

UNIVERSAL FOREST PRODUCTS INC  
Form 11-K  
June 20, 2018

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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, 2017

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)

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Shawnlee Construction LLC 401(k) Plan

Financial Statements and Supplemental Schedule

Years Ended December 31, 2017 and 2016

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Report of Independent Registered Public Accounting Firm

To the Plan Participants and Members of the Profit Sharing and 401(k) Trustee Committee

Shawnlee Construction LLC 401(k) Plan

Plainville, Massachusetts

Opinion on the Financial Statements

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, 2017 and 2016, the related statements of changes in net assets available for benefits for the years then ended, and the related notes (collectively, the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, 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.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on the Plan’s financial statements based on our audits. We are a public accounting firm registered with the Public Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### Supplemental Information

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the 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 included 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.

We have served as the Plan's auditor since 2010.

/s/ BDO USA, LLP

Grand Rapids, Michigan

June 20, 2018

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Shawnlee Construction LLC 401(k) Plan

Statements of Net Assets Available for Benefits

	December 31	
	2017	2016
Assets		
Investments, at fair value	\$ 10,880,950	\$ 8,530,503
Notes receivable from participants	278,237	304,648
Employer contribution receivable	25,569	21,258
Net assets available for benefits	\$ 11,184,756	\$ 8,856,409

See accompanying notes.

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## Shawnlee Construction LLC 401(k) Plan

## Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31	
	2017	2016
Additions		
Investment income:		
Dividend and interest income	\$ 128,605	\$ 114,549
Net appreciation in fair value of investments	1,807,527	777,680
Total investment income	1,936,132	892,229
Participant contributions	593,255	512,302
Employer contributions	128,512	108,723
Interest from notes receivable from participants	15,993	14,562
Total Additions	2,673,892	1,527,816
Deductions		
Distributions to participants	(317,598)	(698,027)
Administrative expenses	(27,448)	(23,194)
Total Deductions	(345,046)	(721,221)
Net increase	2,328,846	806,595
Transfers Out (Note 3)	(499)	-
Net assets available for benefits at beginning of year	8,856,409	8,049,814
Net assets available for benefits at end of year	\$ 11,184,756	\$ 8,856,409

See accompanying notes.

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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.

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.

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Shawnlee Construction LLC 401(k) Plan

Notes to Financial Statements (continued)

Common Collective Trust Funds: The fair value of participation units held in Principal Global Investors Trust Company (formally known as "Union Bond & Trust Company") Stable Value Fund, often referred to as "Morley Stable Value Fund", are based on net asset value, which is obtained on audited information reported by the issuer of the common collective trust at year-end, and is used as a practical expedient.

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 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 Morley Stable Value 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 Morley Stable Value Fund may waive this requirement at its discretion.

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 and depreciation include 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.

## Concentration of Investments

Included in investments at December 31, 2017 and 2016 are shares of the Plan Sponsor's common stock with an aggregate fair value of \$1,152,113 and \$1,210,015, respectively. This investment represents 11% and 14% of total investments at December 31, 2017 and 2016, respectively. A significant decline in the market value of the sponsor's stock would significantly affect the net assets available for benefits.

## 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.

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Shawnlee Construction LLC 401(k) Plan

Notes to Financial Statements (continued)

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.

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 2016 and 2015, 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 2017 or 2016.

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, 2017 and 2016.

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.

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 2017 and 2016, forfeitures of approximately \$12,600 and \$12,300, respectively, were used to offset the Plan Sponsor's matching contributions.

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Shawnlee Construction LLC 401(k) Plan

Notes to Financial Statements (continued)

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 (4.50% at December 31, 2017) plus 2% calculated on a daily basis. Interest rates on outstanding loans ranged from 5.25% to 6.50% at December 31, 2017. 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.

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 \$499 were transferred to Universal Forest Products, Inc. Employee's Profit Sharing 401(k) Plan (an affiliated plan) during 2017, due to employee transfers. There were no funds transferred to or from the Universal Forest Products, Inc. Employees' Profit Sharing 401(k) Plan during 2016.

