

IVY DISTRIBUTORS, INC.

Statement of Cash Flows

Year ended December 31, 2016

(In thousands)

Cash flows from operating activities:	
Net loss	\$ (25,891)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	678
Amortization of deferred sales commissions	10,137
Excess tax benefits from share-based payment arrangements	(89)
Gain on trading securities	(153)
Loss on retirement of property and equipment	123
Sales of trading securities	536
Deferred income taxes	(1,089)
Changes in assets and liabilities:	
Fund receivables	(82)
Due to affiliates	77
Income tax receivable from parent	130
Other receivables	9
Deferred sales commissions	(3,333)
Prepaid expenses and other assets	187
Accounts payable and payable to third party brokers	(11,532)
Other accrued liabilities	124
Net cash used in operating activities	<u>(30,168)</u>
Cash flows from investing activity:	
Additions to property and equipment	<u>(2,497)</u>
Net cash used in investing activity	<u>(2,497)</u>
Cash flows from financing activities:	
Capital contribution from parent	16,000
Excess tax benefits from share-based payment arrangements	89
Net cash provided by financing activities	<u>16,089</u>
Net decrease in cash and cash equivalents	(16,576)
Cash and cash equivalents at beginning of year	<u>59,141</u>
Cash and cash equivalents at end of year	<u>\$ 42,565</u>
Supplemental disclosure of cash flow information:	
Cash received during the year from parent for income tax benefit	\$ 13,564

See accompanying notes to financial statements.