

Investor Protection Trust

Financial Statements
and
Independent Auditors' Report

December 31, 2017 and 2016



Halt Buzas & Powell, LTD

TRUST, INTEGRITY AND A COMMITMENT TO YOUR SUCCESS

Table of Contents

Independent Auditors' Report.....1 - 2

Audited Financial Statements

Statements of Financial Position.....3

Statements of Activities.....4 - 5

Statements of Cash Flows.....6

Notes to the Financial Statements.....7 - 18



Independent Auditors' Report

To the Trustees
Investor Protection Trust
Washington, D.C.

We have audited the accompanying financial statements of Investor Protection Trust (the Trust), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Halt, Buzas & Powell, Ltd.

Alexandria, Virginia

April 27, 2018

Investor Protection Trust
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents:		
Cash - unrestricted operating account	\$ 1,870,210	\$ 775,467
Cash - IPT restricted	1,073,170	1,082,215
Cash - IEF restricted	47,360	98,123
Cash - IPT states, restricted	4,261,599	4,839,958
Total cash and cash equivalents	7,252,339	6,795,763
Investments - IEF restricted	5,268,660	6,456,513
Contributions receivable	22,463	15,411
Prepaid expenses	15,489	13,154
Property and equipment, net	23,761	28,284
Deposit	7,678	7,678
Total assets	\$ 12,590,390	\$ 13,316,803
 Liabilities and Net Assets		
Accounts payable	\$ 145,388	\$ 150,749
Grants payable	133,736	451,789
Accrued compensated leave	63,730	51,260
Capital lease obligations	3,157	4,400
Deferred lease liability	24,246	30,253
Total liabilities	370,257	688,451
Net assets:		
Unrestricted	1,480,578	1,246,787
Temporarily restricted	10,739,555	11,381,565
Total net assets	12,220,133	12,628,352
Total liabilities and net assets	\$ 12,590,390	\$ 13,316,803

See accompanying notes to the financial statements.

3.

Investor Protection Trust
Statement of Activities
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Realized gain on investments	\$ -	\$ 331,797	\$ 331,797
Unrealized gain on investments	-	305,948	305,948
Contributions	255,439	-	255,439
Interest and dividends	36,957	127,018	163,975
Other income	2,225	-	2,225
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>1,406,773</u>	<u>(1,406,773)</u>	<u>-</u>
Total revenues	<u>1,701,394</u>	<u>(642,010)</u>	<u>1,059,384</u>
Expenses:			
Program expenses	1,263,359	-	1,263,359
Management and general	<u>204,244</u>	<u>-</u>	<u>204,244</u>
Total expenses	<u>1,467,603</u>	<u>-</u>	<u>1,467,603</u>
Change in net assets	233,791	(642,010)	(408,219)
Net assets, beginning of year	<u>1,246,787</u>	<u>11,381,565</u>	<u>12,628,352</u>
Net assets, end of year	<u>\$ 1,480,578</u>	<u>\$ 10,739,555</u>	<u>\$ 12,220,133</u>

See accompanying notes to the financial statements.

4.

Investor Protection Trust
Statement of Activities
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 291,811	\$ 381,541	\$ 673,352
Unrealized gain on investments	-	341,400	341,400
Interest and dividends	12,019	145,967	157,986
Other income	952	-	952
Realized loss on investments	-	(984)	(984)
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>1,787,341</u>	<u>(1,787,341)</u>	<u>-</u>
Total revenues	<u>2,092,123</u>	<u>(919,417)</u>	<u>1,172,706</u>
Expenses:			
Program expenses	1,632,366	-	1,632,366
Management and general	<u>214,188</u>	<u>-</u>	<u>214,188</u>
Total expenses	<u>1,846,554</u>	<u>-</u>	<u>1,846,554</u>
Change in net assets	245,569	(919,417)	(673,848)
Net assets, beginning of year	<u>1,001,218</u>	<u>12,300,982</u>	<u>13,302,200</u>
Net assets, end of year	<u>\$ 1,246,787</u>	<u>\$ 11,381,565</u>	<u>\$ 12,628,352</u>

See accompanying notes to the financial statements.

5.

