolidated statements of operations.

Goodwill

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. We evaluate goodwill and indefinite lived intangible assets for impairment at the reporting unit level (operating segment or one level below an operating segment) annually or more frequently if we believe indicators of impairment exist. In accordance with the guidance, we are permitted to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We refer to this as the "Qualitative Screen." If we conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a two-step goodwill impairment test is performed.

In 2016 we performed quantitative Step 1 tests for each reporting unit, and all reporting units passed the Step 1 test. None of the reporting units were identified as having a higher risk of impairment in 2016, and none would have failed the Step 1 test had the fair value of the reporting unit decreased by 10%. As a result of this fact, and combined with other positive developments in our business during 2017, the performance of each reporting unit against the forecasts used in the 2016 impairment test, and the increase in our stock price and market capitalization, we determined it would be appropriate to perform the Qualitative Screen for each of our reporting units in 2017 as a starting point for assessing whether an impairment of our goodwill exists. If after performing a Qualitative Screen impairment indicators are present, or we identify factors that cause us to believe it is appropriate to perform a more precise calculation of fair value, we would move beyond the Qualitative Screen to perform a quantitative impairment test.

For any reporting unit for which we move beyond the Qualitative Screen, we utilize the two-step approach prescribed under Accounting Standards Codification, or ASC, 350, *Intangibles - Goodwill and Other* . The first step requires a comparison of the reporting unit against its aggregate carrying value, including goodwill. If the carrying amount exceeds the reporting unit's carrying value to its fair value. We consider a number of factors to determine the fair value of a reporting unit, including an independent valuation to conduct this test. The valuation is based upon expected future discounted operating cash flows of the reporting unit. We base the discount rate on the weighted average cost of capital, or WACC, of market participants. If the carrying value of a reporting unit exceeds its estimated fair value, we will perform the second step of the goodwill impairment test to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of a reporting unit’s goodwill to its carrying value. The second step requires us to perform a hypothetical purchase allocation as of the measurement date and estimate the fair value of net tangible and intangible assets. The fair value of intangible assets is determined as described below and is subject to significant judgment.

Since the fair value of our reporting units was determined by use of discounted cash flows, or DCF, and the key assumptions that drive the fair value in this model are the WACC, terminal values, growth rates, and the amount and timing of expected future cash flows, significant judgment is applied in determining fair value. If the current economic environment were to deteriorate, this would likely result in a higher WACC because market participants would require a higher rate of return. In the DCF as the WACC increases, the fair value decreases. The other significant factor in the DCF is our projected financial information (i.e., amount and timing of expected future cash flows and growth rates) and if these assumptions were to be adversely impacted, this could result in a reduction of the fair value of this reporting unit.

We conducted our fiscal 2017 annual impairment test as of October 1, 2017 (the first day of our fourth fiscal quarter). As a result of the Qualitative Screen, we did not identify any indicators of impairment in any of our reporting units; however, for one of our reporting units we performed a quantitative Step 1 test given that in the prior year the excess of the fair value of the reporting unit was less than the other reporting units. For this reporting unit we utilized DCF approach to estimate fair value for our impairment test conclusions. We believe we used reasonable estimates and assumptions about future revenue, cost projections, cash flows, market multiples and discount rates as of the measurement date.

There was no impairment of goodwill as a result of the annual impairment tests completed during the fourth quarters of 2017 and 2016. Based on our impairment review in the fourth quarter of 2017, we do not consider any of our reporting units to be at risk of impairment.

During the second half of fiscal 2015 we made the decision to exit the Citrus Lane business through either a sale or wind-down. As a result of this decision, we determined that indicators of impairment existed in our Citrus Lane business. The fair value of the business was deemed to be below its carrying value and Step 2 of the goodwill impairment test was performed. Step 2 of the goodwill impairment test requires the completion of a hypothetical purchase price allocation to determine the fair value of the implied goodwill. As a result of this analysis and our decision during the second half of 2015 to exit the business, we recorded a goodwill impairment loss of $8.0 million within discontinued operations. Including the impairment loss recognized in 2015, we have recognized accumulated goodwill impairment losses to date with respect to the Citrus Lane business of $41.8 million .

Amortization and Impairment of Intangible Assets

We amortize our intangible assets that have finite lives over their estimated useful lives. We use a straight-line method of amortization, unless a method that better reflects the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up can be reliably determined. Amortization is recorded over the estimated useful lives ranging from one to ten years. We review our intangible assets subject to amortization to determine if any adverse conditions exist, or a change in circumstances has occurred that would indicate impairment or a change in the remaining useful life. If the carrying value of an asset exceeds its undiscounted cash flows, we will write-down the carrying value of the intangible asset, or asset group, to its fair value in the period identified. In assessing fair value, we must make assumptions regarding estimated future cash flows and discount rates. If these estimates or related assumptions change in the future, we may be required to record impairment charges. We generally calculate fair value as the present value of estimated future cash flows to be generated by the asset using a risk-adjusted discount rate. If the estimate of an intangible asset’s remaining useful life is changed, we will amortize the remaining carrying value of the intangible asset prospectively over the revised remaining useful life.

During the year ended December 26, 2015, we recorded an impairment charge associated with certain capitalized software development costs of $0.1 million . We did not recognized any impairment losses during the year ended December 31, 2016 with respect to capitalized software.

During the third quarter of fiscal 2015, we determined that we should consider the advisability of a sale or wind down of the Citrus Lane business. As a result of this determination, we concluded that indicators of impairment existed in the Citrus Lane business and began an analysis of whether any material impairment charges would be required. We completed step one of our goodwill impairment testing with the assistance of an independent valuation firm and determined that the fair value of this business was lower than its carrying value. As a result of this analysis and our decision during the fourth quarter of 2015 to exit the business, we recorded an intangible asset impairment of $1.7 million within loss from discontinued operations.

Software Development Costs

Internal and external software development costs associated with the development of software for internal use, including website development costs, are expensed to research and development during the preliminary project stage and capitalized during the application development stage. Costs incurred during the application development stage and capitalized totaled $0.4 million for the fiscal year ended December 26, 2015 . There were no such costs capitalized in the fiscal years ended December 30, 2017 and December 31, 2016 , as the substantial majority of our development efforts were either in the preliminary stage of development or were for maintenance of, and minor upgrades and enhancements to internal-use software and, accordingly, application development costs were insignificant.

Property and Equipment

Property and equipment are stated at cost, and are depreciated using the straight-line method over the estimated useful life of the assets or, where applicable and if shorter, over the lease term. The following table presents the detail of property and equipment, net for the periods presented (in thousands):

	December 30, 2017	December 31, 2016
Computer equipment	$ 2,926	$ 2,365
Furniture and fixtures	1,680	1,574
Software	1,241	1,373
Leasehold improvements	3,334	3,889
Total	9,181	9,201
Less accumulated depreciation	(5,530)	(4,254)
Property and equipment, net	$ 3,651	$ 4,947

Property and equipment are depreciated over the following estimated useful lives:

	Estimated Useful Life
Computer equipment	3 - 5 years
Leasehold improvements	Lesser of asset life or lease term
Furniture and fixtures	3 - 5 years
Software	3 - 6 years

Depreciation expense for the years ended December 30, 2017 , December 31, 2016 , and December 26, 2015 was $1.6 million , $1.6 million and $1.6 million , respectively.

Expenditures for maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment.

In accordance with ASC 360-10-35-15, *Property, Plant and Equipment—Impairment or Disposal of Long-Lived Assets* , we review the carrying value of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, then an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or the fair value less costs to sell, and are not depreciated. Assets and liabilities that are part of a disposal group and classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet. During the year ended December 30, 2017, we wrote-off $0.5 million of lease-hold improvements associated with the restructuring charge for our headquarters facility located in Waltham, Massachusetts. Please refer to Note 14 for further detail. We did not recognize any impairment losses during the year ended December 30, 2017 , December 31, 2016 , and December 26, 2015 with respect to property and equipment.

Redeemable Convertible Preferred Stock

We classify redeemable convertible preferred stock as temporary equity in the consolidated balance sheet due to certain contingent redemption clauses that are at the election of the holder. We will accrete the carrying value of the redeemable convertible preferred stock to the redemption value through June 20, 2023, which is the seventh anniversary of the Closing Date (June 29, 2016), at a rate of 5.50% per annum, which represents the cumulative dividends owed on the convertible preferred stock, using the interest rate method. We elected to accrete the carrying value of the redeemable convertible preferred stock on the issuance date to the redemption value as it relates to the issuance costs that were netted against the proceeds of issuance of the redeemable convertible preferred stock.

Income (Loss) per Share

Basic net income (loss) per share is computed by dividing net income (loss) attributable to common shareholders by the number of common shares outstanding during the period, including issued and outstanding participating securities on an as-converted basis. We apply the two-class method to calculate basic and diluted net income (loss) per share of common stock, as our Series A Redeemable Convertible Preferred Stock (Series A Preferred Stock) is a participating security. The two-class method is an earnings allocated formula that treats a participating security as having rights to earnings that otherwise would have been available to common stockholders. We compute diluted net income (loss) per common share using income (loss) from continuing operations as the “control number” in determining whether potential common shares are dilutive, after giving consideration to all potentially dilutive common shares, including stock options, unvested restricted stock outstanding during the period and potential issuance of stock upon the conversion of the our Series A Redeemable Convertible Preferred Stock issued and outstanding during the period, except where the effect of such securities would be antidilutive. Please refer to Note 8 for further detail.

