

UNIVERSAL FOREST PRODUCTS INC
Form 11-K
June 24, 2015

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

✓ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].

For the fiscal year ended December 31, 2014

OR

○ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].

Commission file number: 0-22684

Shawnlee Construction LLC 401(k) Plan
74A Taunton Street
Plainville, MA 02762

(Full title of the plan and the address of the plan, if different from that of issuer named below)

Universal Forest Products, Inc.
2801 East Beltline NE
Grand Rapids, Michigan 49525-9736

(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office)

Shawnlee Construction LLC 401(k) Plan

Financial Statements and Supplemental Schedule

Years Ended December 31, 2014 and 2013

Contents

<u>Report of Independent Registered Public Accounting Firm</u>	<u>3</u>
Financial Statements	
<u>Statements of Net Assets Available for Benefits</u>	<u>4</u>
<u>Statements of Changes in Net Assets Available for Benefits</u>	<u>5</u>
<u>Notes to Financial Statements</u>	<u>6</u>
Supplemental Schedule	
<u>Schedule H, Line 4i—Schedule of Assets (Held at End of Year)</u>	<u>14</u>

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Plan Administrator
Shawnlee Construction LLC 401(k) Plan
Plainville, Massachusetts

We have audited the accompanying statements of net assets available for benefits of the Shawnlee Construction LLC 401(k) Plan (the "Plan") as of December 31, 2014 and 2013, and the related statements of changes in net assets available for benefits for the years then ended. 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. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2014 and 2013, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedule 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 schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, 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 schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ BDO USA, LLP

Grand Rapids, Michigan
June 24, 2015

Table of Contents

Shawnlee Construction LLC 401(k) Plan

Statements of Net Assets Available for Benefits

	December 31	
	2014	2013
Assets		
Investments, at fair value	\$7,396,190	\$7,235,185
Notes receivable from participants	303,625	376,006
Employer contribution receivable	13,317	11,303
Net assets available for benefits at fair value	7,713,132	7,622,494
Adjustment from fair value to contract value for fully benefit responsive investment contracts	(1,898)	(832)
Net assets available for benefits	\$7,711,234	\$7,621,662

See accompanying notes.

Table of Contents

Shawnlee Construction LLC 401(k) Plan

Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31	
	2014	2013
Additions		
Investment income:		
Dividend and interest income	\$93,846	\$81,406
Net appreciation in fair value of common stocks	16,059	156,320
Net appreciation in fair value of common collective trust funds	1,857	1,808
Net appreciation in fair value of mutual funds	216,235	1,261,480
Total investment income	327,997	1,501,014
Participant contributions	466,367	423,905
Employer contributions	98,342	87,778
Interest from notes receivable from participants	17,872	19,879
Total Additions	910,578	2,032,576
Deductions		
Distributions to participants	(761,413)	(878,872)
Administrative expenses	(23,825)	(22,437)
Total Deductions	(785,238)	(901,309)
Net increase	125,340	1,131,267
Transfers out (Note 3)	(35,768)	—
Net assets available for benefits at beginning of year	7,621,662	6,490,395
Net assets available for benefits at end of year	\$7,711,234	\$7,621,662

See accompanying notes.

Table of Contents

Shawnlee Construction LLC 401(k) Plan

Notes to Financial Statements

1. Significant Accounting Policies

Basis of Accounting

The financial statements of the Shawnlee Construction LLC (Plan Sponsor) 401(k) Plan (the Plan) are presented on the accrual method of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect reported amounts. Although actual results could differ from these estimates, management believes estimated amounts recorded are reasonable and appropriate.

Risks and Uncertainties

The Plan utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is 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 financial statements.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. The Plan utilizes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on 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:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Significant observable inputs such as 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 or can be derived from or corroborated by observable market data by correlation or other means.

Table of Contents

Shawnlee Construction LLC 401(k) Plan

Notes to Financial Statements (continued)

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The following valuation methodologies were used to measure the fair value of the Plan’s investments:

Common Stock: Valued at quoted market prices in an exchange and active market in which the securities are traded.

