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 6047(e), 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

2013

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] 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
STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 003

1c Effective date of plan 01/01/2007

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

STARK CARPET CORP.

979 THIRD AVE., 11TH FLOOR
NEW YORK, NY 10022

2b Employer Identification Number (EIN)
13-1548109

2c Sponsor's telephone number
212-752-9000

2d Business code (see instructions)
424990

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.	10/14/2014	PETER KARP
	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. (optional)

Preparer's telephone number (optional)

3a Plan administrator's name and address [X] Same as Plan Sponsor Name [ ] Same as Plan Sponsor Address

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:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	618
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	413
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	259
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	672
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f	Total. Add lines **6d** and **6e**.	**6f**	672
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	672
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	26
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:
2P

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)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(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)** [ ] **A** (Insurance Information)
- **(4)** [ ] **C** (Service Provider Information)
- **(5)** [ ] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

SCHEDULE H (Form 5500)

Department of the Treasury
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

2013

This Form is Open to Public Inspection

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan
STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500
STARK CARPET CORP.

D Employer Identification Number (EIN)
13-1548109

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)		
(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)		
(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)		
(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)	12200100	11500000
(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	12200100	11500000
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i	9135773	6889672
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through1j)	1k	9135773	6889672
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	3064327	4610328

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)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(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)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		
(2) Dividends: **(A)** Preferred stock	2b(2)(A)	2600070	
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		2600070
(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)		
(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	-700100	
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		-700100

		(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)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		1899970
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	15665	
(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)		15665
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		338304
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)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		353969
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		1546001
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) [X] 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 [X] No

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

(1) Name: RAICH ENDE MALTER & CO., LLP **(2)** EIN: 11-2336434

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		1000000
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			

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

Part V Trust Information (optional)

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

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 section 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

2013

This Form is Open to Public Inspection.

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan
STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500
STARK CARPET CORP.

D Employer Identification Number (EIN)
13-1548109

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**

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): _____ _____

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: _____% 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):

STARK CARPET CORP.
EMPLOYEE STOCK OWNERSHIP PLAN

Financial Statements
December 31, 2013 and 2012

STARK CARPET CORP.
EMPLOYEE STOCK OWNERSHIP PLAN

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December 31, 2013 and 2012

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CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Offices in New York City, Long Island & New Jersey

INDEPENDENT AUDITORS' REPORT

The Trustee
Stark Carpet Corp.
Employee Stock Ownership Plan
New York, NY

Report on the Financial Statements

We have audited the accompanying financial statements of Stark Carpet Corp. Employee Stock Ownership Plan (the "Plan"), which comprise the statements of net assets (deficiency) available for benefits as of December 31, 2013 and 2012, and the related statement of changes in net assets (deficiency) available for benefits for the year ended December 31, 2013, 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 our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets (deficiency) available for benefits of Stark Carpet Corp. Employee Stock Ownership Plan as of December 31, 2013 and 2012, and the changes in net assets (deficiency) available for benefits for the year ended December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

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CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2013 is presented for the purpose of additional analysis and is not a required part of the financial statements, but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosures under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Raich Ende Malter & Co. LLP

RAICH ENDE MALTER & CO. LLP
East Meadow, New York
October 13, 2014

STARK CARPET CORP.
EMPLOYEE STOCK OWNERSHIP PLAN

Statements of Net Assets (Deficiency) Available for Benefits

	December 31, 2013			December 31, 2012		
	Allocated	*Unallocated*	*Total*	*Allocated*	*Unallocated*	*Total*
ASSETS						
Investment in Stark Carpet Corp. preferred stock, at fair value	**$ 8,234,601**	**$ 3,265,399**	**$ 11,500,000**	$ 7,656,416	$ 4,543,684	$ 12,200,100
LIABILITIES						
Notes payable - Stark Carpet Corp.	**-**	**6,889,672**	**6,889,672**	-	9,135,773	9,135,773
NET ASSETS (DEFICIENCY) AVAILABLE FOR BENEFITS	**$ 8,234,601**	**$ (3,624,273)**	**$ 4,610,328**	$ 7,656,416	$ (4,592,089)	$ 3,064,327

See accompanying notes to financial statements.

