Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2016

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report
- [ ] the final return/report
- [X] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [ ] the DFVC program
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
VANGUARD DIRECT 401(K) RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 01/01/1992

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
VANGUARD DIRECT

519 8TH AVE 23RD FLOOR
NEW YORK, NY 10018-4570

2b Employer Identification Number (EIN) 11-2517083

2c Plan Sponsor's telephone number 212-736-0770

2d Business code (see instructions) 424100

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/05/2017	ANDREA MOGLIA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address (include room or suite number)

Preparer's telephone number

3a Plan administrator's name and address [X] Same as Plan Sponsor	**3b** Administrator's EIN	
	3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:	**4b** EIN	
a Sponsor's name	**4c** PN	
5 Total number of participants at the beginning of the plan year	**5**	172
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1) Total number of active participants at the beginning of the plan year	**6a(1)**	143
a(2) Total number of active participants at the end of the plan year	**6a(2)**	144
b Retired or separated participants receiving benefits	**6b**	0
c Other retired or separated participants entitled to future benefits	**6c**	31
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	175
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	1
f Total. Add lines **6d** and **6e**.	**6f**	176
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	162
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	5
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2F 2G 2J 2K 3D 2E 3H 2T

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)		**9b** Plan benefit arrangement (check all that apply)	
(1)	[ ] Insurance	**(1)**	[ ] Insurance
(2)	[ ] Code section 412(e)(3) insurance contracts	**(2)**	[ ] Code section 412(e)(3) insurance contracts
(3)	[X] Trust	**(3)**	[X] Trust
(4)	[ ] General assets of the sponsor	**(4)**	[ ] General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] 0 **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [ ] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2016** **This Form is Open to Public Inspection.**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
VANGUARD DIRECT 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
VANGUARD DIRECT

D Employer Identification Number (EIN)
11-2517083

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions). . . . . ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

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

T. ROWE PRICE RPS, INC.

52-1309931

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 21 25 28 37 38 49 50 52 59 62 63 64 65 57	NONE	4000	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

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

AMERICAN CENTURY

44-0619208

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 59	NONE	0	Yes [X] No [ ]	Yes [ ] No [X]	0	Yes [X] No [ ]

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

ARTISAN PARTNERS

39-1807188

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 59	NONE	0	Yes [X] No [ ]	Yes [ ] No [X]	0	Yes [X] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

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

COLUMBIA MANAGEMENT

41-1533211

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 59	NONE	0	Yes [X] No [ ]	Yes [ ] No [X]	0	Yes [X] No [ ]

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

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
T. ROWE PRICE RPS, INC.	15 21 25 28 37 38 49 50 52 59 62 63 64 65 57	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
AMERICAN CENTURY HERITAGE 4500 MAIN ST KANSAS CITY, MO 64111	FEE FOR SHAREHOLDER SERVICING BASED ON 0.60%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
T. ROWE PRICE RPS, INC.	15 21 25 28 37 38 49 50 52 59 62 63 64 65 57	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ARTISAN MID CAP VL 875 E WISCONSIN AVE SUITE 800 MILWAUKEE, WI 53202	FEE FOR SHAREHOLDER SERVICING BASED ON 0.35%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
T. ROWE PRICE RPS, INC.	15 21 25 28 37 38 49 50 52 59 62 63 64 65 57	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
COLUMBIA SM CAP GR 225 FRANKLIN ST BOSTON, MA 02110	FEE FOR SHAREHOLDER SERVICING BASED UPON 0.25%

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
AMERICAN CENTURY	28 59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
AMERICAN CENTURY HERITAGE 4500 MAIN ST KANSAS CITY, MO 64111	INVESTMENT MANAGEMENT FEES BASED ON 1.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
ARTISAN PARTNERS	28 59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ARTISAN MID CAP VL 875 E WISCONSIN AVE SUITE 800 MILWAUKEE, WI 53202	INVESTMENT MANAGEMENT FEES BASED ON 1.19%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
COLUMBIA MANAGEMENT	28 59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
COLUMBIA SM CAP GR 225 FRANKLIN ST BOSTON, MA 02110	INVESTMENT MANAGEMENT FEES BASED ON 1.11%