Mutual Funds: Valued at quoted market prices in an exchange and active market, which represent the net asset values of shares held by the Plan.

Common Collective Trust Funds: Valued based on audited information reported by the issuer of the common collective trust at year-end.

The Plan’s valuation methods may result in a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Although Plan management believes the valuation methods are appropriate and consistent with those participating in the market, 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.

The Plan also invests in investment contracts through a common collective trust (Union Bond & Trust Company Stable Value Fund, often referred to as “Morley Stable Value Fund”). Investment contracts held by a defined contribution plan are required to be reported at fair value, with an adjustment to contract value in the statement of net assets available for benefits because contract value of these contracts is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The contract value of the Union Bond & Trust Company Stable Value Fund represents contributions plus earnings, less participant withdrawals and administrative expenses.

The investment objective of the Morley Stable Value Fund is to provide preservation of capital, relatively stable returns consistent with its comparatively low risk profile, and liquidity for benefit-responsive payments. Withdrawals from the Fund for benefit payments and participant transfers to noncompeting options are made to plan participants promptly upon request but in all cases within 30 days after written notification has been received. All plan sponsor-directed full or partial withdrawals are subject to a twelve month advance written notice requirement, though the Fund may waive this requirement at its discretion.

Table of Contents

Shawnlee Construction LLC 401(k) Plan

Notes to Financial Statements (continued)

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 includes the Plan's gains and losses on investments bought or sold as well as held during the year.

Notes Receivable from Participants

Notes receivables from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes receivable from participants are deemed distributions based upon the terms of the Plan document.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Administrative expenses incurred in connection with the operations of the Plan are paid via certain investment and transactional fees which are borne by the Plan and applied to applicable participant balances. These fees are disclosed in the annual Fee Disclosure Notice and on individual account statements sent to all Plan participants. Substantially all of these expenses are paid to parties-in-interest of the Plan and are based on reasonable and customary rates for the related services. Certain administrative expenses not reflected in this report are paid directly by the Plan Sponsor.

2. Description of the Plan

General

The following description of the Plan provides only general information. Participants should refer to the Plan Document and Summary Plan Description, as amended, for a more complete description of the Plan's provisions.

The Plan is a defined-contribution, profit sharing and 401(k) plan that provides tax-deferred benefits for substantially all eligible employees of the Plan Sponsor. The Plan is subject to the provisions of the Employee Retirement Security Act of 1974 (ERISA).

Eligible employees are those who are 18 years or older and have completed six months of employment. All newly eligible employees are automatically enrolled in the Plan at a deferral level of 3% of eligible compensation.

Table of Contents

Shawnlee Construction LLC 401(k) Plan

Notes to Financial Statements (continued)

Contributions

Participants may voluntarily contribute up to 75% of their eligible compensation as a 401(k) contribution subject to certain regulatory limitations. Participant contributions to the Plan vest immediately.

The Plan Sponsor contributes a regular discretionary matching contribution. The regular matching contribution is made quarterly and was 25% of participant deferrals in 2014 and 2013, on the first 8% of each participant's compensation.

The Plan Sponsor may also contribute a discretionary, non-elective contribution annually as determined and approved by management. No discretionary profit sharing contributions were made in 2014 or 2013.

The Plan Sponsor may make Employer Davis-Bacon Contributions for any participant who is a Non-Highly Compensated Employee and who performed service in Davis-Bacon covered work during the calendar year. Davis-Bacon contributions vest immediately.

Certain participants whose services are covered by the federal, state, or municipal prevailing wage law or Davis-Bacon Act, as amended, may receive employer prevailing wage law contributions. No Davis-Bacon Act contributions were made for the years ended December 31, 2014 and 2013.