STARK CARPET CORP.
EMPLOYEE STOCK OWNERSHIP PLAN

Statement of Changes in Net Assets (Deficiency) Available for Benefits
For the Year Ended December 31, 2013

	Allocated	*Unallocated*	*Total*
Investment income:			
Net (depreciation) in the fair value of investments	$ (438,563)	$ (261,537)	**$ (700,100)**
Dividend income	-	2,600,070	**2,600,070**
Allocation of 2,920.2448 shares of the preferred stock of Stark Carpet Corp., at fair value	1,032,413	-	**1,032,413**
Total Additions	593,850	2,338,533	**2,932,383**
Interest expense	-	338,304	**338,304**
Allocation of 2,920.2448 shares of the preferred stock of Stark Carpet Corp., at fair value	-	1,032,413	**1,032,413**
Distributions paid to participants	15,665	-	**15,665**
Total Deductions	15,665	1,370,717	**1,386,382**
Net Increase in Net Assets Available for Benefits	578,185	967,816	**1,546,001**
Net Assets (Deficiency) Available for Benefits - beginning	7,656,416	(4,592,089)	**3,064,327**
Net Assets (Deficiency) Available for Benefits - end	$8,234,601	$ (3,624,273)	**$4,610,328**

See accompanying notes to financial statements.

1 - Plan Description

The following description of the Stark Carpet Corp. Employee Stock Ownership Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for complete information.

Stark Carpet Corp. (the "Company") established the Stark Carpet Corp. Employee Stock Ownership Plan effective as of January 1, 2007. The Plan operates as a leveraged employee stock ownership plan ("ESOP"), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. The Plan is administered by a Plan Committee (the "Committee") appointed by the Company's Board of Directors. The Board of Directors of the Company has appointed Great Banc Trust Co. as the Plan's Trustee.

In February 2009, the Plan purchased 33,000 Class B preferred shares of the Company, using the proceeds of notes payable from the Company. The ESOP stock is nonvoting and is entitled to receive a cumulative preferential annual dividend of $78.79 per share computed as 10% of the purchase price for eight years. The Class B ESOP shares are convertible into the Company's common shares and have a liquidation preference of $630.32 per share in the aggregate, less the amount of dividends received at the time of liquidation. The notes payable are secured by the Company's preferred shares (see Note 6), which are held in a trust established under the Plan. The notes are being repaid by Company contributions and dividends to the trust fund. At December 31 each year, an appropriate percentage of stock is allocated to eligible employees' accounts, in accordance with applicable regulations under the Code.

The notes are collateralized by the unallocated shares of preferred stock. The Company has no rights against shares once they are allocated to participants in accordance with the terms of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2013 and 2012, and for the year ended December 31, 2013 present separately the assets and liabilities and changes therein pertaining to:

a. the accounts of employees with vested rights in allocated preferred stock ("allocated"), and
b. preferred stock not yet allocated to employees ("unallocated")

Eligibility - Nonunion employees of the Company and its participating subsidiaries are generally eligible to participate in the Plan after one year of service, provided they worked at least 1,000 hours during such Plan year and were employed on the last working day of the Plan year. Participants who do not have at least 1,000 hours of service during such Plan year or are not employed on the last working day of the Plan year are generally not eligible for an allocation of Company contributions for such year.

As of December 31, 2013 and 2012, participating employers include the Company, its wholly-owned subsidiary, Stark International, Inc., and a company owned by common ownership, Prestige Mills, Inc.

Employer Contributions - The Company is obligated to make contributions in cash to the Plan which, when aggregated with the Plan's dividends and interest earnings, equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its notes payable.

Vesting - Participants' allocated accounts vest at a rate of 20% per year beginning after one year of service. A participant shall be 100% vested after six years of service.

Continued

Forfeitures - Employer contributions and Plan forfeitures are allocated to each participant's account based upon the relation of the participant's eligible compensation to total eligible compensation, as defined, for the Plan year. There were approximately 417 shares of forfeitures of terminated nonvested account balances allocated to remaining participants for the year ended December 31, 2013.

