

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2014</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or ☒ 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:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information				
1a Name of plan <u>KENNETH'S DESIGN GROUP, INC 401(K)</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/2000</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>01/01/2000</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>01/01/2000</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>KENNETHS HAIR SALON & DAY SPAS, INC</u> <u>5151 REED ROAD</u> <u>SUITE 250B</u> <u>COLUMBUS, OH 43220</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>31-0956790</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>614-324-2416</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>446120</u></td> </tr> <tr> <td style="height: 40px;"></td> </tr> </table>	2b Employer Identification Number (EIN) <u>31-0956790</u>	2c Plan Sponsor's telephone number <u>614-324-2416</u>	2d Business code (see instructions) <u>446120</u>	
2b Employer Identification Number (EIN) <u>31-0956790</u>					
2c Plan Sponsor's telephone number <u>614-324-2416</u>					
2d Business code (see instructions) <u>446120</u>					

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.	10/06/2015	AMY R CODNER
	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 ☒ Same as Plan Sponsor		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:		4b EIN
a Sponsor's name		4c PN
5 Total number of participants at the beginning of the plan year		5 322
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).		
a(1) Total number of active participants at the beginning of the plan year		6a(1) 309
a(2) Total number of active participants at the end of the plan year		6a(2) 297
b Retired or separated participants receiving benefits		6b 0
c Other retired or separated participants entitled to future benefits.....		6c 18
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 315
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 0
f Total. Add lines 6d and 6e		6f 315
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g 203
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h 0
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: 2F 2G 2J 2T 3D 2S 2E		
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)		9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance	
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts	
(3) ☒ Trust	(3) ☒ Trust	
(4) ☐ General assets of the sponsor	(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		b General Schedules
(1) ☒ R (Retirement Plan Information)	(1) ☒ H (Financial Information)	
(2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2) ☐ I (Financial Information – Small Plan)	
(3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(3) ☐ A (Insurance Information)	
	(4) ☒ C (Service Provider Information)	
	(5) ☒ D (DFE/Participating Plan Information)	
	(6) ☐ G (Financial Transaction Schedules)	

Part III**Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2014
		This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>KENNETH'S DESIGN GROUP, INC 401(K)</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>KENNETHS HAIR SALON & DAY SPAS, INC</u>	D Employer Identification Number (EIN) <u>31-0956790</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
MERRILL LYNCH,PIERCE,FENNER & SMITH

13-5674085

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

ASCENSUS

11-3665754

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
99 15 60 50	NONE	1875	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <hr/> 2014 <hr/> This Form is Open to Public Inspection.
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>KENNETH'S DESIGN GROUP, INC 401(K)</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>KENNETHS HAIR SALON & DAY SPAS, INC</u>	D Employer Identification Number (EIN) <u>31-0956790</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: IRT STABLE VALUE

b Name of sponsor of entity listed in (a): INVESCO

c EIN-PN <u>27-3868124-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>424293</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: INVESCO STABLE VALUE TRUST

b Name of sponsor of entity listed in (a): INVESCO NATIONAL TRUST COMPANY

c EIN-PN <u>84-1142974-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 2014 This Form is Open to Public Inspection
For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014		
A Name of plan KENNETH'S DESIGN GROUP, INC 401(K)	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 KENNETHS HAIR SALON & DAY SPAS, INC	D Employer Identification Number (EIN) 31-0956790	

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)	497477	424293
(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)	3740676	4287308
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(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	4238153	4711601

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	4238153	4711601
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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)	392575	
(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)		392575
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)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	61947	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		61947
(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)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		3433
(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)		190491
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		648446

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	168252	
(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)		168252
f Corrective distributions (see instructions).....	2f		4871
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)	1875	
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		1875
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		174998

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		473448
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) ☐ 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 ☐ No

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

(1) Name: **NORMAN JONES & ENLOW**

(2) EIN: **31-1282719**

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:

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.).....

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.).....

