FULLER H B CO
Form 11-K
June 13, 2016
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FORM 11-K
FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2015**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________________ to ___________________________

Commission file number 001-09225

H.B. FULLER COMPANY 401(k) & RETIREMENT PLAN

H.B. FULLER COMPANY

1200 Willow Lake Boulevard, P.O. Box 64683

St. Paul, Minnesota 55164-0683

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H.B. FULLER COMPANY 401(k) & retirement PLAN

Financial Statements and Supplemental Schedule

December 31, 2015 and 2014

(With Report of Independent Registered Public Accounting Firm Thereon)

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H.B. FULLER COMPANY 401(k) & RETirement PLAN

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Note: 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 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Benefit Plans Committee

H.B. Fuller Company 401(k) & Retirement Plan

St. Paul, MN

We have audited the accompanying statements of net assets available for benefits of H.B. Fuller Company 401(k) & Retirement Plan as of December 31, 2015 and 2014 and the related statement of changes in net assets available for benefits for the year ended December 31, 2015. These financial statements are the responsibility of the plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the plan as of December 31, 2015 and 2014 and the changes in net assets available for benefits for the year ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the H.B. Fuller Company 401(k) & Retirement Plan’s financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but includes supplemental information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan’s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

By: /s/ Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
June 13, 2016

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H.B. FULLER COMPANY 401(k) & RETIREMENT PLAN
Statements of Net Assets Available for Benefits
December 31, 2015 and 2014

	2015	**2014**
Assets:		
Investments, at fair value		
H.B. Fuller Company Stock Fund	$48,839,185	$56,709,269
Large Cap Equity Funds	59,499,561	61,729,072
Mid-Cap Equity Funds	18,692,004	26,330,368
Small Cap Equity Funds	16,302,754	18,797,433
International Equity Funds	16,321,331	18,616,959
Balanced Funds	57,241,962	53,216,794
Fixed Income Funds	12,579,919	12,880,850
Money Market Funds	26,627,661	30,554,081
Total Investments	256,104,377	278,834,826
Notes receivable from participants	3,858,087	3,767,532
Employer contributions receivable	182,779	206,868
Total assets	260,145,243	282,809,226
Net assets available for benefits	$260,145,243	$282,809,226

See accompanying notes to financial statements.

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H.B. FULLER COMPANY 401(k) & RETIREMENT PLAN
Statement of Changes in Net Assets Available for Benefits
Year ended December 31, 2015

Additions:	
Contributions:	
Participant contributions	$9,839,235
Employer contributions	8,596,142
Rollover contributions	762,642
Total contributions	19,198,019
Investment income(loss):	
Interest	34,118
Dividends	8,067,574
Net depreciation in fair value of investments	(18,694,914)
Other income	52,773
Total investment loss	(10,540,449)
Interest income on notes receivable from participants	133,133
Total additions	8,790,703
Deductions:	
Participant distributions and withdrawals	(31,199,170)
Administrative expense	(255,516)
Total deductions	(31,454,686)
Net decrease in net assets available for benefits	(22,663,983)
Net assets available for benefits:	
Beginning of year	282,809,226
End of year	$260,145,243

See accompanying notes to financial statements.

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H.B. FULLER COMPANY 401(k) & RETIREMENT PLAN

Notes to Financial Statements

December 31, 2015 and 2014

(1) Description of the Plan

The following brief description of the H.B. Fuller Company 401(k) & Retirement Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for more complete information regarding the Plan's definitions, benefits, eligibility, and other matters.

(a) General

The Plan is a contributory defined contribution plan covering all eligible employees of H.B. Fuller Company (the Employer, Plan Administrator and Plan Sponsor). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

(b) Trustee

The trustee for the Plan is Empower Retirement, N.A. (the Trustee).

(c) Eligibility and Contributions

All regular full-time and part-time employees on the U.S. Payroll may begin contributing to the Plan as soon as administratively practicable after their date of hire and will be automatically enrolled unless elected otherwise. All qualified employees are immediately eligible for the Employer matching contribution. To be eligible for the match, an employee must make contributions equal to 1 percent of pre-tax or after-tax compensation up to a maximum of 75 percent subject to a statutory maximum of $18,000 for 2015. Participants who are age 50 or older, or who will become age 50 during the current Plan year, may contribute an additional pre-tax and/or after-tax amount to the Plan. The additional amount these participants may contribute during 2015 is $6,000. Participants may also contribute amounts representing rollover distributions from other qualified retirement plans.

The Employer makes contributions to employees' accounts by matching 100 percent of an employee's contributions, up to 4 percent of the employee's eligible compensation to be allocated according to the employee's elections. A participant's contribution and Employer's contribution may be invested in any combination of participant-directed investment funds or H.B. Fuller Company Stock. A participant's investment option for past and future contributions can be changed daily within restrictions. Investment income is allocated to all participants on the basis of their respective account balances at the close of each daily fund valuation.

A participant's voluntary contribution percentage amount can be changed or suspended at any time. Employer matching contributions to the Plan cease during the suspension period.