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

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Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
VANGUARD DIRECT 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
VANGUARD DIRECT

D Employer Identification Number (EIN)
11-2517083

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1182712	1423939
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	386398	459180
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	9952110	10957937
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	11521220	12841056
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	11521220	12841056

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	85567	
	(B) Participants	2a(1)(B)	843686	
	(C) Others (including rollovers)	2a(1)(C)	74701	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1003954
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	234	
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	15793	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		16027
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	299655	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		299655
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		489424
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		1809060
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	485224	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		485224
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	4000	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		4000
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		489224
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		1319836
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified **(2)** ☐ Qualified **(3)** ☒ Disclaimer **(4)** ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ROTENBERG MERIL SOLOMON BERTIGER **(2)** EIN: 22-3203841

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. **(2)** ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	4n			
o	Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

Part V Trust Information

6a Name of trust	**6b** Trust's EIN

6c Name of trustee or custodian	**6d** Trustee's or custodian's telephone number

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
VANGUARD DIRECT 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
VANGUARD DIRECT

D Employer Identification Number (EIN)
11-2517083

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 04-3583801

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: 0.0 % Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Part VII IRS Compliance Questions

20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes	☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Current year" ADP test	☐ "Prior year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test	☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes	☐ No

22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter ____/____/____ and the serial number _____.

22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter ____/____/____.

Vanguard Direct 401(k) Retirement Plan

Financial Statements and Supplementary Information

With

Independent Auditors' Report

December 31, 2016 and 2015

VANGUARD DIRECT 401(K) RETIREMENT PLAN
DECEMBER 31, 2016 AND 2015

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* Other schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA) have been omitted because they are not applicable.

RotenbergMeril
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INDEPENDENT AUDITORS' REPORT

To the Administrative Committee and Participants of
Vanguard Direct 401(k) Retirement Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Vanguard Direct 401(k) Retirement Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7, which was certified by Reliance Trust Company, the trustee of the Plan, and State Street Bank and Trust Company, the former trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the trustees hold the Plan's investment assets and execute investment transactions. The Plan administrator has obtained a certification from the trustees as of December 31, 2016 and 2015 and for the year ended December 31, 2016, that the information provided to the Plan administrator by each trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule, Form 5500 Schedule H, Part IV, Line 4i - Schedule of Assets Held, is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Rotenberg Meril Solomon Bertiger & Guttilla, P.C.

Rotenberg Meril Solomon Bertiger & Guttilla, P.C.
Saddle Brook, New Jersey
August 16, 2017

VANGUARD DIRECT 401(K) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS:		
INVESTMENTS, AT FAIR VALUE:		
Mutual funds	**$ 10,957,937**	$ 9,952,111
Money market fund	**1,423,939**	1,182,712
Total Investments	**12,381,876**	11,134,823
RECEIVABLES:		
Notes receivable from participants	**459,180**	386,398
Total Receivables	**459,180**	386,398
TOTAL ASSETS	**12,841,056**	11,521,221
NET ASSETS AVAILABLE FOR BENEFITS	**$ 12,841,056**	$ 11,521,221

See Accompanying Notes to the Financial Statements

VANGUARD DIRECT 401(K) RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2016

ADDITIONS:	
Investment Income:	
Net appreciation in fair value of investments	$ 481,192
Dividend and interest income	299,887
Total Investment Income	781,079
Interest income on notes receivable from participants	15,793
Other income	8,250
Total Other Income	24,043
Contributions:	
Participants	843,686
Employer	85,568
Rollover	74,701
Total Contributions	1,003,955
Total Additions	1,809,077
DEDUCTIONS:	
Benefits paid to participants	485,242
Administrative expenses	4,000
Total Deductions	489,242
NET INCREASE IN NET ASSETS	1,319,835
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of Year	11,521,221
End of Year	$ 12,841,056

See Accompanying Notes to the Financial Statements

NOTE 1 - DESCRIPTION OF PLAN:

The following description of Vanguard Direct 401(k) Retirement Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan was established effective January 1, 1992. The Plan is a defined contribution plan covering all eligible employees of Vanguard Direct, Inc. (the "Employer") who have completed 1,000 hours of service in six (6) or twelve (12) consecutive months of employment and have attained the age of 21 or older. Effective July 1, 2016, State Street Bank and Trust Company resigned as trustee of the Plan, and the Plan appointed Reliance Trust Company as the successor trustee (collectively the "Trustees"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Contributions

Each year, participants may elect to contribute up to 15% of their pre-tax annual compensation, as defined by the Plan. Participants who are determined to be highly compensated employees may elect a deferral limit up to the greater of (a) the percentage of the deferral limit in effect for the calendar year divided by the annual compensation limit in effect for the plan year or (b) 9% of compensation. Highly compensated employees are generally those with greater than 5% ownership or individuals receiving wages in excess of certain amounts established by law. All employees were limited to a maximum contribution of $18,000 in 2016 by Code Section 402(g) of the Internal Revenue Code ("IRC").

Participants age 50 or older before the end of the Plan year are eligible to make an additional annual "catch-up" contribution of up to $6,000 pre-tax in 2016 if they meet legal and/or Plan limits for the year. If any participant's compensation deferrals for a year exceed the maximum allowable for that year, the excess amount may be returned to the participant as taxable compensation.

Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan.

The Employer makes a matching contribution equal to 15% of the amount that a participant contributes to the Plan. However, any contribution made by the participant in excess of 6% of their compensation will not be considered for a matching contribution. In addition, the Employer may make a discretionary non-elective profit sharing contribution to the Plan, as declared by the Employer. The profit sharing contribution is allocated to the participants based upon a formula of participant compensation to total Plan participant compensation. For the year ended December 31, 2016, the Employer made matching contributions totaling $85,568, and did not make any profit sharing contributions.

NOTE 1 - DESCRIPTION OF PLAN (CONTINUED):

Participant Accounts

Each participant's account is credited with (a) the participant's contribution, (b) allocations of the Employer's matching and profit sharing contributions, if any, (c) rollover contributions, if any, and (d) appreciation in the value of the investments; and charged with (a) distributions made to participant, (b) depreciation in the value of the investments, and (c) allocation of participant account administrative expenses. Allocations are based on participant's earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are fully and immediately vested in their contributions and rollover contributions plus actual earnings thereon. Vesting in the Employer's contribution portion of their accounts is based on years of continuous service. Participants begin vesting in Employer matching and profit sharing contributions after two years of service, vesting at a rate of 20% per year thereafter, and are fully vested after six (6) years of service. In the event of total disability or death, participants will become 100% vested in their account.

Notes Receivable from Participants

Participants may borrow from their accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. However, the $50,000 will be reduced by the excess, if any, of the highest outstanding note balance during the one-year period ending on the day before the date of the new note over the current outstanding balance of loans as of the date of the new loan to the participant. Participants are limited to two (2) notes outstanding at any time. Notes must be fully repaid within five (5) years unless the note is used for the purchase of a primary residence, in which case the Plan administrator may permit a longer repayment term. Principal and interest is paid through payroll deductions. The notes are adequately secured by the balance in the participant's account. These notes bear interest at a rate that is determined by the Employer to be reasonable for a similar note that is issued by another lender at that same point in time.

NOTE 1 - DESCRIPTION OF PLAN (CONTINUED):

Payment of Benefits after Termination of Employment

Upon termination of service, participants may elect to have their benefits paid as a single lump sum, paid as a direct rollover to another qualified plan or individual retirement account, or distributed in substantially equal installments or partial withdrawals. Termination of service may result from the death of the participant, total disability of the participant, retirement, or termination of employment. If the participant's account does not exceed $5,000, the entire fund balance will be distributed in a single lump-sum payment as soon as it is administratively feasible following the termination event. If the participant's account exceeds $5,000, the participant may elect to have their benefit paid as a single lump sum or installments over a period of time not to exceed the assumed life expectancy of the participant. An option to defer receiving payments until age 70½ can also be elected. In the event of a death prior to retirement, 100% of the participant's vested account will be paid to their beneficiary either in a single lump sum or installments over a period of not more than the assumed life expectancy of the beneficiary.