Payment of Benefits - No distributions from the Plan will be made until a participant retires, dies (in which case, payment shall be made to his or her beneficiary or, if none, his or her legal representatives), or otherwise terminates employment with the Company and its participating subsidiaries. Distributions are made in cash or, if a trustee elects, in the form of Company preferred shares plus cash for any fractional share.

Under the provisions of the Plan, the Company is obligated to repurchase participant shares that have been allocated under the terms of the Plan from participants withdrawing from the Plan (subject to certain provisions). During the year ended December 31, 2013, the Plan repurchased from participants 42.3722 shares at prices determined from the independent appraisal.

Voting Rights - All Company stock held by the trust shall be voted by the trustee in accordance with instructions from the Committee. Notwithstanding the foregoing, participants and/or beneficiaries shall be entitled to direct the voting of any voting shares of Company stock allocated to their Company stock accounts with respect to any vote required for the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all the assets of a trade or business, or other similar transactions prescribed by regulation. In accordance with instructions from the Committee, the trustee shall vote any unallocated shares held by the trust, as well as any allocated shares for which a participant has failed to give timely voting direction in the best interest of Plan participants and beneficiaries.

Participant Accounts - The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each plan year with an allocation of shares of the Company's preferred stock released by the trustee from the unallocated account and forfeitures of terminated participants' nonvested accounts. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total eligible compensation.

Put Option - Under federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the current value of the stock. The Company can pay for the purchase in a lump sum or with interest over a period not to exceed five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

Diversification - Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company preferred stock into investments which are more liquid. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50%. Participants who elect to diversify receive a cash distribution.

Plan Termination - The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the Code.

Plan Costs - The Company has elected to absorb substantially all significant costs relating to the Plan.

Continued

2 - Summary of Significant Accounting Policies

A summary of significant accounting policies is as follows:

a. ***Basis of Accounting*** - The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP").

b. ***Estimates*** - The preparation of financial statements in conformity with GAAP requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

c. ***Risks and Uncertainties*** - The Plan investments consist solely of the Company's preferred stock, which is exposed to various risks such as interest rate, market, and credit risks, as well as valuation assumptions based on earnings, cash flows and/or other such techniques. Due to the level of risk associated with the investment in the preferred stock and to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of the preferred stock will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

d. ***Investment Valuation and Income Recognition*** - The preferred shares of the Company are valued at fair value as determined by an annual independent appraisal. See Note 3 for a discussion of fair value measurements.

   Dividend income is accrued on the ex-dividend date.

   Purchases and sales of securities of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are reported on the average cost method. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

e. ***Benefit Payments*** - Benefit payments are recorded when paid.

3 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

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.

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.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs

Continued

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2013 and 2012:

	Assets at Fair Value at December 31,			
	2013		*2012*	
	Level 3	*Total*	*Level 3*	*Total*
Investment in Company Class B preferred stock	$ 11,500,000	$ 11,500,000	$ 12,200,100	$ 12,200,100

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2013:

	Level 3 Assets Year Ended December 31, 2013 Investment in Sponsor Company Class B Preferred Stock
Balance - beginning	$ 12,200,100
Realized gains (losses)	-
Unrealized gains (losses) relating to assets still held at the reporting date	(700,100)
Shares distributed to participants	-
Balance - end	$ 11,500,000
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	($700,100)

Gains and losses (realized and unrealized) are included in changes in net assets for the year ended December 31, 2013, and are reported in net (depreciation) in fair value of investments in the statement of changes in net assets (deficiency) available for benefits.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

Preferred Stock - Valued on a per-share basis using earnings based and market based approaches.

The fair value of the sponsor company's preferred stock held by the Plan is valued at fair value based upon an independent appraisal. This appraisal was based upon valuation techniques consistent with those of the prior year. The appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparables, and estimated fair value of company assets and liabilities.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are 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.