Income Taxes

We account for income taxes in accordance with ASC 740, *Income Taxes* . ASC 740 is an asset and liability approach that requires recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis, and for operating loss and tax credit carryforwards. ASC 740 requires a valuation allowance against net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such position are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. At December 30, 2017 and December 31, 2016 , we did not have any uncertain tax positions. Interest and penalty charges, if any, related to uncertain tax positions would be classified as income tax expense in the accompanying consolidated statements of operations. As of December 30, 2017 , December 31, 2016 , and December 26, 2015 , we had no accrued interest or penalties related to uncertain tax positions.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the “Act”) was signed into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a federal corporate tax rate decrease from 34% to 21% effective January 1, 2018, the transition of U.S international taxation from a worldwide tax system to a territorial system, and a one-time transition tax on the mandatory deemed repatriation of foreign earnings. We have estimated our provision for income taxes in accordance with the Act and guidance available as of the date of this filing.

On December 22, 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of US GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Act. Additional work is necessary for a more detailed analysis of our deferred tax assets and liabilities and our historical foreign earnings as well as potential correlative adjustments. Any subsequent adjustment to these amounts will be recorded to current tax expense in 2018 when the analysis is complete.

Presentation of Taxes in the Consolidated Statements of Operations

We present taxes that are collected from customers and remitted to government authorities on a net basis in the consolidated statements of operations.

Stock-Based Compensation

We account for all stock-based awards to employees and members of our board of directors, to the extent such awards were issued in connection with their services as directors, in accordance with ASC 718, *Compensation-Stock Compensation* . ASC 718 requires that all share-based payments, including grants of stock options, be recognized in the statement of operations as an operating expense based on their fair value. For stock options issued under the Company’s stock-based compensation plans, the fair value of each option grant is estimated on the date of grant. For restricted stock units ("RSUs") and performance RSUs ("PSUs") issued under the Company's stock-based compensation plans, the fair value of each grant is calculated based on the Company's stock price on the date of grant. For market RSUs ("MSUs") issued under the Company's stock-based compensation plans, the fair value of each grant is calculated using the Monte Carlo simulation model for the specified price targets. In accordance with ASC 718, we recognize the compensation cost of stock options and RSUs on a straight-line basis over the vesting period of the award, and MSUs on a straight-line basis over the estimated derived service period. Compensation cost of PSUs is recognized on a graded-vesting method based on our estimate of the number of PSUs that will vest. If there is a change in the estimate of the number of PSUs that are probable of vesting, we will cumulatively adjust compensation expense in the period that the change in estimate is made.

We use the Black-Scholes-Merton option-pricing model to determine the fair value for option awards. In valuing our option awards, we make assumptions about risk-free interest rates, dividend yields, volatility, and weighted-average expected lives. Risk-free interest rates are derived from U.S. Treasury securities as of the option award grant date. Expected dividend yield is based on our historical dividend payments, which have been zero to date. The expected volatility for our common stock is estimated taking the average historic price volatility for a group of similarly situated publicly traded companies based on daily price observations over a period equivalent to the expected term of the stock option grants. These publicly traded companies were selected based on comparable characteristics to us and consist of several companies in the technology industry that are similar in enterprise value, stage of life cycle, risk profile, financial leverage and with historical share price information sufficient to meet the expected life of our stock-based awards. We estimate the weighted-average expected life of the option awards as the average of the option vesting schedule and the term of the award, since we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term due to the limited period of time share-based awards have been exercisable. The term of the award is estimated using the simplified method, as awards are plain vanilla option awards. Forfeitures are accounted for as they occur.

Stock-based awards issued to non-employees are accounted for using the fair value method in accordance with ASC 505-50, *Equity-Based Payments to Non-Employees*. These stock awards are typically granted in exchange for consulting services to be rendered, and vest over periods of up to four years. In accordance with authoritative guidance, the fair value of non-employee stock-based awards is estimated on the date of grant, and subsequently revalued at each reporting period over their vesting period. The Black-Scholes-Merton option-pricing model is used to determine the fair value for option awards on the date of grant, and subsequently on each reporting period over the vesting period. For RSUs the fair value is determined based on the Company's stock price on the date of grant, and subsequently on each reporting period over the vesting period.

Advertising Costs

We expense advertising costs as incurred when the advertisement is run. We incurred advertising expenses from continuing operations of $47.4 million , $51.5 million , and $54.5 million for the years ended December 30, 2017 , December 31, 2016 , and December 26, 2015 , respectively.

Accumulated Other Comprehensive Income

As of December 30, 2017 and December 31, 2016 , accumulated other comprehensive income was comprised solely of cumulative foreign currency translation adjustments. There were no amounts reclassified out of other comprehensive income and into our consolidated statements of operations in any of the years presented.

Recently Issued and Adopted Accounting Pronouncements

As an ''emerging growth company'' under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, we are electing to not take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to not take advantage of the extended transition period for complying with new or revised accounting standards is irrevocable.

In May 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-09, " *Compensation – Stock Compensation (Topic 718) Scope of Modification Accounting* ." The amendments in ASU 2017-09 provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The adoption of ASU 2017-09, which will become effective for annual periods beginning after December 15, 2017 and for interim periods within those annual periods, is not expected to have a significant impact on our financial statement presentation or disclosures.

In January 2017, the FASB issued ASU No. 2017-04, " *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ." To simplify the subsequent measurement of goodwill, the FASB eliminated Step 2 from the goodwill impairment test. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The FASB also eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. Therefore, the same impairment assessment applies to all reporting units. An entity is required to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets. The guidance is effective for us in our annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted. ASU 2017-04 must be applied prospectively. We expect that the future adoption of this update will simplify our measurement of goodwill impairment, if any of our reporting units have a zero or negative carrying value, or would fail Step 1 of the impairment test following the date of adoption.

In November, 2016, the FASB issued ASU No. 2016-18, *"Statement of Cash Flows (Topic 230): Restricted Cash."* ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning and ending balances shown on the statement of cash flows. The guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. ASU 2016-18 must be applied retrospectively to all periods presented. We do not anticipate that the adoption of this update will have a material impact on our consolidated statement of cash flows.

In August 2016, FASB issued ASU No. 2016-15, " *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments."* ASU 2016-15 amends ASC 230 to add or clarify guidance on the classification of certain cash receipts and payments in the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. The updated guidance requires a retrospective transition method to each period presented. We do not anticipate that the adoption of this update will have a material impact on our consolidated statement of cash flows.

In March 2016, the FASB issued ASU No. 2016-09, *"Compensation- Stock Compensation (Topic 718)."* The guidance changes how companies account for certain aspects of share-based payments to employees. Entities will be required to recognize income tax effects of awards in the income statement when the awards vest or are settled. The guidance also allows an employer to repurchase more of an employee's shares than it can today for tax withholding purposes providing for withholding at the employee's maximum rate as opposed to the minimum rate without triggering liability accounting and to make a policy election to account for forfeitures as they occur. We adopted this standard in the first quarter of fiscal 2017 using a modified retrospective approach. We elected to account for forfeitures when they occur, rather than to estimate forfeitures when determining the amount of stock-based compensation costs to be recognized in each period. Refer to Note 9 for our accounting policy elections related to income taxes. The adoption of this standard has resulted in approximate $2.2 million of discrete tax benefits from stock-based compensation activity, which were subjected to our valuation allowance assessment described in Note 10.

In February 2016, the FASB issued ASU No. 2016-02, " *Leases (Topic 842)."* The guidance requires an entity to recognize a right-of-use asset and a lease liability for virtually all of its leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. The amendments also require certain quantitative and qualitative disclosures about leasing arrangements. The guidance is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The updated guidance requires a modified retrospective adoption. We are currently evaluating the impact of the adoption of ASU 2016-02 on our consolidated financial position and results of operations.

In April 2015, the FASB issued ASU No. 2015-05, *"Customer's Accounting for Fees Paid in a Cloud Arrangement,"* which requires a customer to determine whether a cloud computing arrangement contains a software license. If the arrangement contains a software license, the customer would account for fees related to the software license element in a manner consistent with accounting for the acquisition of other acquired software licenses. If the arrangement does not contain a software license, the customer would account for the arrangement as a service contract. An arrangement would contain a software license element if both (1) the customer has the contractual right to take possession of the software at any time during the hosting period without significant penalty and (2) it is feasible for the customer to either run the software on its own hardware or contract with another party unrelated to the vendor to host the software. We adopted this ASU prospectively to arrangements entered into, or materially modified beginning December 27, 2015. The adoption did not have a material impact on the consolidated financial position or statement of cash flows for the fiscal year ended December 31, 2016. In December 2016, the

FASB issued ASU No. 2016-19, " *Technical Corrections and Improvements,* " which requires companies to account for internal use software assets as purchases of intangible assets. For the fiscal year ended December 30, 2017, we reclassified $0.1 thousand from property and equipment, net to intangible assets, net on our consolidated statement of position, as a result of our adoption of ASU No. 2016-19.

In May 2014, the FASB issued ASU No. 2014-09, " *Revenue from Contracts with Customers (Topic 606)* ," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In August 2015, the FASB issued ASU No. 2015-14, " *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date* ," which deferred the effective date of ASU 2014-09 by one year to December 15, 2017 for interim and annual reporting periods beginning after that date. Early adoption is permitted but not before the original effective date of December 15, 2016. Since ASU 2014-09 was issued, several additional ASUs have been issued and incorporated within ASC 606 to clarify various elements of the guidance.