Investor Protection Trust
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ <u>(408,219)</u>	\$ <u>(673,848)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized (gain) loss on investments	(331,797)	984
Unrealized gain on investments	(305,948)	(341,400)
Depreciation	4,523	4,523
Deferred lease liability	(6,007)	(3,401)
Decrease (increase) in assets:		
Contributions receivable	(7,052)	13,510
Prepaid expenses	(2,335)	(987)
Increase (decrease) in liabilities:		
Accounts payable	(5,361)	90,355
Grants payable	(318,053)	174,777
Accrued compensated leave	<u>12,470</u>	<u>13,715</u>
Total adjustments	<u>(959,560)</u>	<u>(47,924)</u>
Net cash used in operating activities	<u>(1,367,779)</u>	<u>(721,772)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	3,025,033	458,856
Purchases of investments	(1,199,435)	(191,509)
Purchases of property and equipment	<u>-</u>	<u>(1,296)</u>
Net cash provided by investing activities	<u>1,825,598</u>	<u>266,051</u>
Cash flows from financing activities:		
Principal payments on capital lease obligation	<u>(1,243)</u>	<u>(1,125)</u>
Net cash used in financing activities	<u>(1,243)</u>	<u>(1,125)</u>
Net increase in cash, cash equivalents, and restricted cash	456,576	(456,846)
Cash, cash equivalents, and restricted cash, beginning of year	<u>6,795,763</u>	<u>7,252,609</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 7,252,339</u>	<u>\$ 6,795,763</u>

See accompanying notes to the financial statements.

6.

Investor Protection Trust
Notes to the Financial Statements
December 31, 2017 and 2016

1. Organization

The Investor Protection Trust (the Trust) is organized and operates exclusively for charitable, educational and scientific purposes. Founded in 1993 as part of a multi-state settlement to resolve charges of misconduct, the Trust serves as an independent source of non-commercial investor education materials. Without limiting the generality of the foregoing, the scientific purposes shall include education of investors, research and education with respect to the protection of investors and promotion of compliance with federal and state securities and commodities laws.

2. Summary of Significant Accounting Policies

a. Basis of presentation

The Trust's financial statements are presented in accordance with generally accepted accounting principles for nonprofit organizations. Under those principles, the Trust is required to report information regarding its financial position and activities according to three classes of net assets:

- *Unrestricted Net Assets* represent resources that are not subject to donor imposed stipulations and are available for operations at management's discretion.
- *Temporarily Restricted Net Assets* represent resources restricted by donors as to purpose or by the passage of time.
- *Permanently Restricted Net Assets* represent resources whose use by the Trust is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of the Trust. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

The Trust has no permanently restricted net assets at December 31, 2017 and 2016.

b. Basis of accounting

The Trust's financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when obligations are incurred.

Investor Protection Trust
Notes to the Financial Statements
December 31, 2017 and 2016

c. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

d. Fair value measurements

The Trust reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs used to measure fair value are categorized as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3 - unobservable inputs which are typically based on the Trust's own assumptions, as there is little, if any, related market activity.

In determining the appropriate levels, the Trust performs a detailed analysis of the assets and liabilities that are subject to the standard. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by the Trust at December 31, 2017 and 2016.

Investor Protection Trust
Notes to the Financial Statements
December 31, 2017 and 2016

e. Income taxes

The Trust is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on income derived from activities related to its exempt purpose. This code section enables the Trust to accept donations that qualify as charitable contributions to the donor. The Trust is subject to income taxes on taxable income from unrelated business activities. For the years ended December 31, 2017 and 2016, the Trust did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

The Trust is not aware of any activities that would jeopardize their tax-exempt status that would require recognition in the accompanying financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If there are material omissions of income, tax returns may be subject to examination for up to six years. It is the Trust's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in the accompanying financial statements. As of December 31, 2017 and 2016, the Trust had no uncertain tax positions which should be recognized as a liability.

f. Cash and cash equivalents

For financial statement purposes, the Trust classifies demand deposits and short-term investments with an original maturity of three months or less as cash equivalents. Excluded from this definition of cash equivalents are such amounts that represent funds that have been accounted for as investments.

g. Contributions receivable, net

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. All contributions receivable are expected to be collected in less than one year and are reported at their net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At December 31, 2017 and 2016, all receivables are considered collectible, therefore no allowance for doubtful accounts has been recognized.