	Yes	No	Amount
4a		X	
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.)		X	
4c			
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.).....		X	
4d			
e Was this plan covered by a fidelity bond?	X		500000
4e			
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f			
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?.....		X	
4g			
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?.....		X	
4h			
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i			
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.)		X	
4j			
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k			
l Has the plan failed to provide any benefit when due under the plan?.....		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m			
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 2014 This Form is Open to Public Inspection.
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>KENNETH'S DESIGN GROUP, INC 401(K)</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>KENNETHS HAIR SALON & DAY SPAS, INC</u>	D Employer Identification Number (EIN) <u>31-0956790</u>

Part I	Distributions
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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	<u>0</u>
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): <u>45-0404698</u>		
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 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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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
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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
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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.
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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): _____



Norman Jones Enlow & Co.

Certified Public Accountants
& Management Consultants

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Kenneth's Design Group, Inc. 401(k) Plan
5151 Reed Road
Columbus, OH 43220

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Kenneth's Design Group, Inc. 401(k) Plan (the "Plan"), which comprise the statements of net assets available for Plan benefits as of December 31, 2014 and 2013, and the related statements of changes in net assets available for Plan benefits for the years then ended, 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Ascensus Trust Company, (the "Trustee"), except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the Trustee as of December 31, 2014 and 2013, and for the years ended December 31, 2014 and 2013, that the information provided to the Plan Administrator by the Trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedules for the year ended December 31, 2014 are required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, and are presented for the purpose of additional analysis, and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Norman, Jones, Enlow & Co.

Columbus, Ohio
July 30, 2015

KENNETH'S DESIGN GROUP, INC. 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Investments, at fair value	<u>\$ 4,719,921</u>	<u>\$ 4,243,129</u>
NET ASSETS AVAILABLE		
FOR BENEFIT AT FAIR MARKET VALUE	4,719,921	4,243,129
Receivables	126	-
ADJUSTMENT TO CONTRACT VALUE	<u>(8,319)</u>	<u>(4,975)</u>
TOTAL ASSETS	4,711,728	4,238,154
LIABILITIES		
Excess contributions payable	<u>4,091</u>	<u>4,886</u>
NET ASSETS AVAILABLE FOR		
BENEFITS AT CONTRACT VALUE	<u><u>\$ 4,707,637</u></u>	<u><u>\$ 4,233,268</u></u>

See independent auditors' report and notes to financial statements.

KENNETH'S DESIGN GROUP, INC. 401(K) PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CONTRIBUTIONS		
Employee contributions	\$ 393,370	\$ 366,143
Employer contributions	126	-
INVESTMENT ACTIVITY		
Net (depreciation) appreciation in fair value of investments	(29,384)	493,070
Investment income	<u>285,255</u>	<u>111,424</u>
TOTAL CONTRIBUTIONS AND INVESTMENT ACTIVITY	649,367	970,637
DEDUCTIONS		
Benefit payments	<u>174,998</u>	<u>292,707</u>
INCREASE IN NET ASSETS AVAILABLE FOR PLAN BENEFITS	474,369	677,930
NET ASSETS AVAILABLE FOR PLAN BENEFITS AT BEGINNING OF YEAR	<u>4,233,268</u>	<u>3,555,338</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS AT END OF YEAR	<u><u>\$ 4,707,637</u></u>	<u><u>\$ 4,233,268</u></u>

See independent auditors' report and notes to financial statements.

**KENNETH'S DESIGN GROUP, INC. 401(K) PLAN
NOTES TO THE FINANCIAL STATEMENTS**

1. DESCRIPTION OF 401(K) PLAN

The following description of Kenneth's Design Group, Inc. (the "Company") 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all full-time employees of the Company who are age 18 or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may contribute from 1% to 100% of pretax annual compensation, as defined in the Plan agreement. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified plans. The Company may make a discretionary contribution to the Plan. The Company made \$126 of corrective contributions to the Plan in 2014. The Company did not make any contributions to the Plan during 2013. The Company does not intend to make discretionary contributions to the Plan at any point in the near future.

Eligibility and Vesting

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution, (b) Plan earnings, and (c) forfeitures. Allocations are based on participant earnings or account balances, as defined in the Plan agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participants are immediately vested in their contributions and the Company's designated qualified non-elective contributions plus actual earnings thereon. Vesting in the Company's discretionary contribution portion of their accounts plus actual earnings thereon is based on continuous years of service according to the following vested schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

Investment Options

A participant may direct all contributions in any of the investment options as allowed by the Plan. Participants may change their investment options at any time.

Payment of Benefits

A participant may receive a lump-sum amount equal to the value of the participant's vested interest in his or her account upon termination of service due to separation of service, death, disability, retirement, or other reasons.

