HUTTIG BUILDING PRODUCTS INC
Form 11-K
June 11, 2015
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United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________.

Commission File Number 001-14982

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Huttig Building Products, Inc. Savings and Profit Sharing Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Huttig Building Products, Inc.

555 Maryville University Drive, Suite 400

St. Louis, MO 63141

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* Other supplemental schedules required by Section 2520-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under Employee Income Security Act of 1974 have been omitted because they are not applicable.

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HUTTIG BUILDING PRODUCTS, INC.

SAVINGS AND PROFIT SHARING PLAN

EIN #43-0334550 Plan No. 006

Report of Independent Registered Public Accounting Firm

and Financial Statements

Years ended December 31, 2014 and 2013

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Report of Independent Registered Public Accounting Firm

The Employee Benefits Committee of Huttig

Building Products and Plan Management

Huttig Building Products, Inc. Savings and Profit Sharing Plan

St. Louis, Missouri

We have audited the accompanying statements of net assets available for benefits of Huttig Building Products, Inc. Savings and Profit Sharing 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 audit included consideration of internal control over financial reporting as a basis for designing auditing 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. Our 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 and 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 Huttig Building Products, Inc. Savings and Profit Sharing Plan as of December 31, 2014 and 2013, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplemental Schedule of Assets (Held at End of Year) has been subjected to audit procedures performed in conjunction with the audit of Huttig Building Products, Inc. Savings and Profit Sharing Plan financial statements. 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 Schedule of Assets (Held at End of Year) is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ **BKD, LLP**

St. Louis, Missouri

June 11, 2015

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HUTTIG BUILDING PRODUCTS, INC.

SAVINGS AND PROFIT SHARING PLAN

Statements of Net Assets Available for Benefits

December 31, 2014 and 2013

	2014	**2013**
Investments:		
Investments, at fair value (see note 3)	$ 56,937,067	$ 58,602,607
Total investments	56,937,067	58,602,607
Receivables:		
Notes receivable participants	754,983	616,965
Total receivables	754,983	616,965
Net assets available for benefits	$ 57,692,050	$ 59,219,572

See accompanying notes to financial statements.

HUTTIG BUILDING PRODUCTS, INC.

SAVINGS AND PROFIT SHARING PLAN

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2014 and 2013

	2014	2013
Contributions and other additions:		
Participant contributions	$ 1,915,466	$ 1,611,020
Participant rollover contributions	96,586	192,606
Total contributions and other additions	2,012,052	1,803,626
Interest income on notes receivable participants	29,341	27,593
Investment income:		
Interest, dividends and capital gains	2,560,643	1,602,003
Net (depreciation) appreciation in fair value of investments	(726,090)	11,840,666
Total investment income	1,834,553	13,442,669
Total additions	3,875,946	15,273,888
Benefits paid to participants	5,403,468	4,357,594
Total deductions	5,403,468	4,357,594
Net (decrease) increase	(1,527,522)	10,916,294
Net assets available for benefits, beginning of year	59,219,572	48,303,278
Net assets available for benefits, end of year	$ 57,692,050	$ 59,219,572

See accompanying notes to financial statements.

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HUTTIG BUILDING PRODUCTS, INC.

SAVINGS AND PROFIT SHARING PLAN

Notes to Financial Statements

December 31, 2014 and 2013

(1) Description of the Plan

The following description of the Huttig Building Products, Inc. Savings and Profit Sharing Plan (the Plan) is provided for financial statement purposes only. Participants should refer to the Plan document for more complete information.

(a) General

The Plan is a defined contribution plan established by Huttig Building Products, Inc. (Huttig or the Company) under the provisions of Section 401(a) of the Internal Revenue Code (IRC), which includes a qualified cash or deferred salary arrangement as described in Section 401(k) of the IRC, for the benefit of eligible employees of the Company. The Plan was established December 16, 1999 to offer the employees of the Company a means of saving funds, on a pre-tax basis or after-tax basis, for retirement. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974. Participation is voluntary.

Full-time employees are eligible to participate in the Plan upon completing 30 days of regular service. The Plan covers all employees of the Company or any other corporation affiliated with the Company, which has adopted the Plan, who have completed 30 days of service, as defined by the Plan, and are not leased employees. Each employee may become a participant of the Plan on the first day of any calendar month coinciding with, or following, the fulfillment of the eligibility requirements.

The Plan is administered by executives of the Company. Prudential Trust Company serves as the Plan Trustee (the Trustee) and The Prudential Investment Company of America serves as Plan Recordkeeper and Custodian.