Investor Protection Trust
Notes to the Financial Statements
December 31, 2017 and 2016

h. Investments

Investments are reported at fair value and realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted temporarily or permanently by donor restrictions or law. The Trust invests in a variety of investments that are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying financial statements.

i. Property and equipment, net

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	5 years
Office furniture	10 years
Copier	5 years
Computer software	3 years

The Trust's policy is to capitalize major additions and improvements over \$1,000. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

j. Deferred rent and lease incentives

Deferred rent is recorded and amortized to the extent the total minimum rental payments allocated to the current period on a straight-line basis exceed, or are less than, the cash payments required. Lease incentives received as part of a lease agreement are recognized on a straight-line basis over the life of the lease as a reduction to rent expense.

Investor Protection Trust
Notes to the Financial Statements
December 31, 2017 and 2016

k. Revenue recognition

Contributions

Contributions are recognized as revenue when received or promised and are recorded net of any current year allowance or discount activity. The Trust reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to the Trust's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as unrestricted if the restriction expires in the same reporting period in which the contribution is recognized.

Revenue from all other sources is recognized when earned

l. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

3. Concentrations of Credit Risk

The Trust maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At December 31, 2017 and 2016, the Trust had bank deposits in excess of FDIC limits of \$1,628,323 and \$522,951, respectively.

The Trust also maintains money market accounts which are neither insured or guaranteed by the FDIC. Such funds are managed to preserve a value of \$1 per share, but are subject to investment risk including loss of principal. These funds are protected by the Securities Investor Protection Corporation (SIPC) in case of failed brokerage firms or missing stocks and securities. At December 31, 2016 and 2015, the Trust's money market funds were in excess of SIPC protection in the amount of \$4,877,352 and \$5,518,773, respectively.

Investor Protection Trust
Notes to the Financial Statements
December 31, 2017 and 2016

4. Investments and Fair Value Measurements

Temporarily restricted Investments are comprised of the following at December 31:

	<u>2017</u> Cost	<u>2017</u> Fair Value	<u>2016</u> Cost	<u>2016</u> Fair Value
Mutual funds, fixed income	\$ 2,976,896	\$ 3,183,687	\$ 2,645,754	\$ 2,724,809
Exchange traded funds, equity index funds	1,621,393	2,084,973	2,238,178	2,549,865
Exchange traded funds, fixed income index funds	<u>-</u>	<u>-</u>	<u>1,208,128</u>	<u>1,181,839</u>
Total investments	<u>\$ 4,598,289</u>	<u>\$ 5,268,660</u>	<u>\$ 6,092,060</u>	<u>\$ 6,456,513</u>

Fair value measurements for all categories of investments are Level 1 inputs for 2017 and 2016.

5. Property and Equipment, Net

The following is a summary of property and equipment held at December 31:

	<u>2017</u>	<u>2016</u>
Computer equipment	\$ 3,760	\$ 3,760
Office furniture	29,229	29,229
Copier	6,380	6,380
Computer Software	<u>1,296</u>	<u>1,296</u>
Property and equipment	40,665	40,665
Accumulated depreciation	<u>(16,904)</u>	<u>(12,381)</u>
Total property and equipment, net	<u>\$ 23,761</u>	<u>\$ 28,284</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$4,523 for each year.

Investor Protection Trust
Notes to the Financial Statements
December 31, 2017 and 2016

6. Commitments

Operating lease

In December 2014, the Trust entered into a new lease for office space in Washington, D.C. The lease commenced in December 2014 and expires in April 2020. Base monthly rental payments are \$7,678 for the first year, with an annual increase of three percent. As an incentive, the landlord abated the first five months of rent expense. The effects of the abated rent and scheduled rent increases are being recognized by the Trust on a straight-line basis over the life of the lease. The Trust also pays the landlord for its share of operating costs and real estate taxes in excess of the base amount. Total office rent expense for the years ended December 31, 2017 and 2016 was \$91,344 and \$92,247, respectively.

Aggregate future minimum lease payments are as follows for the years ending December 31:

2018	\$ 100,059
2019	102,811
2020	<u>30,776</u>
Total	<u>\$ 233,646</u>

Capital lease

In January 2015, the Institute entered into a five year lease for a copier. The lease calls for monthly principal and interest payments of \$136. The copier is reflected in property and equipment with a capitalized total cost of \$6,380. Accumulated depreciation for the lease equipment was \$3,775 and \$2,499 for the years ending December 31, 2017 and 2016 respectively.