As of the date of these condensed consolidated financial statements, we have completed the diagnostic assessment phase of our ASU 2014-09 adoption, including preliminary assessment and project planning, revenue stream scoping, and analysis of the impact the new revenue standard has on our various revenue streams. As part of the Company's ongoing evaluation of ASU 2014-09, the following revenue streams were identified: U.S. matching solutions, Care@Work solution, payments solutions, and marketing solutions. Each of these revenue streams were evaluated in detail based on the criteria established under ASU 2014-09 and served as the basis for the accounting analysis and documentation as it relates to the impact of the standard.

We will adopt ASU 2014-09 effective December 31, 2017 in the quarter ended March 31, 2018 utilizing the modified retrospective method of adoption. Accordingly, upon adoption, we will recognize the cumulative effect of adopting this guidance as an adjustment to the opening balance of the accumulated deficit within the consolidated balance sheet for the period of adoption, and prior periods were not retrospectively adjusted. While we have completed a preliminary assessment of the key provisions of ASU 2014-09, the evaluation of the full impact of the standard on the consolidated financial statements and related disclosures is ongoing, and we are therefore not yet able to reasonably estimate the financial statement impact of ASU 2014-09 upon adoption. We are continuing to assess all potential impacts of the standard, including the impact to the capitalization of costs for commissions and the impact to our disclosures.

3. Discontinued Operations

During the third quarter of fiscal 2015 we made the decision to exit the Citrus Lane business through either a sale or wind-down as it was no longer a strategic priority. In the fourth quarter of fiscal 2015, we made the decision to shut down the business and had substantially completed our plans for exiting the business. In the fourth quarter of fiscal 2016, we completed the plans to exit the business. As such, financial results of Citrus Lane have been presented as income (loss) from discontinued operations, net of tax on the consolidated statements of operations for the fiscal years ended December 30, 2017 , December 31, 2016 , and December 26, 2015 . As of December 30, 2017 and December 31, 2016 there were no recorded assets or liabilities of the Citrus Lane business.

In February 2016, we entered into a settlement agreement with the previous shareholders of Citrus Lane. The settlement agreement related to our acquisition of Citrus Lane and the merger agreement pursuant to which the acquisition was consummated. Under the terms of the settlement agreement, we paid the previous shareholders of Citrus Lane $15.6 million in contingent consideration payments that were valued at $16.0 million as of December 26, 2015 ($16.4 million was the undiscounted value at the time of the acquisition) that was otherwise payable to them in the event Citrus Lane achieved certain milestones in 2015 and 2016. In exchange, the former shareholders forfeited the $5.0 million in original cash consideration that was being held in an escrow account, as well as the 0.4 million shares of common stock issued at closing (valued at $2.0 million as of the February 2016 settlement date and $3.9 million as of the original closing date) and 0.1 million shares of common stock which was subject to the achievement of certain milestones in 2015 and 2016 (valued at $0.6 million as of the February 2016 settlement date and $1.1 million as of the original closing date) offered as part of the deal consideration. We retired these shares of common stock as of December 31, 2016. As a result of this settlement, and based on our assessment that there was not a clear and direct link to the original consideration transferred at the acquisition date, we recognized a gain within income (loss) from discontinued operations on the consolidated statements of operations for fiscal 2016 of $8.0 million .

The following table presents financial results of the Citrus Lane business included in income (loss) from discontinued operations, net of tax for the fiscal years ended December 31, 2016 and December 26, 2015 (in thousands). There were no financial results of the Citrus Lane business included in income (loss) from discontinued operations, net of tax, for the fiscal year ended December 30, 2017 .

	Fiscal Year Ended	
	December 31, 2016	December 26, 2015
Revenue	$ 101	11,530
Cost of revenue	108	11,849
Operating expenses:		
Selling and marketing	54	2,229
Research and development	11	904
General and administrative	(7,835)	2,698
Impairment of goodwill and intangible assets	—	8,766
Depreciation and amortization	8	99
Operating (loss) income	7,755	(15,015)
Other income (expense), net	6	(30)
Income (loss) from discontinued operations before income taxes	7,761	(15,045)
Loss on disposal of assets before income taxes	—	(2,071)
Provision for income tax	—	—
Net income (loss) from discontinued operations	$ 7,761	$ (17,116)

For further details on the impairment of goodwill and intangible assets please refer to Note 2 of these Notes to Consolidated Financial Statements.

4. Goodwill, Intangible Assets, and Software

The following table presents the change in goodwill for our single reportable segment during the periods presented (in thousands):

December 31, 2016	$ 57,910
Effect of currency translation	2,371
December 30, 2017	$ 60,281

The following table presents the detail of intangible assets and software for the periods presented (dollars in thousands):

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted-Average Remaining Life (Years)
December 30, 2017				
Indefinite lived intangibles	$ 242	$ —	$ 242	N/A
Trademarks and trade names	4,469	(4,337)	132	1.5
Proprietary software	5,328	(5,188)	140	1.0
Internal software	264	(163)	101	2.2
Leasehold interests	170	(137)	33	1.4
Customer relationships	8,844	(8,350)	494	5.2
Total	$ 19,317	$ (18,175)	$ 1,142	
December 31, 2016				
Indefinite lived intangibles	$ 242	$ —	$ 242	N/A
Trademarks and trade names	4,394	(4,200)	194	2.5
Proprietary software	5,102	(4,485)	617	1.3
Website	50	(50)	—	0.0
Training materials	30	(30)	—	0.0
Non-compete agreements	127	(120)	7	0.6
Leasehold interests	170	(111)	59	2.3
Caregiver relationships	276	(276)	—	0.0
Customer relationships	8,754	(8,165)	589	6.1
Total	$ 19,145	$ (17,437)	$ 1,708	

Amortization expense was $0.7 million , $2.1 million , and $3.6 million for the fiscal years ended December 30, 2017 , December 31, 2016 , and December 26, 2015 , respectively. Of these amounts $0.2 million , $1.3 million , and $2.9 million was classified as a component of depreciation and amortization, and $0.5 million , $0.8 million , and $0.7 million was classified as a component of cost of revenue in the consolidated statements of operations for the fiscal years ended December 30, 2017 , December 31, 2016 , and December 26, 2015 , respectively.

As of December 30, 2017 , the estimated future amortization expense related to current intangible assets for future fiscal years was as follows (in thousands):

2018	$ 397
2019	191
2020	108
2021	96
2022	96
Thereafter	12
Total	$ 900

5. Accrued Expenses and Other Current Liabilities

The following table presents the detail of accrued expenses and other current liabilities for the periods presented (in thousands):

	December 30, 2017	December 31, 2016
Payroll and compensation	$ 6,351	$ 4,489
Tax-related expenses	2,073	1,358
Marketing expenses	2,224	3,017
Restructuring	1,847	93
Legal	1,138	428
Other accrued expenses	3,453	3,413
Total accrued expenses and other current liabilities	$ 17,086	$ 12,798

6. Commitments and Contingencies

Leases

We have entered into various operating lease agreements, primarily covering certain of our offices throughout the world, with original lease periods expiring between 2015 and 2024. Facilities rent expense under these operating leases was $4.0 million , $4.9 million , and $5.2 million for the years ended December 30, 2017 , December 31, 2016 , and December 26, 2015 , respectively, which is net of sub-lease income of $0.5 million and $0.1 million for the years ended December 30, 2017 and December 31, 2016 , respectively. The sublease income for the year ended December 26, 2015 was immaterial. We are responsible for paying our share of the actual operating expenses and real estate taxes under certain of these lease agreements.

Certain of these arrangements have renewal or expansion options, as well as adjustments for market provisions, such as free or escalating base monthly rental payments. We recognize rent expense under such arrangements on a straight-line basis over the initial term of the lease. The difference between the straight-line expense and the cash paid for rent has been recorded as deferred rent in the consolidated balance sheets.

At December 30, 2017 , minimum future lease commitments under all non-cancelable operating leases (including rent escalation clauses) were as follows (in thousands):

	Operating Leases Future Rental Expense	Operating Leases Future Sub-lease Rental Income
2018	$ 3,524	$ 516
2019	3,662	377
2020	3,832	176
2021	3,787	—
2022	3,834	—
Thereafter	7,796	—
Total	$ 26,435	$ 1,069

In July 2014, we entered into a lease agreement pursuant to which we agreed to lease office space to be used for our new headquarters (the “Prime Lease”). The Prime Lease is for 108,743 square feet of office space, comprising of the entire fourth, fifth, and sixth floors of the building located at 77 Fourth Avenue, Waltham, Massachusetts, or the Building. The term of the Prime Lease commences on August 4, 2014 and expires 120 months from the date base rent payments first become due, which date is the earlier of January 1, 2015 and the date we commence operations in the space. We recorded deferred rent on the consolidated balance sheet. We recognize rent expense on a straight-line basis over the expected lease term. The total cash obligation for the base rent over the term of the Prime Lease will be $42.9 million , and is included in the table above.

We received $2.3 million as tenant improvements allowance under the terms of our new operating lease, which we recorded as deferred rent are amortizing on a straight-line basis over the term of the lease as an offset to rent expense.

In connection with the Prime Leases, we paid $2.8 million in security deposits recorded within other non-current assets on our consolidated balance sheet as of December 30, 2017 .

On April 14, 2016, we entered into a sublease agreement to lease approximately 10,362 square feet of our 108,743 square foot Prime Lease. Additionally, in August 2017 we met the cease-use date requirements for an additional portion of the Prime Lease, consisting of an additional 25,812 square feet. Please refer to Note 14 for further detail on the restructuring charges incurred by us as a result of these restructuring charges.