Forfeited Accounts

If a participant terminates before becoming fully vested in their account balance, the non-vested portion of the participant's account balance will be forfeited as of the earlier of the distribution of the entire vested portion of the participant's account or the last day of the Plan year in which the former participant has a five (5) year break in service. If a participant is rehired before incurring the five (5) year break and received a distribution, the account balance at termination will be restored if the participant repays the entire amount previously distributed. Forfeitures may be used by the Plan to pay administrative expenses or to reduce Employer contributions. For the year ended December 31, 2016, there were no forfeited amounts redeemed by the Plan administrator to pay for administrative expense or to reduce Employer matching contributions. As of December 31, 2016 and 2015, the forfeited account balance was $13,171 and $11,927, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Plan follows the accounting and reporting guidance as prescribed by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 962, "*Plan Accounting - Defined Contribution Pension Plans.*"

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Use of Estimates
The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates and assumptions.

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

Investment Valuation and Income Recognition
Investments are reported at fair value. Fair value is 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. See Note 3 for the discussion of fair value measurements.

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

Notes Receivable from Participants
Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2016 and 2015.

Excess Contributions Payable
Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding reduction to contributions. The Plan distributes excess contributions to the applicable participants prior to March 15th of the next fiscal year. There were no excess contributions payable at December 31, 2016 and 2015.

Payment of Benefits
Benefit payments to participants are recorded upon distribution.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Expenses

The costs and expenses of administrating the Plan are paid by the Plan participants unless otherwise paid by the Employer. Expenses that are paid by the Employer are excluded from the financial statements. Administrative expenses incurred by the Plan include note receivable and benefit payment fees charged directly to the participant's accounts. Investment related expenses are included in net appreciation or depreciation in fair value of investments.

During the year ended December 31, 2016, T. Rowe Price ("T. Rowe"), the third party administrator, established an administrative budget with the Employer resulting in T. Rowe providing rebates of fixed amounts to the Plan. The rebates received are allocated to a suspense account and may be used by the Employer to pay certain administrative expenses of the Plan. The rebates are received on a quarterly basis and the amount will be reviewed annually and mutually agreed upon adjustments may be made. For the year ended December 31, 2016, the Plan received $8,250 and the credits received were recorded as other income in the statement of changes in net assets available for benefits. The unutilized balance of $8,250 is included in the money market fund in the statement of net assets available for benefits.

NOTE 3 - FAIR VALUE MEASUREMENTS:

The Plan values its investments under the provisions of FASB ASC 820, "Fair Value Measurements and Disclosures", which defines fair value under GAAP, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. GAAP establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs when measuring fair value and minimize the use of unobservable inputs when measuring fair value. The asset or liability's fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement.

The following provides a description of the three levels of inputs that may be used to measure fair value under the standard, the types of Plan investments that fall under each category, and the valuation methodologies used to measure these investments at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED):

Basis of Fair Value Measurements

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

Mutual Funds:
Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Money Market Fund:
The money market fund is valued using the NAV of the fund shares.

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

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

The tables below segregate investments as of December 31, 2016 and 2015 that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date:

Assets at Fair Value as of December 31, 2016

Description	Total	Level 1	Level 2	Level 3
Mutual funds	$ **10,957,937**	$ **10,957,937**	$ -	$ -
Money market fund	**1,423,939**	**1,423,939**	-	-
Total	$ **12,381,876**	$ **12,381,876**	$ -	$ -

Assets at Fair Value as of December 31, 2015

Description	Total	Level 1	Level 2	Level 3
Mutual funds	$ 9,952,111	$ 9,952,111	$ -	$ -
Money market fund	1,182,712	1,182,712	-	-
Total	$ 11,134,823	$ 11,134,823	$ -	$ -

NOTE 4 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500:

The following reconciles net assets available for benefits per the financial statements at December 31, 2016 and 2015 to Schedule H of Form 5500:

	2016	2015
Net assets available for benefits per financial statements	**$ 12,841,056**	$ 11,521,221
Rounding	**-**	(1)
Net assets available for benefits per Schedule H of Form 5500	**$ 12,841,056**	$ 11,521,220

The following is a reconciliation of the changes in net assets available for benefits per the financial statements for the year ended December 31, 2016 to Schedule H of Form 5500:

Net increase in net assets available for benefits per financial statements	**$ 1,319,835**
Rounding	**1**
Net increase in net assets available for benefits per Schedule H of Form 5500	**$ 1,319,836**

NOTE 5 - PLAN TERMINATION:

Although the Employer has not expressed any intent to do so, the Employer has the right, under the Plan Agreement, to amend any or all provisions of the Plan, as well as discontinue contributions and terminate the Plan at any time subject to the provisions of ERISA. In the event of Plan termination, participants are 100% vested in their accounts.