4. Investments

The tables below set forth by level within the fair value hierarchy the Plan's investments as of December 31, 2017 and 2016.

	Investment Assets at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 1,152,113	\$ —	\$ —	\$ 1,152,113
Mutual funds	9,479,505	—	—	9,479,505
Total assets in fair value hierarchy	10,631,618	—	—	10,631,618
Investments measured at net asset value*	—	—	—	249,332
Total investments at fair value	\$ 10,631,618	\$ —	\$ —	\$ 10,880,950

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Shawnlee Construction LLC 401(k) Plan

Notes to Financial Statements (continued)

	Investment Assets at Fair Value as of December 31, 2016			Total
	Level 1	Level 2	Level 3	
Common stock	\$ 1,210,015	\$ —	\$ —	\$ 1,210,015
Mutual funds	7,078,423	—	—	7,078,423
Total assets in fair value hierarchy	8,288,438	—	—	8,288,438
Investments measured at net asset value*	—	—	—	242,065
Total investments at fair value	\$ 8,288,438	\$ —	\$ —	\$ 8,530,503

\* The investments in common/collective trusts are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient and have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Net Assets Available for Benefits.

There have been no changes in the methodologies used at December 31, 2017 and 2016, and there have been no significant transfers in or out of Levels 1, 2 or 3.

## 5. Income Tax Status

The Plan was amended and restated as an individually designed plan effective January 1, 2014. The Plan has received a determination letter from the Internal Revenue Service dated September 8, 2015, stating that the Plan is qualified under section 401(a) of the Internal Revenue Code (IRC), and, therefore, the related trust is exempt from taxation. The Plan Administrator believes that the Plan is designed and is currently being operated in compliance with applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2017, there are no uncertain



positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

## 6. Reclassifications

Certain prior year components within the Statements of Changes in Net Assets Available for Benefits have been consolidated to conform with current year presentation.

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Shawnlee Construction LLC 401(k) Plan

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

EIN #03-0537439 Plan #001

December 31, 2017

(a) (b)	(c)	(e)
Identity of Issuer, Borrower, Lessor, or Similar Party	Description of Investment Including, Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Current Value
Common stock:		
* Universal Forest Products, Inc.	Universal Forest Products Common Stock	\$ 1,152,113
Common collective trust funds:		
Principal Global Investors Trust Company	Stable Value Fund	249,332
Mutual funds:		
JP Morgan	Large Cap Growth Fund	2,626,487
Vanguard	Midcap Index Fund	131,664
Vanguard	500 Index Fund	1,221,103
Vanguard	International Stock Index	4,397
Vanguard	Small Cap Index Fund	82,093
Neuberger Berman	Genesis Fund	736,558
Invesco	Growth and Income Fund	747,806
Dodge & Cox	Income Fund	183,122
Dodge & Cox	International Stock Fund	2,051,146
T. Rowe Price	Retirement 2050 Fund	432,191
	Retirement 2040 Fund	462,986
	Retirement 2030 Fund	316,246
	Retirement 2020 Fund	124,073
	Retirement Income Fund	359,633
		9,479,505

* Notes receivable from participants	Collateralized by vested account balances, payable in monthly installments with interest rates ranging from 5.25% to 6.50%	10,880,950
		278,237
* Indicates a party-in-interest to the Plan.		\$ 11,159,187

Note: Column (d), cost, is not applicable, as all investments are participant-directed.

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EXHIBIT INDEX

Exhibit No.	Description
<u>23</u>	<u>Consent of BDO USA, LLP</u>

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Universal Forest Products, Inc., as Plan Administrator, has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Shawnlee Construction LLC 401(k) Plan

Date: June 20, 2018 /s/ Gerald Simmer  
Gerald Simmer,  
Shawnlee Construction LLC, Plan Administrator

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