Forfeited Accounts

Accounts forfeited by participants who terminate service prior to becoming fully vested are reallocated to the remaining participants. There were no forfeitures for the years ending December 31, 2014 and 2013.

**KENNETH'S DESIGN GROUP, INC. 401(K) PLAN
NOTES TO THE FINANCIAL STATEMENTS**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of these financial statements. These policies conform to accounting principles generally accepted in the United States of America, and have been applied on a consistent basis.

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 changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Interest and dividend income is recorded on the accrual basis.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value, as determined by quoted market prices. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end.

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.

Investments are stated at fair market value as reported by the Trustee. Net unrealized appreciation of assets is computed as the difference between market value at the end of the Plan year and market value at the beginning of the Plan year, or cost if purchased during the year. Net realized gains on sales of investments are based on sale proceeds and the market value of assets at the beginning of the Plan year, or cost if purchased during the year. Net unrealized appreciation and net realized gain are recorded in the accompanying Statement of Changes in Net Assets Available for Plan Benefits as net appreciation in market value of investments.

As described in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 946-210, 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 by FASB ASC 946-210, the Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Administrative Fees

The Plan's administrative fees are paid by either the Plan or the Company, as provided in the Plan agreement.

Payment of Benefits

Benefits are recorded when paid.

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10-65 establishes a framework for measuring fair value under generally accepted accounting principles, clarifies the definition of fair value within that framework, and expands financial statement disclosures about the use of fair value measurements. The financial statement preparation and disclosure provisions are effective for financial statements issued for annual periods beginning after November 15, 2007. The Plan adopted the provisions of FASB ASC 820-10-65 at January 1, 2008.

**KENNETH'S DESIGN GROUP, INC. 401(K) PLAN
NOTES TO THE FINANCIAL STATEMENTS**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

The Plan has adopted FASB Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements* as of January 1, 2010. This standard requires disclosures on the amount and reason for transfers in and out of Level 1 and 2 recurring fair value measurements. The standard also requires disclosure of activities, on a gross basis, including purchases, sales, issuances, and settlements, in the reconciliation of Level 3 fair value recurring measurements. The standard clarifies existing disclosure requirements on the levels of disaggregation and disclosures about inputs and valuation techniques.

Accounting for Uncertainty in Income Taxes

The Plan has adopted FASB ASC 740-10-65, regarding uncertainty in income taxes, as of January 1, 2009. The Plan evaluates all tax positions in conformity with FASB ASC 450 for contingencies, and as such would reserve for any tax positions deemed probable of not being sustained by the Internal Revenue Service (IRS). The Plan recognizes tax benefits only to the extent that the Plan believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. The Plan does not have a provision for unpaid federal income taxes (liability for unrecognized tax benefits) related to uncertain tax positions in the balance sheet, as it believes all tax positions taken would "more likely than not" be sustained upon IRS examination.

3. INVESTMENTS

Investments that represent 5% or more of the Plan's net assets are separately identified.

	2014	2013
Columbia Contrarian Core A	\$ 830,192	\$ -
Janus Balanced A	616,729	488,454
Delaware Diversified Income Fund A	560,443	497,820
Invesco Stable Value Retirement Fund CL 5	432,613	502,452
Eaton Vance Atlanta Cap Focused Growth A	343,883	308,147
Blackrock Equity Dividend Inv A	323,373	226,587
Ivy Asset Strategy Fund Y	275,990	291,469
Lord Abbett Short Duration Income A	253,160	205,830
Columbia Small Cap Index Fund A	248,094	205,280
American funds Europacific Growth R3	214,318	192,559
American Funds Fundamental Invest R2	-	721,590

4. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least 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 accompanying December 31, 2014 and 2013 statements of net assets available for benefits.