We recognized total rent expense related to our headquarters of approximately $2.9 million , $3.9 million and $4.2 million for the years ended December 30, 2017 , December 31, 2016 , and December 26, 2015 , respectively.

In March 2016, we entered into a 5 -year property lease for a facility in San Mateo County, California, consisting of approximately 2,100 square feet. The lease commenced on April 1, 2016, and we will pay an aggregate of approximately $0.8 million over the 5 -year lease period.

In August 2017, we entered into an approximate 2 -year property lease for a facility in San Francisco, California. The lease commenced on September 1, 2017, and we will pay an aggregate of approximately $0.7 million over the 2 -year lease period.

Legal matters

From time to time we are involved in legal proceedings and other regulatory matters arising in the ordinary course of our business. Each reporting period, we evaluate whether or not a loss contingency related to such matters is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. If a loss is probable and the potential estimate of the loss is a range, we evaluate if there is a point within the range that appears at the time to be a better estimate than any other point in the range, and if so, that amount is accrued. If we conclude that no amount in the range appears to be a better estimate than any other, we accrue the minimum amount in the range. We monitor developments in legal matters that could affect estimates we have previously accrued and update our estimates as appropriate based on subsequent developments.

In the first quarter of fiscal 2017, we received a demand for payments totaling approximately $1.5 million relating to a government inquiry which commenced in 2016. The Company determined that it is probable that it will incur a loss in connection with this matter and has accrued an amount as of December 31, 2016 based on its reasonable estimate of this loss. The Company accrued an additional amount as of the quarter ended April 1, 2017, based on its updated estimate of this loss. In February 2018, we resolved the matter. In connection with the resolution, we have agreed to make payments of approximately $0.5 million , consistent with our accrual for the matter as of December 30, 2017.

Additionally, in the fourth quarter of fiscal 2017, we received a demand for payments totaling approximately $4.9 million plus additional yet to be determined amounts relating to two government inquiries, both of which commenced in 2016. The Company determined that it is probable that it will incur a loss in connection with these matters and has accrued an amount as of December 30, 2017 based on the low end of the range of our reasonable estimate of thi s loss. The amount accrued was not material to our financial statements for the year ended December 30, 2017.

7. Stock-based Compensation

Stock Option Plans

On November 15, 2006, we adopted our 2006 Stock Incentive Plan (‘‘the 2006 Plan’’), which provides for the issuance of incentive and non-qualified stock options, restricted stock and other stock-based awards to employees and non-employees of the Company. We reserved 4,567,500 shares of common stock for issuance under the 2006 Plan. Options generally vest over four years , with 25% vesting upon the one year anniversary of the date of hire, and the remaining 75% vesting quarterly over the next 3 years . Options granted to consultants or other non-employees generally vest over the expected service period to the Company. The options expire ten years from the date of grant. We issue new shares to satisfy stock option exercises. Only stock options have been issued under the 2006 Plan. No grants have been made under the 2006 Plan since our IPO, and no further awards will be granted under the 2006 Plan. However, the 2006 Plan will continue to govern outstanding awards granted under the 2006 Plan.

On January 23, 2014, we adopted our 2014 Incentive Award Plan (‘‘the 2014 Plan’’), which provides for the issuance of incentive and non-qualified stock options, restricted stock, restricted stock units (“RSUs”) and other stock-based awards to employees, directors and non-employees of the Company and our subsidiaries. We initially reserved 4,112,048 shares of common stock for issuance under the 2014 Plan. The number of shares initially available for issuance will be increased by (i) the number of shares represented by awards outstanding under the 2006 Plan that are forfeited, lapse unexercised or are settled in cash and which following the effective date of the 2014 Plan are not issued under the 2006 Plan and (ii) an annual increase on January 1 of each calendar year beginning in 2015 and ending in 2019, equal to the lesser of (A) 4% of the shares of common stock outstanding (on an as-converted basis) on the final day of the immediately preceding calendar year and (B) an amount as determined by our board of directors. No more than 5,002,935 shares of common stock may be issued upon the exercise of incentive stock options. Options generally vest over four years, with 25% vesting upon the one -year anniversary of the date of hire, and the remaining 75% vesting quarterly over the next 3 years. Options granted to consultants or other non-employees generally vest over the expected service period to the Company. The options expire ten years from the date of grant. To date stock options, RSUs, performance-based RSUs (“PSUs”), and monetary-based RSUs (“MSUs”) have been issued under the 2014 Plan.

Stock-Based Compensation

The following table summarizes stock-based compensation in our accompanying condensed consolidated statements of operations (in thousands):

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Cost of revenue	$ 396	$ 316	$ 236
Selling and marketing	1,216	898	813
Research and development	1,771	1,103	760
General and administrative	6,310	4,153	3,116
Income (loss) from discontinued operations	—	14	589
Total stock-based compensation	$ 9,693	$ 6,484	$ 5,514

Pursuant to our 2014 Incentive Award Plan (the “2014 Plan”), during fiscal 2017 , we granted 0.6 million restricted stock units (RSUs) to certain employees, advisors, and directors, 0.4 million PSUs to certain members of management, and 0.2 million MSUs to senior management.

In the first quarter of fiscal 2017, we issued 0.4 million PSUs. The number of PSUs that become eligible to vest for each recipient will be determined in the first quarter of 2018 based upon the Company’s level of achievement of certain financial targets for fiscal 2017. To the extent any PSUs become eligible to vest, they generally will vest over a three -year period retroactive to March 2017 as continued services are performed. Management is recognizing expense using the graded-vesting method based on its estimate of the number of PSUs that will vest. If there is a change in the estimate of the number of PSUs that are probable of vesting, we will cumulatively adjust compensation expense in the period that the change in estimate is made.

In the second quarter of fiscal 2017, we issued 0.2 million MSUs to senior management. The MSUs awarded will vest at any point during a five -year performance period, from 2017 through 2022, based on achievement of specified 120 -day volume-weighted average closing share price targets, which is a market condition, or a change-in-control event, and if vested, will be issued in the form of common stock. The MSUs were valued at $11.18 - $12.20 per share using the Monte Carlo simulation model for the specified price targets. The stock-based compensation expense associated with the MSUs will be recognized over a weighted average derived service period of 1.14 - 1.54 years. If the market condition or the performance condition is not achieved during the five -year performance period, then the shares will be forfeited.

RSUs are not included in issued and outstanding common stock until the shares are vested and released. The fair value of the RSUs is measured based on the market price of the underlying common stock as of the date of grant, reduced by the purchase price of $0.001 per share. The weighted average grant-date fair value per vested RSU share and the total fair value of vested shares from the RSU grants was $7.66 and $8.1 million , respectively, for the year ended December 30, 2017 . The weighted average grant-date fair value per vested RSU share and the total fair value of vested shares from the RSU grants was $7.29 and $3.6 million , respectively, for the year ended December 31, 2016 .

During the years ended December 30, 2017 and December 31, 2016 , we granted 1.2 million and 1.5 million stock options, respectively, with a weighted-average exercise price per share of $13.66 and $6.95 , respectively. The weighted average grant-date fair value per share was $4.89 and $2.74 for the years ended December 30, 2017 and December 31, 2016 , respectively. During the year ended December 26, 2015, no stock options were granted.

The following table presents the assumptions used to estimate the fair value of options granted during the periods presented:

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Risk-free interest rate	1.86 - 2.21 %	1.19 - 2.23 %	N/A
Expected term (years)	6.25	6.25	N/A
Volatility	30.2 - 33.4 %	33.3 - 38.2 %	N/A
Expected dividend yield	—%	—%	N/A

A summary of stock option activity for the year ended December 30, 2017 was as follows (in thousands for shares and intrinsic value):

	Stock Options				Restricted Stock Units	
	Shares	Weighted-Average Remaining Contractual Term (Years)	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Shares	Weighted-Average Grant Date Fair Value
Outstanding as of December 31, 2016	4,312	6.45	$ 6.64	$ 13,042	1,780	$ 7.08
Granted [1]	1,243		13.66		1,179	12.85
Settled (RSUs)	—		—		(554)	7.66
Exercised	(841)		4.65		—	—
Canceled and forfeited	(228)		12.61		(555)	7.09
Outstanding as of December 30, 2017	4,486	6.68	$ 8.65	$ 42,892	1,850	$ 10.58
Vested and exercisable as of December 30, 2017	2,657	5.19	$ 6.97	$ 30,145	N/A	N/A

(1) For RSUs, includes both time-based, performance-based, and market-based restricted stock units

Aggregate intrinsic value represents the difference between the closing stock price of our common stock and the exercise price of outstanding, in-the-money options. Our closing stock price as reported on the New York Stock Exchange as of December 30, 2017 was $18.04 . The total intrinsic value of options exercised and RSUs vested was approximately $16.1 million , $5.8 million , and $2.9 million for the years ended December 30, 2017 , December 31, 2016 , and December 26, 2015 , respectively. The aggregate fair value of the options that vested during the years ended December 30, 2017 , December 31, 2016 , and December 26, 2015 was $2.2 million , $4.3 million , and $3.7 million , respectively.

As of December 30, 2017 , total unrecognized compensation cost, related to non-vested stock options and RSUs, including performance RSUs, was approximately $7.1 million and $14.5 million , respectively, which is expected to be recognized over a weighted-average period of 2.8 years and 2.2 years, respectively, to the extent they are probable of vesting. As of December 30, 2017 , we had 2.2 million shares available for grant under the 2014 Plan.