NOTE 6 - TAX STATUS:

The Plan adopted the Boston Financial Data Service Prototype Standardized Profit Sharing Plan (the "Prototype Plan") dated January 1, 1992, which is qualified under Section 401 of the IRC as a tax exempt plan. The Prototype Plan has received a favorable opinion letter from the IRS dated March 31, 2008. Although the Plan has been amended since receiving the opinion letter, the Plan administrator and Plan's counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

Effective March 1, 2016, the Plan adopted the DST Retirement Solutions Volume Submitter 401(k) Profit Sharing Plan, which is qualified under section 401 of the IRC as a tax exempt plan and received a favorable opinion letter from the IRS dated June 1, 2015. The Plan was amended and restated to comply with the Pension Protection Act of 2006 and other legislative and regulatory changes.

NOTE 6 - TAX STATUS (CONTINUED):

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other authority. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2013.

NOTE 7 - INFORMATION PREPARED AND CERTIFIED BY TRUSTEES (UNAUDITED):

All investment information disclosed in the accompanying financial statements and supplemental schedule in total and by fund, including investments held at December 31, 2016 and 2015, and net appreciation in fair value of investments for the year ended December 31, 2016, were obtained or derived from information supplied to the Plan administrator and certified as complete and accurate by the Trustees. The certified investment information is as follows:

Total investment income for the year ended December 31, 2016:

Net appreciation in fair value of investments	**$ 481,192**
Dividend and interest income	**299,887**
Total Investment Income	**$ 781,079**

Assets held at December 31, 2016 and 2015, at fair value:

	2016	2015
Mutual funds	**$ 10,957,937**	$ 9,952,111
Money market fund	**1,423,939**	1,182,712
Total Investments	**$ 12,381,876**	$ 11,134,823

NOTE 8 - PARTY-IN-INTEREST TRANSACTIONS:

Certain Plan investments are managed by T. Rowe, who is also the third party administrator of the Plan; therefore, these transactions qualify as party-in-interest transactions.

Certain employees of the Employer, who may also be participants in the Plan, perform administrative services to the Plan at no cost to the Plan.

NOTE 9 - SUBSEQUENT EVENTS:

The Plan evaluated subsequent events through August 16, 2017, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

VANGUARD DIRECT 401(K) RETIREMENT PLAN
EIN: 11-2517083, PLAN #: 002
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
FORM 5500, SCHEDULE H, PART IV, LINE 4i
DECEMBER 31, 2016

	Identity of issue, borrower, lessor, or similar party	Description of Investment; rate of interest	Current value
*	T. Rowe Price - New Asia	Mutual Fund	$ 247,416
*	T. Rowe Price - Growth Stock	Mutual Fund	1,656,005
*	T. Rowe Price - New Era	Mutual Fund	197,138
*	T. Rowe Price - New Income	Mutual Fund	289,861
*	T. Rowe Price - Small Cap Value	Mutual Fund	1,216,409
*	T. Rowe Price - U.S Treasury Money Market	Money Market Fund	1,423,939
*	T. Rowe Price - Balanced	Mutual Fund	231,078
*	T. Rowe Price - Capital Appreciation	Mutual Fund	1,645,331
*	T. Rowe Price - Spectrum I	Mutual Fund	341,761
*	T. Rowe Price - Equity Index 500	Mutual Fund	1,250,618
*	T. Rowe Price - Blue Chip Growth	Mutual Fund	1,296,678
*	T. Rowe Price - Real Estate	Mutual Fund	197,369
*	T. Rowe Price - Int Eq Index	Mutual Fund	518,265
*	T. Rowe Price - Retire 2010	Mutual Fund	129,627
*	T. Rowe Price - Retire 2020	Mutual Fund	124,560
*	T. Rowe Price - Retire 2030	Mutual Fund	162,978
*	T. Rowe Price - Retire 2040	Mutual Fund	147,012
*	T. Rowe Price - Retirement Balanced Fund	Mutual Fund	100
	American Century Heritage	Mutual Fund	112,377
*	T. Rowe Price - Retire 2015	Mutual Fund	124,317
*	T. Rowe Price - Retire 2025	Mutual Fund	432,008
*	T. Rowe Price - Retire 2035	Mutual Fund	154,784
*	T. Rowe Price - Retire 2045	Mutual Fund	56,252
	Artisan Mid Cap Value Fund	Mutual Fund	32,313
*	T. Rowe Price - Retire 2050	Mutual Fund	118,693
*	T. Rowe Price - Retire 2055	Mutual Fund	149,904
	Columbia Small Cap Growth Fund I	Mutual Fund	125,083
*	Notes receivable from particpants	4.25% - 4.50%	459,180
			$ 12,841,056