Investor Protection Trust
Notes to the Financial Statements
December 31, 2017 and 2016

Future minimum lease payments are as follows for the years ending December 31:

2018	\$ 1,627
2019	1,627
2020	<u>135</u>
Total	3,389
Less: approximate amount representing interest	<u>(232)</u>
Present value of minimum lease payments	3,157
Current portion, capital leases	<u>(1,627)</u>
Non-current portion, capital leases	<u>\$ 1,530</u>

7. Temporarily restricted net assets

At December 31, 2017 and 2016, temporarily restricted net assets were available for the following purposes:

<u>IPT temporarily restricted net assets</u>	<u>2017</u>	<u>2016</u>
Alabama	\$ 1,054,736	\$ 1,070,144
Alaska	24,721	32,121
Arizona	11,186	11,186
Arkansas	71,566	89,979
Colorado	100	100
District of Columbia	8,946	11,239
Florida	2,149	9,549
Georgia	258,998	259,445
Hawaii	13,016	13,016
Indiana	38,636	337,468
Iowa	428,978	451,666
Kansas	570	570
Kentucky	298,718	306,147
Louisiana	329,333	329,333
Maryland	47,785	47,785
Michigan	156,566	156,566
Minnesota	12,584	12,584
Montana	184,800	212,320
Nebraska	22,200	22,200
New Hampshire	98,929	98,929
New Jersey	3,935	3,935
New Mexico	217,107	221,257
New York	79,783	80,721
Ohio	61,619	61,732
Pennsylvania	1,222,516	1,368,465
Rhode Island	29,100	29,100
South Carolina	36,880	37,096
South Dakota	29,100	29,100

-- continued --

Investor Protection Trust
Notes to the Financial Statements
December 31, 2017 and 2016

<u>IPT temporarily restricted net assets (continued)</u>	<u>2017</u>	<u>2016</u>
Tennessee	24,361	25,089
Texas	345,640	396,015
Washington	6,312	6,312
West Virginia	3	14,094
Wyoming	24,413	29,100
Grants payable - IPT	<u>(75,000)</u>	<u>(200,000)</u>
Total temporarily restricted net assets for IPT	<u>5,070,286</u>	<u>5,574,363</u>
 <u>IEF temporarily restricted net assets</u>		
Alabama	147,509	150,121
Alaska	19,575	19,922
Arizona	1,697	1,727
Arkansas	5,112	5,202
California	599,871	610,494
Colorado	83,828	85,312
Connecticut	48,442	49,299
Delaware	135,172	137,566
District of Columbia	50,140	58,452
Florida	540,703	550,278
Georgia	85,819	87,339
Hawaii	101,196	102,988
Idaho	159,863	162,694
Illinois	386,810	476,417
Indiana	37,199	37,858
Iowa	55,778	56,766
Kansas	1,447	1,473
Kentucky	78,675	80,068
Louisiana	234,124	238,270
Maine	100,441	102,220
Maryland	190,061	209,979
Massachusetts	214,137	217,930
Michigan	6,526	6,641
Minnesota	11,049	11,245
Mississippi	126,626	128,868
Missouri	98,003	114,442
Montana	14,797	15,060
Nebraska	95,669	75,968
Nevada	130,442	132,752
New Hampshire	4,883	4,970
New Jersey	93,561	95,218
New Mexico	6,930	7,052
New York	2,451	2,494
North Carolina	4,185	4,259
North Dakota	13,011	13,241
Ohio	289,168	416,588

-- continued --

Investor Protection Trust
Notes to the Financial Statements
December 31, 2017 and 2016

<u>IEF temporarily restricted net assets (continued)</u>	<u>2017</u>	<u>2016</u>
Oklahoma	12,343	12,561
Oregon	3,322	3,381
Pennsylvania	110,014	74,751
Puerto Rico	111,539	113,515
Rhode Island	182,802	186,040
South Carolina	140,329	177,416
South Dakota	4,019	4,090
Tennessee	13,659	13,901
Texas	413,345	420,665
Utah	112,378	114,368
Vermont	85,480	86,994
Virginia	134,331	139,104
Washington	5,302	5,396
West Virginia	117,070	119,143
Wisconsin	1,386	1,410
Wyoming	105,786	115,083
Grants payable	<u>(58,736)</u>	<u>(251,789)</u>
Total temporarily restricted net assets for IEF	<u>5,669,269</u>	<u>5,807,202</u>
Total temporarily restricted net assets	<u>\$ 10,739,555</u>	<u>\$ 11,381,565</u>