**KENNETH'S DESIGN GROUP, INC. 401(K) PLAN
NOTES TO THE FINANCIAL STATEMENTS**

5. FAIR VALUE

The following are the classes of assets measured at fair value on a recurring basis during the years ended December 31, 2014 and 2013, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

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

Description	<u>2014</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading Securities				
Mutual Funds	\$ 248,094	\$ 248,094	\$ -	\$ -
Income	1,345,793	913,180	432,613	-
Growth & Income	1,858,078	1,858,078	-	-
Growth	991,966	991,966	-	-
Aggressive Growth	275,990	275,990	-	-
Total	<u>\$ 4,719,921</u>	<u>\$ 4,287,308</u>	<u>\$ 432,613</u>	<u>\$ -</u>

Description	<u>2013</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading Securities				
Mutual Funds	\$ 205,280	\$ 205,280	\$ -	\$ -
Income	1,285,257	782,805	502,452	-
Growth & Income	1,642,686	1,642,686	-	-
Growth	818,437	818,437	-	-
Aggressive Growth	291,469	291,469	-	-
Total	<u>\$ 4,243,129</u>	<u>\$ 3,740,677</u>	<u>\$ 502,452</u>	<u>\$ -</u>

Earnings on the investments held by the Plan were \$285,255 and \$111,424 for the years ended December 31, 2014 and 2013, respectively. Net appreciation (depreciation) in fair value of investments was \$(29,384) and \$493,070 for the years ended December 31, 2014 and 2013, respectively.

**KENNETH'S DESIGN GROUP, INC. 401(K) PLAN
NOTES TO THE FINANCIAL STATEMENTS**

6. SUMMARY OF INFORMATION CERTIFIED BY THE TRUSTEE (UNAUDITED)

The Plan Administrator has obtained certification from the Trustee that the information provided to the Plan Administrator by the Trustee is complete and accurate in accordance with 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. A summary of information included in the financial statements, which has been certified at December 31, is as follows:

	Years Ended December 31	
	2014	2013
Investments, at fair value	\$ 4,719,921	\$ 4,243,129
Net appreciation (depreciation) in fair value of investments	(29,384)	493,070
Investment income	285,255	111,424
Benefit payments	174,998	292,707

	Investments at Fair Value	Adjustment to Contract Value	Investments at Fair Value	Adjustments to Contract Value
	2014	2014	2013	2013
Stable Value Fund	\$ 432,613	\$ (8,319)	\$ 502,452	\$ (4,975)

7. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

8. TAX STATUS

The Company adopted a Prototype Non-standardized Profit Sharing Plan with Cash-or-Deferred Arrangement that received a favorable opinion letter from the IRS on May 31, 2008, which stated that the Plan and related trust are designed in accordance with the applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the opinion letter, the Plan Administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 for the year ended December 31, 2014:

Total net assets available per the financial statements	\$ 4,707,637
Plus: 2014 Excess contribution	4,091
Less: Employer receivable not on 5500	(126)
Less: Differences due to rounding	(1)
Total net assets available per Form 5500	<u>\$ 4,711,601</u>

The following is a reconciliation of the net increase of net assets per the financial statements to Form 5500 for the year ended December 31, 2014:

Total net increase in net assets per the financial statements	\$ 474,369
Less: 2013 Excess Contribution payable	(4,886)
Plus: 2014 Excess contribution payable	4,091
Less: Employer receivable not on 5500	(126)
Net increases in net assets per Form 5500	<u>\$ 473,448</u>

**KENNETH'S DESIGN GROUP, INC. 401(K) PLAN
NOTES TO THE FINANCIAL STATEMENTS**

10. GUARANTEED INVESTMENT CONTRACT

The Plan entered into a benefit-responsive investment contract with Invesco. Invesco maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at contract value as reported to the Plan by Invesco. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. As described in Note 2, because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract.

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other Plan Sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The Plan Administrator does not believe that any events that would limit the Plan's ability to transact at contract value with participants are probable of occurring.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

	<u>2014</u>	<u>2013</u>
Average yields:		
Based on actual earnings	1.37%	1.28%
Based on interest rate credited to participants	1.63%	1.27%

11. SUBSEQUENT EVENTS

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through July 30, 2015, the date the financial statements were available to be issued. No events arose subsequent to year-end that did not already exist as of the statement of net assets available for benefits date.