Common Stock

As of December 30, 2017 , we had reserved the following shares of common stock for future issuance in connection with the following (in thousands):

	December 30, 2017
Options issued and outstanding	4,486
Restricted stock units issued and outstanding	1,850
Common stock available for stock-based award grants under incentive award plans	2,154
Common stock available for conversion of Series A Redeemable Convertible Preferred Stock	4,787
Total	13,277

8. Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) attributable to common shareholders by the number of common shares outstanding during the period, including issued and outstanding participating securities on an as-converted basis. We apply the two-class method to calculate basic and diluted net income (loss) per share of common stock, as our Series A Redeemable Convertible Preferred Stock (Series A Preferred Stock) is a participating security. The two-class method is an earnings allocated formula that treats a participating security as having rights to earnings that otherwise would have been available to common stockholders. For fiscal 2016 , and fiscal 2015 , we were in a loss position from continuing operations for each of these periods, and the Series A Preferred Stockholders do not contractually participate in losses, as such, we added the Series A Preferred Stock dividends to the loss from continuing operations to calculate the loss attributable to common stockholders in order to calculate the numerator used in the net income (loss) per share. We compute diluted net income (loss) per common share using income (loss) from continuing operations as the “control number” in determining whether potential common shares are dilutive, after giving consideration to all potentially dilutive common shares, including stock options, unvested restricted stock outstanding during the period and potential issuance of stock upon the conversion of the our Series A Preferred Stock issued and outstanding during the period, except where the effect of such securities would be antidilutive. In performing the dilutive calculation, the more dilutive of the treasury stock method and the two-class method is used. For fiscal 2016 and fiscal 2015 , we incurred a loss from continuing operations, and as such, there are no potential common shares with a dilutive impact.

The calculations of basic and diluted net income (loss) per share and basic and dilutive weighted-average shares outstanding for fiscal 2017 , fiscal 2016 , and fiscal 2015 were as follows (in thousands, except per share data):

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Numerator:			
Basic:			
Net income (loss) from continuing operations attributable to common stockholders	$ 6,944	$ (3,612)	$ (17,879)
Net income from discontinued operations attributable to common stockholders	$ —	$ 6,757	$ (17,116)
Dilutive			
Net income (loss) from continuing operations attributable to common stockholders	$ 6,944	$ (3,612)	$ (17,879)
Plus: undistributed earnings allocated to participating securities	3,719	—	—
Less: undistributed earnings reallocated to participating securities	(3,637)	—	—
Net income (loss) from continuing operations attributable to common stockholders	$ 7,026	$ (3,612)	$ (17,879)
Net income (loss) from discontinued operations attributable to common stockholders	$ —	$ 6,757	$ (17,116)
Denominator:			
Weighted-average shares outstanding - basic	29,680	30,535	32,001
Dilutive impact from:			
Options outstanding	1,941	—	—
Restricted stock units	785	—	—
Weighted-average shares outstanding - dilutive	32,406	30,535	32,001
Net income (loss) per share attributable to common stockholders (Basic):			
Income (loss) per share from continuing operations attributable to common stockholders	$ 0.23	$ (0.12)	$ (0.56)
Income (loss) per share from discontinued operations attributable to common stockholders	—	0.22	(0.53)
Net income (loss) per share attributable to common stockholders	$ 0.23	$ 0.10	$ (1.09)
Net income (loss) per share attributable to common stockholders (Diluted):			
Income (loss) per share from continuing operations attributable to common stockholders	$ 0.22	$ (0.12)	$ (0.56)
Income (loss) per share from discontinued operations attributable to common stockholders	—	0.22	(0.53)
Net income (loss) per share attributable to common stockholders	$ 0.22	$ 0.10	$ (1.09)

The following equity shares were excluded from the calculation of diluted net loss per share attributable to common stockholders because their effect would have been anti-dilutive for the periods presented (in thousands):

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Stock options	1,365	4,312	3,482
Restricted stock units	140	1,780	1,306
Series A Redeemable Convertible Preferred Stock (as converted to common stock)	4,787	4,539	—

9. Preferred Stock

Preferred Stock consists of the following at December 30, 2017 (in thousands, except shares):

	Preferred Stock Authorized	Issuance Date	Issued and Outstanding	Liquidation Preference as of June 29, 2023	Carrying Value	Common Stock Issuable Upon Conversion as of June 29, 2023
			December 30, 2017			
Series A	46,350	June 29, 2016	46,350	$ 67,424	$ 50,259	6,421,369
			December 31, 2016			
Series A	46,350	June 29, 2016	46,350	$ 67,763	$ 47,660	6,453,660

Please refer to the Certificate of Designations filed as Exhibit 3.1 to our Current Report on Form 8-K, filed on June 29, 2016, for definitions of all capitalized terms not otherwise defined below.

Series A Redeemable Convertible Preferred Stock (Series A Preferred Stock)

On June 29, 2016 (the “Closing Date”), we announced the entry into an Investment Agreement, dated as of June 29, 2016 with CapitalG LP (“CapitalG”) relating to the issuance and sale to CapitalG of 46.4 thousand shares of our Series A Redeemable Convertible Preferred Stock, par value $0.001 per share (“Series A Preferred Stock”), for an aggregate purchase price of $46.4 million , or $1,000 per share. We incurred issuance costs of $2.1 million . We elected to accrete all issuance costs that were netted against the proceeds upon issuance of the Series A Preferred Stock.

The Series A Preferred Stock has the following rights and preferences:

Voting

The holders of Series A Preferred Stock have full voting rights and powers equal to the rights and powers of holders of shares of Common Stock, with respect to any matters upon which holders of shares of Common Stock have the right to vote. Holders of Series A Preferred Stock are entitled to the number of votes equal to the number of whole shares of Common Stock into which such share of Series A Preferred Stock could be converted at the record date for determination of the stockholders entitled to vote on such matters.

Additionally, at any time when at least 50% of the shares of the Series A Preferred Stock purchased from the Company pursuant to the Investment Agreement are outstanding, the Company cannot, without the written consent or affirmative vote of the holders of a majority of the then outstanding shares of preferred stock, (a) amend the Certificate of Incorporation in a manner that adversely affects the preferences or rights of the preferred stock; (b) authorize or issue capital stock unless it ranks equal to or junior to the preferred stock, or increase the authorized number of shares of preferred stock; or (c) reclassify or amend any existing security of the Company that is equal to or junior to the preferred stock to render such security senior to the Series A Preferred Stock.

Dividends

The Series A Preferred Stock ranks senior to the shares of our Common Stock with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company. Holders of the Series A Preferred Stock are entitled to a cumulative dividend at a rate of 5.50% per annum during the period from the Closing Date to the seventh anniversary of the Closing Date, payable semi-annually in arrears. Dividends are paid in additional Liquidation Preference per share of Series A Preferred Stock.

Liquidation Preference

The Series A Preferred Stock has a Liquidation Preference of $1,000 per share plus all Accrued and Unpaid Dividends. The Series A Preferred Stock ranks senior to the Common Stock with respect to rights upon liquidation, winding-up and dissolution.

Conversion

The Series A Preferred Stock is convertible at the option of the holders at any time into shares of Common Stock at an initial Conversion Price of $10.50 per share, which rate is subject to adjustment upon the occurrence of certain events. At any time after the seventh anniversary of the Closing Date, and if between the fifth anniversary and the seventh anniversary of the Closing Date, the consolidated closing price of the Common Stock equals or exceeds 150% of the then prevailing Conversion Price for at least 20 trading days in any period of 30 consecutive trading days, including the last trading day of such 30-day period, then following such time, all or some of the Series A Preferred Stock may be converted, at our election, into the relevant number of shares of Common Stock.

Redemption

At our option, at any time after the seventh anniversary of the Closing Date, all of the Series A Preferred Stock may be redeemed by us at the then current Liquidation Preference plus Accrued and Unpaid Dividends after giving the holders of Series A Preferred Stock the ability to convert their shares into Common Stock. At any point after the seventh anniversary of the Closing Date, each holder of the Series A Preferred Stock may cause us to redeem all of such holder’s Series A Preferred Stock at the then current Liquidation Preference plus Accrued and Unpaid Dividends. We elected to accrete all issuance costs that were netted against the proceeds upon issuance of the Series A Preferred Stock. We will accrete the carrying value of the Series A Preferred Stock to the redemption value through June 29, 2023, which is the seventh anniversary of the Closing Date, at a rate of 5.50% per annum, which represents the cumulative dividends owed on the Series A Preferred Stock, using the interest rate method.

Change in Control Events

Upon certain change of control events involving the Company, holders of Series A Preferred Stock can elect to either (1) convert the Series A Preferred Stock to Common Stock at the then current Conversion Price or (2) require us to redeem the Series A Preferred Stock for 150% of the then current Liquidation Preference plus Accrued and Unpaid Dividends, provided that in the case of a change of control event in which the Common Stock is converted into or canceled for cash or publicly traded securities, such conversion or redemption will be mandatory, with the selection deemed to be in favor of the alternative that would result in holders of Series A Preferred Stock receiving the greatest consideration.

Board of Directors Seat

Pursuant to the Investment Agreement and the Certificate of Designations, we have agreed that, so long as CapitalG or its affiliates beneficially own at least 50% of the shares of Series A Preferred Stock purchased in the transaction, the holders of Series A Preferred Stock shall have the right to elect one member of the board of directors, and CapitalG has the right to designate the nominee for such position.