All employees are eligible to receive non-elective retirement contributions up to 3 percent of the employee's eligible earnings. A participant becomes 100 percent vested in the non-elective retirement contributions after three years of vesting service to the Employer, or upon age 65, disability, death or termination of the Plan.

(d) Participant Accounts

Each participant's account is credited with (a) the participant's contribution; (b) the Employer's matching contribution, (c) an allocation of the Plan's investment income, (d) discretionary Employer contributions and (e) rollover contributions. Allocations of the Plan's investment income are based on account balances, as defined in the Plan document. Participant accounts are charged with an allocation of administrative expenses.

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(e) Payment of Benefits

On termination of service due to death or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account as defined in the Plan document. If the participant terminates employment at the age of 55 or older, he or she may elect to receive their distribution in installment payments as defined by the Plan document. For termination of service due to disability, a participant is eligible for distribution after 12 months of permanent disability. For termination of service due to other reasons, a participant may elect a distribution, which will be paid in a lump-sum amount equal to the value of the participant's vested interest in his or her account. The investment in H.B. Fuller Company Stock may be withdrawn in the form of shares of stock at the option of the Plan participant.

(f) Vesting

Participants are immediately vested in their contributions, rollover contributions and Employer matching contributions plus actual earnings thereon. Vesting in the Company's non-elective contribution portion of their accounts plus actual earnings thereon is based on years of eligible service. A participant is 100 percent vested after three years of vesting service with the Employer, or upon age 65, disability, death or plan termination.

(g) Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum of $50,000 or 50 percent of their vested account balance, whichever is less. The loans are collateralized by the balance in the participant's account and bear interest at rates equal to the prime rate published in Wall Street Journal on the last business day of the month immediately proceeding the month in which the loan is issued (3.25 percent at December 31, 2015 and 2014). This is determined at the time of the loan. The rate will remain fixed over the term of the loan, usually 5-15 years. Participant loans at December 31, 2015 had interest rates ranging from 3.25 percent to 9.5 percent and mature at various dates through 2030. Principal and interest are repaid ratably through payroll deductions.

(h) Forfeitures

Participants who terminate employment with the Employer forfeit the nonvested portion of the Employer's contribution to the participant's account. Amounts forfeited are used to reduce future Employer contributions. Unused forfeitures at December 31, 2015 and 2014 were $249,586 and $192,409, respectively. Forfeitures of $206,868 were used to reduce Employer contributions for the year ended December 31, 2015.

(i)Plan Termination

Although it has no intention to do so, the Employer may, at any time, by action of its board of directors, terminate the Plan or discontinue contributions. Upon termination or discontinuance of contributions, all Employer contribution amounts in participant accounts will become fully vested.

(j)Plan Amendments and Other Plan Changes

Effective December 18, 2014, the Plan was amended to provide more detail regarding the voluntary ownership in the H.B. Fuller Company Stock Fund which is an investment Fund of the Plan in which a Participant or Beneficiary is allowed to elect to invest in. The amendment provides protection to H.B. Fuller regarding the H.B. Fuller Company Stock Fund investment vehicle including the limitation of transfers of Company stock to adhere to H.B. Fuller's insider trading policy.

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(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP).

(b) Investment Valuation and Income Recognition

The fair values of the Plan's investments in H.B. Fuller Company Stock are based on published quotations. The fair values of investments in securities of unaffiliated issuers are based on quoted market prices. Securities transactions are recorded on the trade date. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the valuation methods are considered appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2015.

(c) Net Appreciation in the Fair Value of Investments

The Plan presents in the Statement of Changes in Net Assets Available for Benefits, the net appreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

(d) Contributions

Participant contributions are recorded in the period the Employer makes the payroll deductions. Employer-matching contributions are recorded based on participant contributions.

(e) Concentration of Market Risk

At December 31, 2015 and 2014, approximately 19 percent and 20 percent, respectively, of the Plan's net assets available for benefits were invested in the common stock of H.B. Fuller Company. The underlying value of the H.B. Fuller Company Stock is entirely dependent upon the performance of H.B. Fuller Company and the market's evaluation of such performance. It is at least reasonably possible that changes in the fair value of H.B. Fuller Company Stock in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

(f) Distributions to Participants

Distributions to participants are recorded when the distribution is made.

(g) Notes Receivable from Participants

Participant loans are reported at current value. Current value is defined by ERISA as "the sum of the unpaid principal balance plus accrued but unpaid interest." No allowance for credit losses has been recorded at December 31, 2015 and 2014.

(h) Plan Expenses

The administrative expenses of the Plan are paid by the Plan participants. Certain asset management and administrative fees of the Plan are charged against the Plan's investment income or paid outside the Plan.

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(i) Use of Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of net assets available for benefits and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of investment earnings and expenses during the reporting period. Actual results could differ from those estimates.

(j) Risks and Uncertainties

The Plan provides for various investment options in any combination of stocks, bonds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

(k) Recent Accounting Pronouncements