8. Net assets released from restriction

Net assets were released from donor restrictions during the years ended December 31, 2017 and 2016 for the following purposes:

	<u>2017</u>	<u>2016</u>
Investor education in Alabama	\$ 45,522	\$ 65,096
Investor education in Alaska	10,347	45,509
Investor education in Arizona	256	14,867
Investor education in Arkansas	19,182	30
Investor education in California	90,322	97,047
Investor education in Colorado	12,622	12,457
Investor education in Connecticut	7,294	16,123
Investor education in Delaware	20,353	14,322
Investor education in District of Columbia	17,783	10,644
Investor education in Florida	88,813	88,497
Investor education in Georgia	13,369	12,753
Investor education in Hawaii	15,237	15,037
Investor education in Idaho	24,070	27,097
Investor education in Illinois	134,389	147,708
Investor education in Indiana	304,433	14,838
Investor education in Iowa	31,087	23,764
Investor education in Kansas	218	1,395
Investor education in Kentucky	19,275	18,445

-- continued --

Investor Protection Trust
Notes to the Financial Statements
December 31, 2017 and 2016

<u>Net assets released from restriction (continued)</u>	<u>2017</u>	<u>2016</u>
Investor education in Louisiana	35,252	34,662
Investor education in Maine	15,123	14,925
Investor education in Maryland	46,321	49,308
Investor education in Massachusetts	32,242	31,820
Investor education in Michigan	983	3,470
Investor education in Minnesota	1,664	1,180
Investor education in Mississippi	19,066	18,050
Investor education in Missouri	30,425	24,016
Investor education in Montana	29,748	62,249
Investor education in Nebraska	(7,283)	60,112
Investor education in Nevada	19,640	19,383
Investor education in New Hampshire	735	726
Investor education in New Jersey	14,088	13,903
Investor education in New Mexico	5,194	23,296
Investor education in New York	1,307	1,614
Investor education in North Carolina	630	8,993
Investor education in North Dakota	1,959	1,933
Investor education in Ohio	165,539	247,012
Investor education in Oklahoma	1,858	7,485
Investor education in Oregon	500	494
Investor education in Pennsylvania	124,071	31,588
Investor education in Puerto Rico	16,794	16,574
Investor education in Rhode Island	27,524	27,164
Investor education in South Carolina	57,039	31,471
Investor education in South Dakota	605	55
Investor education in Tennessee	2,784	2,030
Investor education in Texas	112,612	104,716
Investor education in Utah	16,921	16,699
Investor education in Vermont	12,871	14,585
Investor education in Virginia	22,762	56,001
Investor education in Washington	798	1,758
Investor education in West Virginia	31,717	42,654
Investor education in Wisconsin	209	205
Investor education in Wyoming	28,556	16,804
Change in grants payable	<u>(318,053)</u>	<u>174,777</u>
Total net assets released from restrictions	<u>\$ 1,406,773</u>	<u>\$ 1,787,341</u>

Investor Protection Trust
Notes to the Financial Statements
December 31, 2017 and 2016

9. Retirement plan

The Trust sponsors a defined contribution retirement plan under Internal Revenue Code section 401(k) that covers all employees. In accordance with Internal Revenue Service deferral limits, employees can elect to defer from 1% to 15% of their compensation. The Trust makes a matching contribution of 100% of an employee's deferrals, with a maximum matching contribution of 12% of an employee's compensation.

Employer matching contributions for the years ended December 31, 2017 and 2016 were \$38,655 and \$49,949, respectively.

10. Related party transactions

The Trust shares common management with the Investor Protection Institute (IPI). State securities regulators received money from a multi-state settlement to resolve charges of misconduct. Part of those funds are to be used for the Investor Education Fund (IEF), overseen by the Trust. IPI manages four of the IEF programs, the Elder Investment Fraud and Financial Exploitation Prevention program, the Investor Education in Your Workplace program (ended in 2016), Dash for the Stash and the STARS program (ended in 2016). The Trust granted funds to IPI for these programs that totaled \$59,200 and \$156,205 for the years ended December 31, 2017 and 2016, respectively.

11. Subsequent Events

In preparing the financial statements, the Trust has evaluated events and transactions for potential recognition or disclosure through April 27, 2018, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these financial statements.