KENNETH'S DESIGN GROUP, INC. 401(K) PLAN
FORM 5500 PLAN 003 EIN: 31-0711836
December 31, 2014

Schedule H, Part IV, Line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

(a)	(b) Identity of issue	(c) Description of investment	(e) Current value
	COLUMBIA	Contrarian Core A	\$ 830,192
	JANUS	Balanced Fund A	616,729
	DELAWARE	Diversified Income Fund A	560,443
	INVESCO	Stable Value Retirement Fd CL 5	432,613
	EATON VANCE	Atlanta Cap Focused Growth A	343,883
	BLACKROCK	Equity Dividend Inv A	323,373
	IVY	Asset Strategy Y	275,990
	LORD ABBETT	Short Duration Income A	253,160
	COLUMBIA	Small Cap Index Fund A	248,094
	AMERICAN FUNDS	Europacific Growth R3	214,318
	HOTCHKIS AND WILEY	Mid Cap Value Fund A	177,467
	INVESCO	Convertible Securities A	146,312
	GOLDMAN SACHS	Small/Mid Cap Growth A	130,781
	PIMCO	Real Return A	99,577
	BLACKROCK	Global Allocation Inv A	66,989
			<u>\$ 4,719,921</u>

See independent auditors' report and notes to financial statements.

KENNETH'S DESIGN GROUP, INC. 401(K) PLAN
FORM 5500 PLAN 003 EIN: 31-0711836
Year Ended December 31, 2014

Schedule H, Line 4a - SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

Participant Contributions Transferred Late to Plan	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
\$ 126	\$ 126	\$ -	\$ -	\$ -

See independent auditors' report and notes to financial statements.

Attachment to 2014 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name KENNETH'S DESIGN GROUP, INC 401(K)

EIN: 31-0956790

Plan Sponsor's Name KENNETHs HAIR SALON & DAY SPAS, INC

PN: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Invesco	Invesco Stable Value Retirement Fund Cl	0	245,637
	Invesco	GM Invesco Stable Value Retirement Fund	0	178,656
	Delaware	Delaware Diversified Income Fund A	0	166,099
	BlackRock	BlackRock Equity Dividend Inv A	0	52,159
	Goldman Sachs	Goldman Sachs Small/Mid Cap Growth A	0	18,434
	BlackRock	BlackRock Global Allocation Inv A	0	66,989
	Delaware	GM Delaware Diversified Income Fund A	0	394,344

Attachment to 2014 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name KENNETH'S DESIGN GROUP, INC 401(K)
Plan Sponsor's Name KENNETHs HAIR SALON & DAY SPAS, INC

EIN: 31-0956790
PN: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	BlackRock	GM BlackRock Equity Dividend Inv A	0	271,214
	Goldman Sachs	GM Goldman Sachs Small/Mid Cap Growth A	0	112,347
	Janus	Janus Balanced A	0	616,729
	PIMCO	PIMCO Real Return A	0	1,795
	American Funds	American Funds EuroPacific GrowthR3	0	108,346
	PIMCO	GM PIMCO Real Return A	0	97,782
	American Funds	GM American Funds EuroPacific GrowthR3	0	105,972

Attachment to 2014 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name KENNETH'S DESIGN GROUP, INC 401(K)

EIN: 31-0956790

Plan Sponsor's Name KENNETHs HAIR SALON & DAY SPAS, INC

PN: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Ivy	Ivy Asset Strategy Y	0	113,780
	Eaton Vance	Eaton Vance Atlanta Capital Focused Gr A	0	180,222
	Ivy	GM Ivy Asset Strategy Y	0	162,210
	Eaton Vance	GM Eaton Vance Atlanta Capital Focused G	0	163,661
	Lord Abbett	Lord Abbett Short Duration Income A	0	3,870
	Columbia	Columbia Small Cap Index Fund A	0	230,179
	Invesco	Invesco Convertible Securities A	0	1,685

Attachment to 2014 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name KENNETH'S DESIGN GROUP, INC 401(K)

EIN: 31-0956790

Plan Sponsor's Name KENNETHs HAIR SALON & DAY SPAS, INC

PN: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Lord Abbett	GM Lord Abbett Short Duration Income A	0	249,290
	Columbia	GM Columbia Small Cap Index Fund A	0	17,915
	Invesco	GM Invesco Convertible Securities A	0	144,627
	Columbia	Columbia Contrarian Core A	0	560,510
	Hotchkis and Wiley	Hotchkis and Wiley Mid Cap Value Fund A	0	42,828
	Columbia	GM Columbia Contrarian Core A	0	269,682
	Hotchkis and Wiley	GM Hotchkis and Wiley Mid Cap Value A	0	134,639