Standstill Restrictions

Pursuant to the Investment Agreement, CapitalG is subject to certain standstill restrictions, including, among other things, that CapitalG is restricted from acquiring additional securities of the Company until the later of (a) the 18 month anniversary of the Closing Date and (b) the date that no CapitalG designee serves on the Company’s board of directors. Subject to certain customary exceptions, CapitalG is restricted from transferring the Series A Preferred Stock or, if converted, any shares of Common Stock underlying the Series A Preferred Stock until the earlier of the 18 month anniversary of the Closing Date or immediately prior to a change of control of the Company.

10. Income Taxes

The following table presents domestic and foreign components of income (loss) from continuing operations before income taxes for the periods presented (in thousands):

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
United States	$ 4,457	$ 721	$ (13,318)
Foreign	3,700	(154)	(3,340)
Income (loss) from continuing operations before income taxes	$ 8,157	$ 567	$ (16,658)

The following table presents the components of the (benefit from) provision for income taxes for the periods presented (in thousands):

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Current:			
Federal	$ —	$ —	$ —
State	137	88	94
Foreign	340	85	33
Total current provision for income taxes	477	173	127
Deferred:			
Federal	(3,136)	894	883
State	153	216	211
Foreign	—	—	—
Total deferred tax (benefit) provision	(2,983)	1,110	1,094
Total (benefit from) provision for income taxes	$ (2,506)	$ 1,282	$ 1,221

See Note 3 - Discontinued Operations for the losses from discontinued operations before income taxes and related income taxes reported for the years ended December 30, 2017 , December 31, 2016 , and December 26, 2015 , respectively. All pre-tax income (loss) presented in discontinued operations for these periods were related to U.S. operations.

The following table presents a reconciliation of the statutory federal rate, and our effective tax rate on income (losses) from continuing operations, for the periods presented:

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
U.S. federal taxes at statutory rate	34 %	34 %	34 %
State income taxes, net of federal benefit	3	35	(1)
Permanent differences	(33)	108	(3)
Foreign rate differential	(4)	(5)	(1)
Change in valuation allowance - U.S.	(250)	27	(31)
Change in valuation allowance - foreign	(8)	27	(5)
Deferred rate change	227	—	—
Total	(31)%	226 %	(7)%

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the “Act”) was signed into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a federal corporate tax rate decrease from 34% to 21%

beginning January 1, 2018, the transition of U.S international taxation from a worldwide tax system to a territorial system, and a one-time transition tax on the mandatory deemed repatriation of foreign earnings. On December 22, 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of US GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Act. Additional work is necessary for a more detailed analysis of our deferred tax assets and liabilities, valuation allowance requirements, and our historical foreign earnings as well as potential correlative adjustments. Any subsequent adjustment to these amounts will be recorded to current tax expense in the quarter of 2018 when the analysis is complete. In addition, we plan to continue to monitor interpretations and guidance related to the Act and incorporate these matters into our analysis when additional information becomes available.

We recorded a provisional tax benefit of $1.7 million in the fourth quarter of fiscal 2017 primarily due to the remeasurement of net deferred tax liabilities related to indefinite lived intangible assets, mainly goodwill. The Act also provides for net operating losses generated on or after January 1, 2018 to have an indefinite carryforward period. In light of the Act, we evaluated our existing indefinite lived deferred tax liabilities and concluded they can serve as a source of income supporting the realization of certain deferred tax assets which, when they reverse, will become an indefinite lived net operating loss. This resulted in an additional provisional tax benefit of $2.3 million . We continue to refine our calculations of valuation allowances in light of the Act. These tax benefits were partially offset by income tax expense of $1.5 million pertaining to amortization of certain goodwill for tax purposes for which there is no corresponding book deduction and certain state and foreign taxes based on operating income that are payable without regard to our tax loss carry forwards

During fiscal 2016 we recorded an income tax expense of $1.3 million , primarily related to amortization of certain goodwill for tax purposes for which there is no corresponding book deduction and certain state and foreign taxes based on operating income that are payable without regard to our tax loss carry forwards.

During fiscal 2015 we recorded an income tax benefit of $1.2 million , primarily related to amortization of certain goodwill for tax purposes for which there is no corresponding book deduction and certain state taxes based on operating income that are payable without regard to our tax loss carry forwards.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The following table presents the significant components of our deferred tax assets and liabilities, including those related to discontinued operations for the periods presented (in thousands):

	Fiscal Year Ended	
	December 30, 2017	**December 31, 2016**
Deferred tax assets		
Net operating loss carryforwards	$ 38,050	$ 53,611
Accrued expenses	3,362	3,202
Stock-based compensation	2,446	2,342
U.S. definite lived intangibles	3,362	5,214
Other temporary differences	78	433
Total deferred tax assets	47,298	64,802
Valuation allowance	(44,703)	(64,229)
Net deferred tax assets	2,595	573
Deferred tax liabilities		
Foreign intangibles	(40)	(59)
U.S. goodwill	(3,640)	(4,276)
Fixed assets	(84)	(514)
Other temporary differences	(124)	—
Total deferred tax liabilities	(3,888)	(4,849)
Net deferred tax liabilities	$ (1,293)	$ (4,276)

We re-measure certain deferred tax assets and liabilities based on the rates at which they are anticipated to reverse in the future. We are still examining certain aspects of the Act and refining our calculations, which could potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts.

ASC 740 requires a valuation allowance to reduce the deferred tax assets if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. After consideration of all the evidence, both positive and negative, we have recorded a valuation allowance of $44.7 million and $64.2 million at December 30, 2017 and December 31, 2016 , respectively, because our management has determined that is it more likely than not that these assets will not be fully realized. The decrease of $19.5 million in the overall valuation allowance relates to the U.S. federal rate reduction from 34% to 21% , and our assessment that our indefinite lived deferred tax liabilities provide a source of income against the realization of certain deferred tax assets that we expect to become indefinite lived net operating losses when they reverse.

As of December 30, 2017 , we had federal net operating loss carryforwards of $131.3 million and state net operating loss carryforwards of $108.8 million , which may be available to reduce future taxable income. The net operating losses (''NOL'') will expire at various dates through 2037.

As of December 30, 2017 , we had foreign net operating losses primarily related to our German operations of $9.9 million , our U.K. operations of $2.9 million , and our Australia operations of $0.5 million that have an unlimited carryforward period under German, U.K. and Australia tax law.

The NOLs are subject to review and possible adjustment by the Internal Revenue Service and state tax authorities. NOL carryforwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant shareholders over a three-year period in excess of 50%, as defined under Sections 382 and 383 of the Internal Revenue Code, respectively, as well as similar state provisions. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the value of the company immediately prior to the ownership change. Subsequent ownership changes may further affect the limitation in future years.

As of December 30, 2017 and December 31, 2016 , the Company had no recorded liabilities for uncertain tax positions. Interest and penalty charges, if any, related to uncertain tax positions would be classified as income tax expense in the accompanying consolidated statements of operations. As of December 30, 2017 , December 31, 2016 , and December 26, 2015 , we had no accrued interest or penalties related to uncertain tax positions.

We file U.S. federal income tax returns and returns in various state, local, and foreign jurisdictions. Since we are in a loss carryforward position, the statute of limitations generally remains open for all tax years. Currently, we are not under examination relating to tax returns that have been previously filed.

We have not recorded income tax expense pertaining to the one-time transition tax on the mandatory deemed repatriation of foreign earnings as we remain in a cumulative earnings and profits deficit. Our investments in our subsidiaries are essentially permanent in duration. Determining the amount of unrecognized deferred tax liability related to any remaining undistributed foreign earnings not subject to the transition tax and additional outside basis difference in these entities is not practicable. We are still in the process of analyzing the impact of the Act on our indefinite reinvestment assertion

11. Segment and Geographical Information

We consider operating segments to be components of the Company in which separate financial information is available that is evaluated regularly by our chief operating decision maker in deciding how to allocate resources and in assessing performance. Our chief operating decision maker is the CEO. The CEO reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. Prior to our decision to exit the Citrus Lane business in fiscal 2015, we had determined that we had two operating and reporting segments, CRCM Businesses, Excluding Citrus Lane and Citrus Lane. Subsequent to our decision to exit the Citrus Lane business, we have concluded that we have a single operating and reportable segment comprised of the following product lines (dollars in thousands):

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
U.S. Consumer Business	$ 137,918	$ 130,327	$ 115,020
Other	36,172	31,427	23,661
Total revenue	$ 174,090	$ 161,754	$ 138,681

No country outside of the United States provided greater than 10% of our total revenue. Revenue is classified by the major geographic areas in which our customers are located. The following table summarizes total revenue generated by our geographic locations (dollars in thousands):

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
United States	$ 158,207	$ 147,830	$ 129,085
International	15,883	13,924	9,596
Total revenue	$ 174,090	$ 161,754	$ 138,681

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
United States	91%	91%	93%
International	9%	9%	7%
Total revenue	100%	100%	100%

Our long-lived assets are primarily located in the United States and are not allocated to any specific region. Therefore, geographic information is presented only for total revenue.