Employer contributions, with the exception of Davis-Bacon contributions, which are immediately 100% vested, are subject to a vesting schedule as follows:

Years of Service	Vesting Percentage
Less than 2	0%
2 but less than 3	20
3 but less than 4	40
4 but less than 5	60
5 but less than 6	80
6 or more	100

Participant Accounts

Participants may select from various investment options made available by the Plan. Each participant's account is credited with the participant's contribution, an allocation of the Plan Sponsor's contribution, if any, Plan earnings and losses and certain administrative expenses. Earnings allocations are based on account balances, as defined in the Plan agreement.

Table of Contents

Shawnlee Construction LLC 401(k) Plan

Notes to Financial Statements (continued)

The vested portion of terminated and retired participants' accounts are available for distribution following a separation from service. Forfeitures may be used to offset the Plan Sponsor's matching contributions or administrative expenses of the Plan. During 2014 and 2013, forfeitures of approximately \$15,800 and \$13,300, respectively, were used to offset the Plan Sponsor's matching contributions.

Participant Loans

Participants may borrow from their account a minimum amount of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from one to five years, or up to 25 years for purchase of a principal residence. The loans bear interest at a rate equal to the prime rate (3.25% at December 31, 2014) plus 2% calculated on a daily basis. Interest rates on outstanding loans were 5.25% at December 31, 2014. A participant may only have two loans outstanding at any time.

Payment of Benefits

Before attainment of age 59½, participants may request in-service withdrawals from the Rollover balance within their account. Participants may also request an in-service withdrawal from their Salary Deferral balance in the event of a financial hardship, subject to certain limitations as defined by the Plan. Once a participant attains age 59½, in-service withdrawals may be made from all contribution sources.

Upon separation from service, a participant is eligible for a lump sum distribution of their full, vested account balance. Participants may elect to receive the distribution in a lump sum amount, a qualified rollover to another plan, or may defer their distribution until a later date. However, in the absence of an election, if the vested portion of a participant's account is \$1,000 or less, this amount will be paid as a lump sum distribution as soon as administratively allowable. Participants who incur a separation from service as a result of their death, Total Disability, or Retirement will be vested at 100% prior to their distribution.

A Participant whose initial Date of Employment is on or before December 31, 2009, and who is fully vested in his Discretionary and Matching Contribution Accounts may withdraw all or any part of his Discretionary and Matching Contribution Accounts by making a request to the Plan Administrator at least 30 days before the applicable withdrawal date. No distribution shall be made of an Employer Discretionary or Matching Contribution until two years have elapsed since the contribution was made unless the Participant has completed at least five years of Vested Service. The Participant shall specify the particular Account from which a withdrawal is made.

Table of Contents

Shawnlee Construction LLC 401(k) Plan

Notes to Financial Statements (continued)

Termination

The Plan Sponsor intends to continue the Plan indefinitely, but reserves the right to terminate or amend the Plan at any time. In the event of termination of the Plan, all participants are automatically fully vested in the value of their accounts and will be paid in full.

3. Transfers

As permitted by the plan, funds totaling \$45,602 were transferred to the Universal Forest Products, Inc. Employees' Profit Sharing 401(k) Plan (an affiliated plan) and \$9,834 were transferred from the Universal Forest Products, Inc. Employees' Profit Sharing 401(k) Plan during 2014, due to employee transfers. There were no funds transferred to or from the Universal Forest Products, Inc. Employees' Profit Sharing 401(k) Plan during 2013.

4. Investments

The tables below set forth by level within the fair value hierarchy the Plan's investments as of December 31, 2014 and 2013.

	Investment Assets at Fair Value as of December 31, 2014			Total
	Level 1	Level 2	Level 3	
Common stocks	\$463,266	\$—	\$—	\$463,266
Common collective trust funds		220,526		220,526
Mutual funds:				
Bond funds	142,177			142,177
Target funds	897,099			897,099
Domestic stock funds	3,985,571			3,985,571
International stock funds	1,687,551			1,687,551
Total mutual funds	6,712,398			6,712,398