Continued

4 - Administration of Plan Assets

At December 31, 2013, the Plan's assets, which consist of the Company's Class B preferred shares, are held by the Trustee of the Plan.

Company contributions are held and managed by the Trustee, who invests cash received and makes distributions to participants. The Trustee also administers the payment of interest and principal on the loan, which is reimbursed to the Trustee through contributions as determined by the Company.

Certain administrative functions are performed by officers or employees of the Company or its subsidiaries. No such officer or employee receives compensation from the Plan. There were no administrative expenses paid by the Plan for the year ended December 31, 2013.

5 - Investment

The Plan's investment in the Company's Class B preferred shares at December 31 is as follows:

	2013		*2012*	
	Allocated	*Unallocated*	*Allocated*	*Unallocated*
Number of shares	**23,630.0527**	**9,369.9473**	20,709.8080	12,290.1920
Cost	**$ 18,617,617**	**$ 7,382,383**	$ 16,315,965	$ 9,684,035
Fair Value	**$ 8,234,601**	**$ 3,265,399**	$ 7,656,416	$ 4,543,684

Unallocated shares are pledged as collateral for the notes payable to the Company (see Note 6).

The investment in the Company's preferred shares is not participant-directed.

6 - Notes Payable - Stark Carpet Corp.

In 2009, the Plan entered into two term loan agreements aggregating $26,000,000. The proceeds of the loans were used to purchase Company preferred stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payments divided by the total of this year's payments, plus all future years' principal and interest payments. This resulted in 2,920.2448 shares being released and allocated for the plan year ended December 31, 2013.

The notes payable are as follows:

Date of Note	*Original Face Amount*	*Use of Proceeds of Each Note*	*Interest Rate*	*Annual Principal Installments*	*Balance at December 31,*		*Due Date of Note*
					2013	*2012*	
2/2009	$21,000,000	Purchase 26,653.85 shares of the Company's preferred stock	3.88%	$ 556,474	**$ 5,564,549**	$ 7,378,707	12/2023
2/2009	5,000,000	Purchase 6,346.15 shares of the Company's preferred stock	2.96%	132,493	**1,325,124**	1,757,066	12/2023
					$ 6,889,673	$ 9,135,773	

Continued

Principal maturities of the notes payable are as follows:

For the Years Ending December 31,	
2014	$ 688,967
2015	688,967
2016	688,967
2017	688,967
2018	688,967
Thereafter	3,444,838
	$ 6,889,673

7 - Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated May 30, 2013, that the Plan is qualified and the trust established under the Plan is tax-exempt, under the appropriate sections of the Code.

GAAP requires 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 IRS. The Plan is subject to routine audits by taxing jurisdictions. During 2012, the DOL initiated an audit of the Plan. At this time, it is not clear whether or not the audit will result in any liability to the Plan.

8 - Related Party and Party-in-Interest Transactions

The Plan invests in the Company's preferred stock and has indebtedness to the Company. These are related party and party-in-interest transactions. As described in Notes 1 and 4, the Plan has a number of service providers. Such parties are parties-in-interest under ERISA.

9 - Subsequent Events

Subsequent events have been evaluated through October 13, 2014, the date the financial statements were available to be issued.

STARK CARPET CORP.
EMPLOYEE STOCK OWNERSHIP PLAN

Form 5500 - Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) *Plan #003*
December 31, 2013 *EIN #13-1548109*

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	*Description of investment including maturity date, rate of interest, collateral, par, or maturity value*	*Cost*	*Current Value*
*	Stark Carpet Corp.	Class B preferred stock, $.01 par value	$ 26,000,000	$ 11,500,000

* Represents party-in-interest.

STARK CARPET CORP.
EMPLOYEE STOCK OWNERSHIP PLAN

Form 5500 - Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) *Plan #003*
December 31, 2013 *EIN #13-1548109*

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	*Description of investment including maturity date, rate of interest, collateral, par, or maturity value*	*Cost*	*Current Value*
*	Stark Carpet Corp.	Class B preferred stock, $.01 par value	$ 26,000,000	$ 11,500,000

* Represents party-in-interest.