(b) Contributions

Plan participants may contribute a percentage of their annual compensation, up to the maximum allowable under Section 402(g) of the IRC. Contributions may be made prior to Federal and certain other income taxes pursuant to Section 401(k) of the IRC or on an after-tax basis. Plan participants must elect out of the minimum annual contribution. The minimum was 2% through May 30, 2013. Effective June 1, 2013, this was increased to 3%. Effective May 1, 2015, this was increased to 4%. Participants attaining the age of 50 before the end of year are eligible to make catch-up contributions of an extra $5,500. The Plan allows participants to make Roth contributions to the Plan.

Company matching contributions are discretionary as determined by the Board of Directors. The Company did not make any matching contributions in 2014 or 2013.

The Company may also make a profit-sharing contribution on a discretionary basis on behalf of all eligible participants employed on the last day of the Plan year, as defined by the Plan, whether or not they make an elective matching contribution for the Plan year. Profit-sharing contributions are based on the Company s profitability and are allocated based on a participant s yearly eligible compensation as a percentage of total eligible compensation for that particular year. These contributions are also subject to certain limitations. There were no discretionary profit sharing contributions remitted to the Plan in 2014 or 2013.

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HUTTIG BUILDING PRODUCTS, INC.

SAVINGS AND PROFIT SHARING PLAN

Notes to Financial Statements

December 31, 2014 and 2013

(c) Investments

Participants may elect to place their deferred or non-deferred contributions into the following investments: Huttig Common Stock, Prudential Jennison Growth Fund Z, Prudential Dryden Stock Index Fund I, Prudential Guaranteed Income Fund, American Funds EuroPacific Growth Fund A, T Rowe Price Mid Cap Growth R, Federated Clover Small Value A, Metropolitan West Total Return Bond M, Lord Abbett Developing Growth A, Virtus Emerging Market Opportunities A, JPMorgan Diversified Sel, JPMorgan Mid Cap Value Inst, American Balanced Fund, BlackRock Equity Dividend Inst and Templeton Global Bond Fund. As a result of the spin-off of the Company by Crane Co. in 1999, all assets resulting from such transfer held within the Crane Common Stock are held as a separate investment fund; however, participants are not permitted to direct any contributions to the Crane Common Stock after the effective date of the Plan.

(d) Vesting and Forfeitures

Participants are always 100% vested in the value of their contributions and the earnings thereon. Vesting of Company contributions and the earnings thereon is determined based on participant s years of vesting service. A participant is vested 20% after each year of service and becomes fully vested after five years of service or if employment terminates by reason of death, permanent disability, or retirement at age 65. A terminated participant forfeits non-vested Company contributions on the one year anniversary of the participant s termination.

Any amounts forfeited are first used for payment of employer matching contributions and then to pay Plan expenses. The amounts forfeited were $2,994 and $4,746 in 2014 and 2013, respectively.

(e) Payments of Benefits

Amounts in a participant s account and the vested portion of a participant s employer contributions are distributed upon retirement, death, disability, or other termination of employment. Distributions from the Huttig Common Stock are made in cash.

(f) Notes Receivable Participants

Participants may borrow funds from their accounts up to 50% of the total vested balance but not more than $50,000, less the participant s highest outstanding loan balance for the previous 12-month period. The minimum loan amount is $1,000. Loans are repayable through payroll deductions over 1-10 years. At December 31, 2014, the interest rates on participants loans ranged from 4.25% 9.25%. The loans are secured by the balance in the participant s account and bear interest at the initial lending rate for the life of the loan. Loans taken out in 2014 had an initial lending rate of prime of 3.25% plus 1%, or 4.25%. Participant loans are measured at the unpaid principal balance plus any accrued unpaid interest. The outstanding balance of loans to participants was $754,983 and $616,965 as of December 31, 2014 and 2013, respectively. Interest income on the loan fund is included as interest income in the participant s fund accounts based on their elected loan allocation.

HUTTIG BUILDING PRODUCTS, INC.

SAVINGS AND PROFIT SHARING PLAN

Notes to Financial Statements

December 31, 2014 and 2013

(g) Plan Participant Accounts

Individual accounts are maintained for each Plan participant to reflect the Plan participant s share of the Plan s income, the Company s contribution, and the Plan participant s contribution.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting. As described in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 962, *Plan Accounting Defined Contribution Plans*, investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required, the Statements of Net Assets Available for Benefits presents the fair value of the investment contracts. The contract is an insurance company issued general account backed group annuity contract. There are no specific securities in the general account that back the investments in this account. All transactions are at contract value, including discontinuance of the contract. Therefore, fair value is equal to contract value for this investment and no adjustment to fair value is required.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

(c) Administrative Expenses

The assets of the Plan shall be used to pay benefits as provided in the Plan and, to the extent not paid directly by the Company, to pay the reasonable expenses of administering the Plan. Administrative expenses were $86,281 and $78,288 for the years ended December 31, 2014 and 2013, respectively, recorded in net (depreciation) appreciation in fair value of investments of changes in net assets available for benefits.