12. Related Party Transactions

We had the following transactions with related parties during the period:

Series A Preferred Stock Issuance to CapitalG LP

On June 29, 2016, we issued Series A Preferred Stock to CapitalG LP, as described in Note 9. As a result of this transaction, Alphabet Inc., the ultimate parent of CapitalG LP ("CapitalG"), and all related affiliates of Alphabet Inc. are considered to be related parties. During fiscal 2017 and fiscal 2016 , we recorded $1.9 million and $1.6 million of revenue from Care@Work arrangements with Alphabet Inc. and its affiliates, respectively. During fiscal 2017 and fiscal 2016 , we incurred $12.3 million and $14.5 million of selling and marketing expenses for internet based marketing services with Alphabet Inc. and its affiliates, respectively. As of December 30, 2017 , we had $0.3 million and $0.2 million of accounts receivable and unbilled accounts receivable, respectively, recorded with Alphabet Inc. and its affiliates. As of December 31, 2016 , we had $0.1 million and $0.3 million of accounts receivable and unbilled accounts receivable, respectively, recorded with Alphabet Inc. and its affiliates. As of December 30, 2017 , we had $0.1 million and $0.5 million of accounts payable and accrued expenses and other current liabilities, respectively, recorded with Alphabet Inc. and its affiliates. As of December 31, 2016 , we had $0.2 million , $0.1 million , and $1.1 million of deferred revenue, accounts payable, and accrued expenses and other current liabilities, respectively, recorded with Alphabet Inc., and its affiliates.

Repurchase of Common Stock from Matrix Partners VII, L.P. and Weston & Co. VII LLC

On June 27, 2016, we entered into a Stock Repurchase Agreement (the "Stock Repurchase Agreement") to repurchase an aggregate of 3.7 million shares of common stock at a price of $8.25 per share (the "Stock Repurchase") from Matrix Partners VII, L.P. and Weston & Co. VII LLC, as Nominee (together, the "Sellers"). The Stock Repurchase closed on June 29, 2016.

Pursuant to the Stock Repurchase Agreement, the Sellers were subject to a 90 -day lock-up provision related to the remaining shares of common stock they held following the closing of the Stock Repurchase.

West of Everything, the successor of West Studios, LLC

In fiscal 2016, we entered into a professional services agreement with West of Everything, the successor of West Studios, LLC ("West"). We consider West to be a related party because one of our board members is acting as a Managing Director of the entity. Under the terms of the agreement, we incurred an aggregate $1.4 million in service fees between the fourth quarter of fiscal 2016 and the second quarter of fiscal 2017, prior to terminating the agreement in the second quarter of fiscal 2017. During the six months ended July 1, 2017, we incurred $1.2 million of selling and marketing expenses related to our West relationship.

13. Employee Benefit Plans

We have established a 401(k) tax-deferred savings plan covering all employees who satisfy certain eligibility requirements. The 401(k) plan allows each participant to defer a percentage of their eligible compensation subject to applicable annual limits pursuant to the limits established by the Internal Revenue Service. We may, at our discretion, make contributions in the form of matching contributions or profit sharing contributions. During the years ended December 30, 2017 , December 31, 2016 , and December 26, 2015 , we contributed a 401(k) match of $0.2 million , $0.2 million , and $0.2 million , respectively.

14. Restructuring Charges

On April 14, 2016, we entered into a sublease agreement to lease approximately 10,362 square feet of our 108,743 square foot headquarters facility located in Waltham, Massachusetts.

During the quarter ended June 25, 2016, we recorded a $0.5 million sublease loss liability and related expenses of $0.2 million for the expected loss on the sublease, in accordance with ASC 840-20 *Leases* , because the monthly payments we expect to receive under the sublease are less than the amounts that we will owe the lessor for the sublease space. The sublease term is less than the remaining term under the original lease, and thus we do not believe we have met a cease use date as we may re-enter the space following the sublease. The fair value of the liability was determined using the estimated future net cash flows, consisting of the minimum lease payments to the lessor for the sublease space and payments we will receive under the sublease. The sublease loss was recorded as part of restructuring expense in the consolidated statement of operations for fiscal 2016 .

Additionally, during the quarter ended September 30, 2017, we ceased use of an additional 25,812 square feet of the same facility. We recorded a lease obligation charge of $3.1 million . The lease obligation charge comprised of restructuring expense, including sublease income and construction costs, net of deferred rent liabilities of $2.6 million . Additionally, we wrote-off $0.5 million of lease-hold improvements related to the space. In order to estimate the lease obligation charges included in the restructuring expense, we made certain assumptions, including the time period it will take to obtain a subtenant, construction costs, and certain sublease rates. These estimates may vary from the sublease agreements ultimately executed, if at all, resulting in an adjustment to the charges. The restructuring charge was recorded as restructuring expense in the consolidated statements of operations for fiscal 2017 .

The following table presents the change in restructuring liability from December 31, 2016 to December 30, 2017 (in thousands):

	December 30, 2017
	Restructuring Liability
December 31, 2016	$ 356
Restructuring charges	2,620
Reclassification of deferred rent liability	1,000
Payments	(23)
Changes in estimate	(30)
Accretion of sublease liability	(429)
December 30, 2017	$ 3,494

15. Other Income (Expense), Net

Other income (expense), net consisted of the following (in thousands):

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Interest income	389	225	72
Interest expense	(6)	(4)	(3)
Gain (loss) on exchange	1,820	(1,285)	(1,306)
Other income (expense)	—	—	(2)
Total other income (expense), net	$ 2,203	$ (1,064)	$ (1,239)

16. Subsequent Events

We evaluated subsequent events after the audited balance sheet date of December 30, 2017 but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated as required.

Town & Country Resources, Inc.

On January 9, 2018, we entered into an agreement with Town & Country Resources, Inc. ("Town & Country"), a premium home staffing agency in the San Francisco Bay Area, pursuant to which we acquired certain assets for total potential consideration of $6.9 million , consisting of $5.0 million as an up-front payment and two earn-outs of $0.9 million and $1.0 million to be earned consecutively over one-year periods. Given that the acquisition closed on January 9, 2018, we determined it was impracticable to provide all the disclosures required for a business combination pursuant to *ASC 805, Business Combinations,* and we will provide applicable disclosures required under *ASC 805, Business Combinations* in a future filing. Town & Country is a key service provider of back-up care for the Care@Work offering.

17. Quarterly Financial Information (Unaudited)

The tables below sets forth unaudited selected quarterly financial data for each of the last two fiscal years (dollars in thousands, except per share data). For the quarters in fiscal 2017 and the quarter ended December 31, 2016, net income per share attributable to common stockholders for basic and diluted was calculated using the two-class method because we had income from continuing operations for these quarter. Please refer to Note 8 for additional information on the two-class method of accounting for net income per share attributable to common stockholders.

	For the Quarter Ended			
	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017
Total revenue	$ 44,216	$ 44,536	$ 41,972	$ 43,366

Cost of revenue	8,662	9,345	9,000	8,766
Net income	7,904	262	1,673	824
Net income (loss) attributable to common stockholders	$ 6,255	$ (418)	$ 874	$ 192
Net income (loss) per share attributable to common stockholders (Basic): *	$ 0.21	$ (0.01)	$ 0.03	$ 0.01
Net income (loss) per share attributable to common stockholders (Diluted): *	$ 0.19	$ (0.01)	$ 0.03	$ 0.01

** Note the basic and diluted share total used in the calculation of net income (loss) per share in Q4 FY'17 were 30,189 and 33,128, respectively*

	For the Quarter Ended			
	December 31, 2016	**September 24, 2016**	**June 25, 2016**	**March 26, 2016**
Total revenue	$ 43,513	$ 40,791	$ 38,184	$ 39,266
Cost of revenue	8,573	8,396	7,619	7,242
Income (loss) from continuing operations	5,004	(1,221)	(3,375)	(1,123)
(Loss) income from discontinued operations, net of tax	(24)	(49)	(44)	7,878
Net income (loss)	4,980	(1,270)	(3,419)	6,755
Net income (loss) attributable to common stockholders	$ 3.704	$ (4,010)	$ (3,419)	$ 6,755
Net income (loss) per share attributable to common stockholders (Basic):				
Income (loss) per share from continuing operations attributable to common stockholders	$ 0.13	$ (0.14)	$ (0.11)	$ (0.03)
Income (loss) per share from discontinued operations attributable to common stockholders	—	—	—	0.24
Net income (loss) per share attributable to common stockholders *	$ 0.13	$ (0.14)	$ (0.11)	$ 0.21
Net income (loss) per share attributable to common stockholders (Diluted):				
Income (loss) per share from continuing operations attributable to common stockholders	$ 0.12	$ (0.14)	$ (0.11)	$ (0.03)
Income (loss) per share from discontinued operations attributable to common stockholders	—	—	—	0.24
Net income (loss) per share attributable to common stockholders *	$ 0.12	$ (0.14)	$ (0.11)	$ 0.21

** Note the basic and diluted share total used in the calculation of net income (loss) per share in Q4 FY'16 were 28,864 and 30,815, respectively*

Information in any one quarterly period should not be considered indicative of annual results due to the effects of seasonality on our business.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their control objectives.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 30, 2017 , the end of the period covered by this Annual Report on Form 10-K. Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of such date.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, a company's principal executive officer and principal financial officer, or persons performing similar functions, and effected by a company's board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of a company's assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that a company's receipts and expenditures are being made only in accordance with authorizations of the company's management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of and with the participation of our principal executive officer and principal financial officer, our management assessed the effectiveness of our internal control over financial reporting as of December 30, 2017 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013 framework). Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 30, 2017 .

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the year ended December 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We have adopted a code of business conduct and ethics for directors, officers (including our Chief Executive Officer and Chief Financial Officer) and employees, known as the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is available on our "Investor Relations" website at *investors.care.com* in the Corporate Governance section. Stockholders may request a free copy of the Code of Business Conduct and Ethics by sending an email request to investors@care.com.

The other information required by this item will be contained in our definitive proxy statement to be filed with the Securities and Exchange Commission in connection with our 2018 annual meeting of stockholders, which is expected to be filed not later than 120 days after the end of our fiscal year ended December 30, 2017 , and is incorporated in this report by reference.