* Represents a non-prohibitive party-in-interest as defined by ERISA

See Independent Auditors' Report

Schedule H, Line 4i
Schedule of Assets (Held At End of Year)

Name of Plan:

► VANGUARD DIRECT 401(K) RETIREMENT PLAN

Employer Identification Number:► 11-2517083

For plan year (beginning/ending):► 01/01/2016 - 12/31/2016 Plan Number:► 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
	T. ROWE PRICE NEW ASIA	MUTUAL FUND		247,416.00
	T. ROWE PRICE GROWTH STOCK	MUTUAL FUND		1,656,005.00
	T. ROWE PRICE NEW ERA	MUTUAL FUND		197,138.00
	T. ROWE PRICE NEW INCOME	MUTUAL FUND		289,861.00
	T. ROWE PRICE SMALL-CAP VALUE	MUTUAL FUND		1,216,409.00
	T. ROWE PRICE U.S. TREASURY MONEY	INTEREST-BEARING CASH		1,423,939.00
	T. ROWE PRICE BALANCED	MUTUAL FUND		231,078.00
	T. ROWE PRICE CAPITAL APPRECIATION	MUTUAL FUND		1,645,331.00
	T. ROWE PRICE SPECTRUM INCOME	MUTUAL FUND		341,761.00
	T. ROWE PRICE EQUITY INDEX 500	MUTUAL FUND		1,250,618.00
	T. ROWE PRICE BLUE CHIP GROWTH	MUTUAL FUND		1,296,678.00
	T. ROWE PRICE REAL ESTATE	MUTUAL FUND		197,369.00
	T. ROWE PRICE INTERNATIONAL EQUITY INDEX	MUTUAL FUND		518,265.00
	T. ROWE PRICE RETIREMENT 2010	MUTUAL FUND		129,627.00
	T. ROWE PRICE RETIREMENT 2020	MUTUAL FUND		124,560.00
	T. ROWE PRICE RETIREMENT 2030	MUTUAL FUND		162,978.00
	T. ROWE PRICE RETIREMENT 2040	MUTUAL FUND		147,012.00
	T. ROWE PRICE RETIREMENT BALANCED	MUTUAL FUND		100.00
	AMERICAN CENTURY HERITAGE	MUTUAL FUND		112,377.00
	T. ROWE PRICE RETIREMENT 2015	MUTUAL FUND		124,317.00
	T. ROWE PRICE RETIREMENT 2025	MUTUAL FUND		432,008.00
	T. ROWE PRICE RETIREMENT 2035	MUTUAL FUND		154,784.00
	T. ROWE PRICE RETIREMENT 2045	MUTUAL FUND		56,252.00
	ARTISAN MID CAP VALUE FUND	MUTUAL FUND		32,313.00
	T. ROWE PRICE RETIREMENT 2050	MUTUAL FUND		118,693.00
	T. ROWE PRICE RETIREMENT 2055	MUTUAL FUND		149,904.00
	COLUMBIA SMALL CAP GROWTH FUND I	MUTUAL FUND		125,083.00
	PARTICIPANT LOANS	LOW-HIGH INTEREST RATE 4.25% - 4.75%		459,180.00