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HUTTIG BUILDING PRODUCTS, INC.

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(d) Valuation of Investments 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 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 (depreciation) includes the Plan s gains and losses on investments bought and sold as well as held during the year.

(e) Payment of Benefits

Benefit payments to participants are recorded upon distribution.

(f) Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period beginning date.

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HUTTIG BUILDING PRODUCTS, INC.

SAVINGS AND PROFIT SHARING PLAN

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December 31, 2014 and 2013

(3) Investments

The following presents investments that represent 5% or more of the Plan s net assets available for benefits:

	2014	2013
Prudential Guaranteed Income Fund	$ 10,342,415	$ 11,442,114
American Funds EuroPacific Growth Fund A	5,214,363	5,442,760
Prudential Jennison Growth Fund Z	7,103,393	6,779,373
JPMorgan Mid Cap Value Inst	2,969,664	*
BlackRock Equity Dividend Inst	6,461,964	6,261,525
Huttig Company Stock	5,789,135	6,942,586
American Balanced Fund	2,956,485	*

* Investment is less than 5% of net assets available for benefits

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HUTTIG BUILDING PRODUCTS, INC.

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The Plan s investments (including realized and unrealized gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

	2014	2013
Appreciation/(depreciation) in fair value:		
JPMorgan Diversified Sel	$ (7,978)	$ (5,838)
JPMorgan Mid Cap Value Inst	167,073	333,339
Prudential Jennison Growth Fund Z	310,771	1,732,696
Crane Common Stock	(271,710)	812,641
Huttig Common Stock	(864,399)	4,094,356
Prudential Dryden Stock Index Fund I	130,579	589,265
American Funds EuroPacific Growth Fund A	(212,379)	1,139,287
BlackRock Equity Dividend Inst	167,550	759,722
Federated Clover Small Value A	(57,655)	297,376
Columbia Mid Cap Value A		218,690
T Rowe Price Mid Cap Growth R	94,868	556,766
Lord Abbett Developing Growth A	(257,982)	422,054
Metropolitan West Total Return Bond M	16,222	
Templeton Global Bond Fund	(47,426)	7
American Balanced Fund	32,135	490,969
Virtus Emerging Market Opportunities A	32,868	6,561
Pioneer Fundamental Value Fund Y		492,433
PIMCO Total Return A	41,373	(99,658)
	$ (726,090)	$ 11,840,666

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HUTTIG BUILDING PRODUCTS, INC.

SAVINGS AND PROFIT SHARING PLAN

Notes to Financial Statements

December 31, 2014 and 2013

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of quoted market prices in active markets for similar type assets; and Level 3 consist of unobservable inputs that have the lowest priority. The Plan uses appropriate techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There have been no changes in methodologies used in December 31, 2014 or 2013. The Plan had no assets measured at fair value on a nonrecurring basis.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Plan at year-end. The fair value of common stock is based on quoted market prices.

Level 2 Fair Value Measurements

Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Plan has no Level 2 investments.

Level 3 Fair Value Measurements

The fair value is based upon significant unobservable inputs, including the reporting entity s own assumptions in determining the fair value of investments. The Plan s investment in the Guaranteed Income Fund (the GIF) is a fully benefit-responsive investment fund. The GIF is valued based on the participant contributions made in the fund, plus earnings at guaranteed crediting rates, less withdrawals and fees.

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Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2014 and 2013:

		Fair Value Measurements Using:		
December 31, 2014	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Other Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Mutual funds				
Balanced	$ 4,567,002	$ 4,567,002	$	$
Bond	3,002,755	3,002,755		
International	6,384,801	6,384,801		
Large Cap Growth	7,103,393	7,103,393		
Large Cap Balanced	2,699,761	2,699,761		
Large Cap Value	6,461,964	6,461,964		
Mid Cap Growth	2,522,353	2,522,353		
Mid Cap Value	2,969,664	2,969,664		
Small Cap Value	1,497,332	1,497,332		
Small Cap Growth	1,693,114	1,693,114		
Huttig Common Stock	5,789,135	5,789,135		
Crane Common Stock	1,903,378	1,903,378		
Guaranteed Income Fund	10,342,415			10,342,415
	$ 56,937,067	$ 46,594,652	$	$ 10,342,415