ITEM 11. EXECUTIVE AND DIRECTOR COMPENSATION

The information required under this Item 11 will be contained in our definitive proxy statement for our 2018 annual meeting of stockholders, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required under this Item 12 will be contained in our definitive proxy statement for our 2018 annual meeting of stockholders, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The information required under this Item 13 will be contained in our definitive proxy statement for our 2018 annual meeting of stockholders, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required under this Item 14 will be contained in our definitive proxy statement for our 2018 annual meeting of stockholders, and is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements

See Index to Consolidated Financial Statements at Item 15 herein.

2. Exhibits

			Incorporated by Reference		
Exhibit Number	Exhibit Description	Filed with this Form 10-K	Form	Filing Date with SEC	Exhibit Number
3.1	Restated Certificate of Incorporation of Care.com, Inc.		8-K	1/29/2014	3.1
3.1	Convertible Preferred Stock Series A Certificate of Designations, dated as of June 29, 2016		8-K	6/29/2016	3.1
4.2	Specimen stock certificate evidencing the shares of common stock of the Registrant		S-1/A	1/10/2014	4.2
10.1 #	The Registrant's 2006 Stock Incentive Plan		S-1	12/12/2013	10.1

10.2 #	Form of Incentive Stock Option Agreement for grants to executive officers under the Registrant's 2006 Stock Incentive Plan		S-1	12/12/2013	10.2
10.3 #	Form of Nonstatutory Stock Option Agreement for grants to directors under the Registrant's 2006 Stock Incentive Plan		S-1	12/12/2013	10.4
10.4 #	The Registrant's 2014 Incentive Award Plan		S-1/A	1/3/2014	10.5
10.5 #	Form of Stock Option Grant Notice and Stock Option Agreement under the Registrant's 2014 Incentive Award Plan		S-1/A	1/3/2014	10.6
10.6 #	Form of Restricted Stock Grant Notice and Restricted Stock Agreement under the Registrant's 2014 Incentive Award Plan		S-1/A	1/3/2014	10.7
10.7 #	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under the Registrant's 2014 Incentive Award Plan		S-1/A	1/3/2014	10.8
10.8 #	Letter agreement dated November 15, 2006 between the Registrant and Sheila Lirio Marcelo		S-1	12/12/2013	10.10
10.9 #	Letter agreement dated December 9, 2010 between the Registrant and Sheila Lirio Marcelo		S-1	12/12/2013	10.11
10.10 #	Form of Indemnification Agreement for Directors and Officers		S-1	12/12/2013	10.12
10.11	Lease Agreement dated July 28, 2014 by and between BP Fourth Avenue, LLC and Care.com, Inc.		8-K	8/4/2014	10.1
10.12	Sublease Agreement dated as of July 28, 2014 by and between Oracle America, Inc. and Care.com, Inc.		8-K	8/4/2014	10.2
10.13	Agreement of Sublease dated as of July 28, 2014 between PriceWaterhouseCoopers PRTM Management Consultants, LLC and Care.com, Inc.		8-K	8/4/2014	10.3
10.14	Third Amendment to Lease Agreement dated as of July 28, 2014 by and between Stony Brook Associates LLC and Care.com, Inc.		8-K	8/4/2014	10.4
10.15 #	Offer letter between the Company and Michael Echenberg, dated March 4, 2015		8-K	3/19/2015	99.2
10.16 #	Agreement by and among the Company, Tenzing Global Management LLC, Tenzing Global Investors LLC, Tenzing Global Investors Fund I LP and Chet Kapoor, dated March 11, 2016		8-K	3/17/2016	10.1
10.17	Investment Agreement, dated as of June 29, 2016, by and between Care.com, Inc. and Google Capital 2016, L.P.		8-K	6/29/2016	10.1
10.18	Stock Repurchase Agreement, dated as of June 27, 2016, by and among Care.com, Inc., Matrix Partners VII, L.P. and Weston & Co. VII LLC, as Nominee		8-K	6/29/2016	10.2
10.19#	Executive Severance Agreement dated July 19, 2017 between the Company and Shelia Lirio Marcelo		8-K	7/21/2017	10.1
10.20#	Executive Severance Agreement dated July 19, 2017 between the Company and Michael Echenberg		8-K	7/21/2017	10.2
10.21#	Executive Severance Agreement dated July 19, 2017 between the Company and Diane Musi		8-K	7/21/2017	10.3
21.1	Subsidiaries of the Registrant	X			
23.1	Consent of Ernst & Young	X			
31.1	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.	X			

31.2	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.	X
32.1	Certification of Principal Executive Officer and Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.	X
101.INS	XBRL Instance Document	X
101.SCH	XBRL Taxonomy Schema Linkbase Document	X
101.CAL	XBRL Taxonomy Calculation Linkbase Document	X
101.DEF	XBRL Taxonomy Definition Linkbase Document	X
101.LAB	XBRL Taxonomy Labels Linkbase Document	X
101.PRE	XBRL Taxonomy Presentation Linkbase Document	X

(1) The registrant hereby agrees to furnish supplementary a copy of any schedules and/or exhibits to this agreement, omitted from this report pursuant to Item 601(b)(2) of Regulation S-K, to the Securities and Exchange Commission upon its request.

 # Indicates management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	CARE.COM, INC.
Dated: February 27, 2018	By: /s/ SHEILA LIRIO MARCELO
	Sheila Lirio Marcelo
	President, Chief Executive Officer and Director
	(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed by the following persons on behalf of the registrant in the capacities indicated.

Dated: February 27, 2018	By: /s/ SHEILA LIRIO MARCELO Sheila Lirio Marcelo ***President, Chief Executive Officer and Director*** *(Principal Executive Officer)*
Dated: February 27, 2018	By: /s/ MICHAEL ECHENBERG Michael Echenberg ***Executive Vice President and Chief Financial Officer*** *(Principal Financial and Accounting Officer)*
Dated: February 27, 2018	By: /s/ MARLA BLOW Marla Blow ***Director***
Dated: February 27, 2018	By: /s/ WILLIAM H. HARRIS, JR. William H. Harris, Jr. ***Director***
Dated: February 27, 2018	By: /s/ GEORGE BELL George Bell ***Director***
Dated: February 27, 2018	By: /s/ CHET KAPOOR Chet Kapoor ***Director***
Dated: February 27, 2018	By: /s/ J. SANFORD MILLER J. Sanford Miller ***Director***
Dated: February 27, 2018	By: /s/ JOANNA REES Joanna Rees ***Director***
Dated: February 27, 2018	By: /s/ I. DUNCAN ROBERTSON I. Duncan Robertson ***Director***
Dated: February 27, 2018	By: /s/ LAELA STURDY Laela Sturdy ***Director***
Dated: February 27, 2018	By: /s/ DANIEL S. YOO Daniel S. Yoo ***Director***

Exhibit 21.1

Subsidiary Name	State or Other Jurisdiction of Incorporation or Organization
Breedlove & Associates, L.L.C.	Texas
Care Concierge, Inc. (formerly Parents in a Pinch, Inc.)	Massachusetts
Care International Exchange, Inc.	Delaware
Care.com Australia Pty. Limited	Australia
Care.com Europe GmbH (formerly Besser Betreut GmbH)	Germany
Care.com Europe Ltd.	United Kingdom
Care.com Securities Corporation	Massachusetts
Care.com Services, LLC	Delaware
Care.com Switzerland AG (formerly Besser Betreut Swiss AG)	Switzerland
CareZen Family Solutions, Inc.	Canada
Town & Country Resources, Inc.	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-216989) pertaining to the 2014 Incentive Award Plan of Care.com, Inc.

(2) Registration Statement (Form S-8 No. 333-193640) pertaining to the 2014 Incentive Award Plan of Care.com, Inc.

(3) Registration Statement (Form S-3 No. 333-219883) of Care.com, Inc.

of our report dated February 27, 2018 , with respect to the consolidated financial statements of Care.com, Inc. included in this Annual Report (Form 10-K) of Care.com, Inc. for the year ended December 30, 2017 .

/s/ Ernst & Young LLP

Boston, Massachusetts
February 27, 2018

Exhibit 31.1

CEO CERTIFICATION

I, Sheila Lirio Marcelo, certify that:

1. I have reviewed this Annual Report on Form 10-K of Care.com, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d- 15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 27, 2018	/s/ SHEILA LIRIO MARCELO
(Date)	Sheila Lirio Marcelo
	President, Chief Executive Officer and Director

Exhibit 31.1

Exhibit 31.2

CFO CERTIFICATION

I, Michael Echenberg, certify that:

1. I have reviewed this Annual Report on Form 10-K of Care.com, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d- 15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 27, 2018	/s/ MICHAEL ECHENBERG
(Date)	Michael Echenberg
	Executive Vice President and Chief Financial Officer

Exhibit 32.1

Written Statement
Pursuant To
18 U.S.C. Section 1350

The undersigned, Sheila Lirio Marcelo, President, Chief Executive Officer and Director, and Michael Echenberg, Executive Vice President and Chief Financial Officer, of Care.com, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that;

(a) the Annual Report on Form 10-K for the period ended December 30, 2017 of the Company (the "Periodic Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 27, 2018

/s/ SHEILA LIRIO MARCELO
Sheila Lirio Marcelo
President, Chief Executive Officer and Director

Dated: February 27, 2018

/s/ MICHAEL ECHENBERG
Michael Echenberg
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Care.com, Inc. and will be retained by Care.com, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.